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Who is Gassing Who?

An Analysis of the Top Six Gas Companies Paying Little or No Tax in Australia

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The following analysis looks at six corporations engaged in massive gas projects in Australia which paid zero Australian corporate income tax in 2022-23. All of these six entities were in the top 80 companies by revenue according to public data from the Australian Taxation Office (ATO). After this research began new ATO data from 2023-24 shows that after years of zero tax payments three of these entities did begin to pay some corporate tax. While there are no allegations of illegal behaviour, these examples raise questions about Australia's policy settings in relation to gas exploitation, particularly the booming offshore gas industry, and what appears to be aggressive tax avoidance by some large fossil fuel corporations.

These case studies are timely in examining whether current policy settings should be revisited and whose interests they currently serve? In the current and unfolding climate crisis, is it in the Australian public's interest to be incentivising further fossil fuel projects and to continue to allow multinational corporations to extract and export our finite natural resources while generating little or no revenue to fund public services? The Iran war and resulting fuel crisis also suggest that corporations may benefit from windfall profits as flow and supply of LNG from Qatar have been curtailed. Will Australia's current policy settings provide sufficient benefit from windfall corporate profits from the export of our gas resources?

In some cases, the lack of corporate tax revenue can be explained by the life cycle of large-scale investments in extractive projects and the need to re-coup costs. Some giant oil and gas multinational corporations, including Chevron and Exxon, are now paying significant amounts of corporate tax in Australia. However, these multinational corporations have been extracting Australia's offshore gas for absolutely free – due to the complete failure of the Petroleum Resource Rent Tax (PRRT) – and making huge global profits.

One extremely significant reason that these corporations are now paying significant corporate tax in Australia is due to public outcry and strong legal, regulatory and enforcement actions by the ATO to challenge previous tax avoidance strategies. The tax payments of these corporations are still drawing significant scrutiny elsewhere in the world, including in the US where very low levels of corporate income tax are paid.¹ Recent analysis has also indicated that oil and gas giants increase the use of profit shifting via tax havens when external factors, like the current global energy crisis, allow for windfall profits.²

Australia's policy settings must be re-examined to ensure that public receives a fair return on resources and that corporations are not continuing to exploit loopholes to avoid tax obligations in Australia. In particular, the Japanese government, corporations and economy may be generating far more economic benefit from Australia's booming LNG exports than Australia. State-owned enterprises from other countries, including China, are securing their energy security while Australian business and consumers suffer from surging gas prices. The current war and resulting energy crisis is expected to create windfall profits for large multinational corporations currently exporting LNG from Australia. Will there be any benefits for Australians in terms of higher revenue to fund essential public services and a just transition?

Six Gassers: Years of Production & No Tax Paid

There are legitimate reasons why some corporations pay no corporate income tax. In the case of large-scale mining projects this is primarily because current tax law allows them to offset their taxable income by carrying forward the losses on investments made in previous years. However, in the current climate and geo-political crisis these policy settings may be overly generous and should be re-examined and there are other explanations for limited corporate income tax revenue from fossil fuel extraction and export.

The oil and gas industry continually makes claims to be big taxpayers. When fossil fuel corporations highlight taxes paid, frequently included are royalties, licence fees and other taxes – such as payroll taxes paid on wages of employees or contractors.³ This report focuses on corporate income tax payments. The company tax rate that should be applied to all large corporations that feature in this report is 30%.⁴ However, unlike the average personal tax rate of 25%, generally deducted straight from workers' pay, corporations have gone for years with no tax corporate income tax payments on billions in earnings.

Royalty payments are intended to be a payment for non-renewable resources owned by the Australian people and not the focus of this analysis. Once these resources are extracted, they are gone forever. Royalties should not be conflated with tax. As mentioned above, PRRT, the only royalty regime for offshore gas has, so far, failed to collect any revenue from some of the world's largest LNG projects. Payroll or other taxes and fees paid are not related to a company's obligations to pay a fair rate of corporate income tax.

These six corporations were selected from the top 80 biggest corporations in Australia that paid zero corporate income tax in 2022-2023 (the latest data when our research began). Many of these corporations, mostly overseas-owned multinationals, are heavily intertwined and are partners in various large scale resource projects. These corporations are engaged in LNG export, coal seam gas extraction and various oil and gas projects. These six corporations collectively had over \$54 billion in annual total income in 2022-2023 from the exploitation and export of Australia's natural resources and paid not one cent in corporate income tax.⁵ How do these huge operators take so much from Australia and give so little back?

