



PARLIAMENT of AUSTRALIA

MEDIA RELEASE

House of Representatives Standing Committee on Tax and Revenue

Inquiry into taxpayer engagement with the tax system

Issue date: Tuesday 24 October 2017

CASH, CRIME AND TAX AVOIDANCE IN RETAIL

A parliamentary committee will discuss at a public hearing tomorrow the connections between tax avoidance, cash activity and crime in the importation and retail of illicit tobacco products.

The hearing is part of the [House Committee on Tax and Revenue's](#) inquiry into Taxpayer Engagement with the Tax System.

At the hearing, Mr Rohan Pike, Illicit Trade Adviser to the Australian Retailers Association, and Mr Jos De Bruin, CEO of the Master Grocers of Australia, will discuss the impact of the illicit tobacco trade on retailers, particularly those small vendors who find themselves in competition with sellers of the cut price illicit product.

Chair of the Committee [Mr Kevin Hogan MP](#) said that the Australian Taxation Office is currently working to produce a 'credible tax gap estimate' resulting from unpaid tobacco import duties. While the size of the illicit trade is debated, the Australian Border Force's Tobacco Strike Team has had estimates that the annual revenue loss could be very significant—around \$4 billion, or 28 percent of the total tobacco market.

Mr Hogan said that while the Committee is not intending to review Government regulation of the tobacco trade, it is interested in the impact of illicit sales on retailers and how the funds from the trade can feed into cash activity, tax avoidance and its associations with organised crime.

"The connection between the cash economy and criminal activity is an ongoing challenge for the Australian Tax Office and a concern to the Committee. The removal of certain note denominations and increased enforcement action are potential responses to the problem," Mr Hogan said.

"The Committee will also want to hear how small business operators end up in the cash economy, and whether tax reforms or improved services could help them better manage cash flow issues and avoid tax debts."

Public Hearing details: 4.15 pm to 5.30 pm, Wednesday 25 October 2017, Committee Room 1R2, Parliament House, Canberra.

The hearing will be broadcast [live](#).

Media enquiries:

Mr Kevin Hogan MP (Page, NSW)

House of Representatives Standing Committee on Tax and Revenue, Chair

Contact: (02) 6277 4746

Background:

House of Representatives Standing Committee on Tax and Revenue (02) 6277 4821

or TaxRev.reps@aph.gov.au, www.aph.gov.au/taxrev



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