

Senate Economics References Committee Inquiry into corporate tax avoidance

Written questions on notice—oil and gas companies

Related party financing arrangements

1. Has your company had any discussions with the Australian Taxation Office (ATO) regarding related party financing arrangements?

BP Answer:

Yes

2. Is your company in agreement with the ATO regarding the pricing of related party loans and other related party financing arrangements?

BP Answer:

The ATO is auditing our financing arrangements. The ATO has not indicated that our existing pricing is a concern. The pricing of loans to BP Australia Group is close to the Group's external cost of debt and assumes support.

If your company is not in agreement, what is the difference between your company's assessment and the ATO's assessment of the value of tax in dispute?

BP Answer:

N/A

3. The ATO's written submission to this inquiry (submission 139) notes the importance of related party financing to the oil and gas industry. On page 19, paragraph 76, the ATO notes that it has issued amended assessments to some taxpayers, and is having settlement discussion with others.

- Has your company received an amended assessment from the ATO, or is your company involved in settlement discussions with the ATO, as a result of their compliance activity in respect of related party financing?

BP Answer:

BP Australia Group has not received an amended assessment from ATO regarding pricing of intra group loans. BP Australia Group is not involved in settlement discussions with the ATO regarding related party financing. We continue to fully cooperate with the ATO's audit activity by responding to information requests.

Thin capitalisation

4. Has your company had any discussions with the ATO regarding thin capitalisation limits?

BP Answer:

Yes. The ATO reviews thin capitalisation calculations via our Pre-compliance Review (PCR).

Is your company in agreement with the ATO regarding thin capitalisation limits?

BP Answer:

The ATO is reviewing BP's last lodged thin capitalisation calculation (for the taxation year ended 31 December 2015, lodged in June 2016).

- If your company is not in agreement, what is the difference between your company's assessment and the ATO's assessment of the value of tax in dispute?

BP Answer:

N/A