While in most cases these businesses did offset losses from investments, another primary mechanism for reducing taxable income is the use of accelerated depreciation.⁶ The standard straight line depreciation method spreads the cost of an asset evenly over its useful life. Accelerated depreciation, on the other hand, frontloads the deduction of large upfront capital expenditures (such as the drilling of wells and the construction of pipelines and liquefaction plants), deferring tax payments into the future. The stated purpose of accelerated depreciation is to incentivise new investment,⁷ but is it in the Australian public's interest to expand an already large fossil fuel export industry in the face of devastating climate change and skyrocketing domestic gas prices? Australia's gas prices have nothing to do with supply, there is plenty of gas in production, and everything to do with corporate profits from export.

Accelerated depreciation does not directly reduce the total tax liability, it pushes payments later, and in doing so effectively acts like an interest-free loan from the government. This is incredibly valuable to corporations because of the time value of money — a dollar today is worth more than one tomorrow — meaning the real cost of the eventual tax bill is effectively lower. This is due to inflation, the opportunity cost of free cash flow and uncertainty in the economic landscape. This mechanism has had a clear impact on a number of the case studies below that have been able to pay substantial cash dividends to shareholders by maximising early-stage cash flow. Offsetting losses from investment in capital intensive industries, and accelerated depreciation are widely used practices that should be critically reviewed to determine if they are overly generous and distorting investment decisions. If mining projects are not currently viable without generous government supports, perhaps the

resources should remain in place rather than increasing the pace of climate change for limited economic returns.

In addition to taking advantage of generous investment incentives, it appears that some of these corporations may be using aggressive means (as outlined below) to minimise corporate income tax payments in Australia. While we are not implying illegal behaviour, we do question whether this meets the expectations of the Australian community. When profit shifting occurs, corporations artificially shift profits offshore, often to tax havens, by increasing costs (paid to offshore subsidiaries) to significantly reduce pre-tax profits and therefore tax liabilities where profits are genuinely earned. Some of the key tax loopholes used by these corporations to reduce taxable income in Australia include paying huge offshore related-party loans, offshore trading, and huge related-party transactions. Some have subsidiary corporations located in known tax haven countries (or with no tax residency) and also may rely on Australian trusts structures to reduce tax obligations in Australia. Generally, income earned by trusts is not taxed until distributed and there are many loopholes that may mean less tax is paid on payments through trusts to the ultimate owners.

Offshore related-party transactions are a tool used by some multinational corporations to exploit loopholes in the global tax system to legally avoid paying tax where profits are earned. Essentially, costs are artificially generated or exaggerated in the jurisdiction where profits are genuinely earned. Those costs are then paid to subsidiaries of the same corporate group in another jurisdiction with lower tax rates or other loopholes that allow profits to avoid taxation.⁸ These offshore related-party transactions can occur through borrowing money from an entity in the same corporate group (e.g. a sister company) at high interest rates, through paying for marketing and sales functions in other jurisdictions, through the charge of service or management fees, or through several other schemes.⁹

Taxable profits are reduced in Australia and profits are artificially moved to other jurisdictions where company tax is either charged at lower rates or not at all.¹⁰ Singapore has been a favoured jurisdiction to shift profits from the Australian mining sector, but multinational corporations have many other options.¹¹ These transactions are reported to be at “arm’s length”, as if between two unrelated parties, however it is very difficult and costly for the ATO and other tax authorities to prove in courts that this is not the case. Most “arm’s length” transactions between subsidiaries are not contested, even though the impact of shifting profits is clear. The imbalance of information and resources between large multinationals and tax authorities, under current laws, is frequently too difficult to overcome. A case won by the ATO against Chevron in 2017¹² was a rare exception and a major reason behind Chevron’s large current corporate income tax payments in Australia.

Since this research began, the ATO has released the 2023-2024 corporate tax transparency data¹³, and three of these corporations paid some corporate income tax in 2023-2024 after billions in revenue and years of zero corporate income tax payments. Three of the six paid a total of \$1.4 billion in corporate income tax on a total income of nearly \$43.5 billion. Santos, Ichthys LNG and ConocoPhillips continued to pay zero corporate income tax (see Table 1), according to the most recent ATO corporate tax data.

Table 1: Six Gas Companies Summary of revenue & corporate income tax paid

Corporation name	Total income 2022-2023	Tax payable 2022-23	Total income 2023-2024	Tax payable 2023-2024
Ichthys LNG Pty Ltd	\$11,973,514,434	\$0	\$10,661,856,034	\$0
INPEX Holdings Australia Pty Ltd	\$8,429,917,005	\$0	\$6,873,322,704	\$340,107,898
Santos Limited	\$6,257,384,778	\$0	\$8,210,276,022	\$0
Australia Pacific LNG Pty Ltd	\$11,315,191,510	\$0	\$10,129,628,977	\$551,569,080
QGC Upstream Holdings Pty Limited	\$10,654,836,617	\$0	\$6,276,891,526	\$549,240,863
ConocoPhillips Australia Operations Pty Ltd	\$5,707,640,193	\$0	\$1,342,705,048	\$0
Total	\$54,338,484,537	\$0	\$43,494,680,311	\$1,440,917,841

Source: ATO Report of Entity Tax Information 2022-2023 and 2023-2024

There are other gas companies in Australia that pay zero corporate income tax or have paid very little tax over recent years, however, these six are among the largest in terms of revenue. Australia has offered generous concessions and frameworks for the mining industry to encourage investments, but many of these large multinational corporations have extracted even more by exploiting domestic and international loopholes and leaving Australian communities with the harm from pollution and limited benefit in the form of corporate tax income. Most of these large resource extraction corporations, and many others, promised huge corporate tax payments and benefits, but the actual outcomes rarely live up to the promises made.¹⁴

As a result of the low corporate income tax paid, government budgets are deprived of the revenue needed for quality public services. Moreover, these corporations are not being held

accountable for the costs to communities and governments of significant contributions to climate change and the escalation in climate change disasters, now and into the future.

Ichthys LNG PTY LTD and INPEX

Ichthys LNG Pty Ltd is a corporation operating a massive offshore LNG production, refining and export project. Its majority owner is the Japan's INPEX Corporation, which in 2023 was 22.18% owned by the Japanese Government.¹⁵ INPEX has been operating in Australia since 1986 and is Japan's largest petroleum and exploration corporation.¹⁶ INPEX also holds significant interests in at least four other Australian oil and gas projects operated by other partners, including Santos, Shell and BHP.¹⁷

TotalEnergies, a French multinational, holds a 26% interest in the Ichthys LNG Project and is also a 27.5% partner in the Gladstone LNG Project (operated by Santos) in Queensland.¹⁸ TotalEnergies is one of the seven major oil companies globally with operations covering the entire oil and gas value chain.

The Ichthys project is an offshore extraction well 220 kilometres from the Western Australian coast with an 890-kilometre pipeline to a processing facility near Darwin, in the Northern Territory. The annual production capacity is 9.3 million tonnes of LNG and 1.65 million tonnes of LPG per year.¹⁹ Production began in July 2018.

According to INPEX's website, Ichthys LNG "is ranked among the most significant energy projects in the world" and is operated by INPEX with a nearly 68% interest.²⁰ The Ichthys LNG project is INPEX's single largest operation and is expected to supply approximately 10% of Japan's LNG requirements over the next four decades. This is particularly remarkable, given that Japan is the world's largest importer of LNG.²¹

Despite the global significance and scale of the Ichthys project and producing more than \$43 billion in revenue since production began in 2018, it has not, at the date of this report, paid one cent in Australian corporate income tax.²² According to ATO data, Ichthys LNG Pty Ltd ranked as the 31st largest corporation in Australia with total income of \$11.97 billion and the 32 largest corporation in 2023-24 with total income of \$10.66 billion.

Table 2: Ichthys LNG PTY LTD revenue and corporate income tax paid

Year	Total income	Taxable income	Tax payable	Taxable income margin	Income tax rate
2018-2019	\$ 802,110,813	\$ -	\$ -	0.00%	0.00%
2019-2020	\$ 6,378,812,227	\$ -	\$ -	0.00%	0.00%
2020-2021	\$ 6,106,449,154	\$ -	\$ -	0.00%	0.00%
2021-2022	\$ 7,281,757,071	\$ -	\$ -	0.00%	0.00%
2022-2023	\$ 11,973,514,434	\$ -	\$ -	0.00%	0.00%
2023-2024	\$ 10,661,856,034	\$ -	\$ -	0.00%	0.00%
Total	\$ 43,204,499,733	\$ -	\$ -	0.00%	0.00%

INPEX Holdings Australia Pty Ltd

INPEX Holdings Australia Pty Ltd, is the top holding company for INPEX's operations in Australia in 2022-23, it ranked as the 49th largest corporation in Australia with total income of \$8.43 billion. In 2023-24, it ranked as the 70th largest corporation in Australia with total income of \$6.9 billion.

The ATO corporate tax data from 2014-2015 to 2023-2024 for INPEX Holdings Australia Pty Ltd (Table 3) show that in the eight years prior to 2023-2024 it paid zero corporate income tax in Australia.²³ In 2014-2015 INPEX did pay corporate income tax, when its estimated profit margin (taxable Income/total Income) was more than 54%. INPEX Holdings Australia Pty Ltd began to pay corporate income tax again in Australia in 2023-2024. Other INPEX subsidiaries have paid minimal amounts of corporate income tax in Australia over the years, and also appear in the ATO corporate tax data, but with much lower reported revenue.²⁴



Table 3: INPEX Holdings Australia Pty Ltd revenue & corporate income tax paid

Year	Total income	Taxable income	Tax payable	Taxable income margin	Income tax rate
2014-2015	\$ 345,075,017	\$186,761,014	\$45,461,977	54.12%	24.34%
2015-2016	\$ 283,561,437	\$ -	\$ -	0.00%	0.00%
2016-2017	\$ 144,407,507	\$ -	\$ -	0.00%	0.00%
2017-2018	\$ 159,568,998	\$ -	\$ -	0.00%	0.00%
2018-2019	\$ 617,432,469	\$ -	\$ -	0.00%	0.00%
2019-2020	\$ 3,820,983,365	\$ 25,420	\$ -	0.00%	0.00%
2020-2021	\$ 3,235,043,398	\$ 7,728	\$ -	0.00%	0.00%
2021-2022	\$ 4,432,679,169	\$ 1,316	\$ -	0.00%	0.00%
2022-2023	\$ 8,429,917,005	\$ 33,486	\$ -	0.00%	0.00%
2023-2024	\$ 6,873,322,704	\$1,442,145,571	\$340,107,898	20.98%	23.58%
Total	\$ 28,341,991,069	\$1,628,974,535	\$385,569,875	5.75%	23.67%

Are Ichthys LNG and INPEX minimising tax paid in Australia?

Given the limited public information available on the Ichthys LNG project, it is necessary to look at its primary owners, INPEX and TotalEnergies to understand why the project has not paid corporate income tax in Australia. INPEX has invested significant amounts in Australia, which has generated carry-forward losses that, under current Australian tax law, are able to be used to reduce or eliminate tax payments in most years. In addition, as discussed in more detail below, the use of offshore debt and trading functions in Singapore, and other offshore related-party transactions, appear to have shifted taxable income out of Australia and extended INPEX's tax-free ride despite massive exports of LNG and other natural resources from Australia.

Research from 2017, prior to exports from the Ichthys project, found that Japan collected more tax revenue from importing Australian LNG than the Australian Government collected from its extraction, production and export.²⁵

In general, the ownership and corporate structure of large multinational corporations is often extremely complex, and this complexity may help obscure tax minimisation strategies. Offshore treasury and trading companies are frequently used by multinational corporations to shift profits offshore.

INPEX's 2023 Australian tax transparency report fails to increase transparency and raises further questions. The report discloses "a treasury company in Singapore that manages all intragroup cash and funding needs...across the globe".²⁶ It also discloses a "trading company in Japan and one in Singapore that INPEX Ichthys and INPEX Alpha Ltd use to sell product to end customers".²⁷ While INPEX owns the majority of shares in Ichthys LNG Pty Ltd, this joint venture entity, its biggest global project, "is not covered" in its tax transparency report.²⁸ However, INPEX subsidiaries owning the Ichthys LNG project and trading with it are included in the tax transparency report. The second largest owner of the Ichthys project, TotalEnergies, publishes its global tax payments, which are discussed below.

The four largest "adjustments" noted in the 2023 tax transparency report were more than \$1.1 billion in borrowing costs, \$957 million in "timing adjustments related to assets", \$597 million in tax losses utilised and \$448 million in "Sundry differences".²⁹ These "adjustments" totalling more than \$3.1 billion reduce taxable income in Australia. It is further reported that the INPEX Australia Group "has now utilised all of its carried forward tax losses during the 2023 income year and is therefore expected to be tax payable going foreword [sic]".³⁰

The financial statements of the Australian incorporated joint venture entity, Ichthys LNG Pty Ltd, show revenue of more than \$6.3 billion, down from just less than \$7 billion in 2023.³¹ These billions in revenue were generated without direct employees and work being conducted by workers employed through other INPEX subsidiaries.³² Ichthys LNG Pty Ltd reports an income tax expense in both years, but consistent with the ATO public data, no income tax was paid in Australia according to the cash flow statement, which discloses actual tax payments.³³ While it is typical for a large-scale project to take years to utilise tax credits from investments, it appears that Ichthys may be structured to extend its tax-free

period. Production and export from the project began in 2018 and has continued since then on a massive scale.

Offshore related-party debt

According to company financial statements cited below, Ichthys has borrowed billions from its shareholders (joint venture corporate partners), which it repays annually. The repayment of principal and interest is deducted from taxable income in Australia, which is allowed under the tax code, and shifts interest payments offshore where they are generally tax-free income. The largest source of financing for Ichthys is in the form of subordinated shareholder loans that are held in line with the ownership interest in the project. The total amount is more than \$12.1 billion with the two largest loan holders being INPEX Holding Australia Ltd (\$8.2 billion), likely via Singapore accounts, and TotalEnergies Covered Subordinated Syndicated Facility (\$3.2 billion).³⁴

Despite its registered office in Perth, Ichthys LNG financial statements report that both the “Account Bank” and the “Operating Account Bank” are with branches of Mizuho and Citibank, respectively, in Singapore.³⁵ These offshore Singapore accounts are likely the largest conduit for major related-party debt, which may artificially reduce the Ichthys LNG project’s taxable income in Australia. While a small part of TotalEnergies’ funding comes via TotalEnergies Funding Nederland B.V., a Dutch entity, it appears that that bulk of its lending is via a third-party bank, ANZ Subordinated Facility.³⁶ The average interest rate on these loans was 6.981% at December 2024.³⁷ Both Singapore and the Netherlands are widely used tax havens for multinational corporations operating in Australia.³⁸

To put this debt into context, much of it owed to related parties, the interest paid on loans was nearly \$1.97 billion (USD \$1.3 billion) in 2024, more than half of the reported gross profit of \$3.79 billion (USD \$2.5 billion) or almost four times the reported profit (after tax expense) of \$506 million (USD \$334 million).³⁹ While borrowing money for a project of this scale is normal, the way in which offshore related-party debt is structured may have helped to increase the financing cost of the project in Australia, therefore, reduce taxable income in Australia and shift profits to lower tax jurisdictions.⁴⁰

Related-party sales and purchases

The project’s tax-free period may also be attributed to the use of related-party sales and purchases and how those arrangements are structured, particularly in relation to where sales are actually booked and subject to taxation, or not. The Ichthys LNG financial statements report that “Revenue derived by the Company includes long term sale and purchase agreements held with a number of related parties of joint venture owners”.⁴¹ These sales, despite the origin of the resource, may not occur in Australia and may not be subject to income tax in Australia. They may also under-represent the price paid by the final end user of the resource. This issue is explored further in the analysis of information from INPEX and TotalEnergies, below.

Ichthys LNG Pty Ltd purchases its feedgas from related upstream parties. In 2024, the “feedgas/alternate cargo purchases” were reported as more than \$3.79 billion (USD \$2.5

billion), which was the largest component of the cost of sales of \$5.76 billion (USD \$3.8 billion).⁴²

INPEX's own reporting states that Ichthys LNG Pty Ltd was a major customer with revenue of more than 222.5 billion yen (AUD \$2.23 billion) in 2024 and notes that this "represents revenue from the sale of natural gas from INPEX Ichthys Pty Ltd to Ichthys LNG Pty Ltd, which is a joint venture".⁴³ INPEX "is involved in the upstream oil and natural gas business via its wholly owned INPEX Ichthys Pty Ltd".⁴⁴ This subsidiary is separate from Ichthys LNG Pty Ltd, the joint venture owned by INPEX through INPEX Holdings Australia Pty Ltd.⁴⁵ In other words, the feedgas is sold to the joint venture project from an INPEX subsidiary completely outside of the corporate structure of its ownership interest and operation of Ichthys LNG Pty Ltd. The reporting shows that this dramatically reduces the taxable income in Ichthys LNG Pty Ltd.

INPEX states that: "Transactions between the Company and its subsidiaries are not disclosed, as they are eliminated in the consolidated financial statements."⁴⁶ However, INPEX does report on related-party transactions with Ichthys LNG Pty Ltd as a joint venture. In 2024, INPEX received 86.9 billion yen (AUD \$869 million) in "Collection of loans", 98.9 billion yen (AUD \$989 million) in interest payments, and 222.5 billion yen (AUD \$2.23 billion) from the "sale of finished goods" from Ichthys LNG Pty Ltd.⁴⁷

Some comparisons may be useful for context. Finance payments, loan repayments and interest from the Ichthys LNG project to INPEX in 2024 were at least \$1.84 billion. This equates to 2.5 times the Ichthys LNG's reported operating profit before tax of \$735.91 million (USD \$485.7 million). Over the long term, the carrying amounts of "loans receivable to Ichthys LNG Pty Ltd" were reported as more than 1,467 billion yen (AUD \$14.67 billion) at the end of 2024 and had grown from the end of 2023.⁴⁸ Despite significant loan repayments and interest payments, the scale of the debt owed by the Ichthys project to INPEX has increased.

INPEX treats the Ichthys Project as a separate reportable segment, which in 2024 generated 373.3 billion yen (AUD \$3.71 billion) in revenue from external customers and 21.9 billion yen (AUD \$219 million) in intersegment revenue. This total of 395.2 billion yen (AUD \$3.73 billion), not including other investments in Australia, made up 17.4% of INPEX's total consolidated revenues in 2024. INPEX's profit from the Ichthys Project of 248.2 billion yen (AUD \$2.48 billion) made up more than 58% of INPEX's consolidated group profits.⁴⁹

At the end of 2024, INPEX reported 294.7 billion yen (AUD \$2.95 billion) in deferred tax assets and 618.4 billion yen (AUD \$6.19 billion) in deferred tax liabilities for a net tax liability of 323.7 billion yen (AUD \$3.24 billion).⁵⁰ Included as by far the largest component of the deferred tax liabilities was 548.4 billion yen (AUD \$5.49) in "foreign taxes".⁵¹ It is not clear how much of this deferred tax liability might be paid in Australia at some point in the future.

Australia is the biggest source for the petroleum products that INPEX sells. Where those sales are conducted, where profits are booked, and what taxes might be paid on huge volumes of LNG sales to external, or third-party, customers is not clear.

As mentioned, TotalEnergies, a French energy multinational and oil and gas major, owns a minority stake in the Ichthys project. It provides public country-by-country reporting on tax payments, and Australia appears twice in its 2023 tax transparency report. TotalEnergies reported total revenue from Australia in 2023 of nearly \$4.67 billion (USD \$3.08), of which \$2.96 billion (USD \$1.965 billion) was third-party revenue and \$1.71 billion (USD \$1.13 billion) was related-party revenue.⁵² Presumably, the majority of related-party revenue, as with INPEX, is from the upstream sale of gas to the Ichthys project for processing.

TotalEnergies EP Holdings Australia Pty Ltd appears in the most recent 2023-2024 ATO corporate tax data as the 144th largest corporation in Australia with \$3.39 billion in total income, zero taxable income and zero corporate income tax paid.⁵³ In the 2022-2023 data, it ranked 123rd with \$3.67 billion in total income, zero taxable income and zero corporate income tax paid. Also listed in the ATO data is TotalEnergies EP Australia with \$352 million in total income and zero corporate income tax paid in 2022-2023, and \$365 million in total income and zero corporate income tax paid in 2023-2024.⁵⁴ TotalEnergies' 2024 fiscal year Tax Transparency report was recently released, and it indicated that TotalEnergies is now paying a small amount of corporate income taxes.⁵⁵

Some limited explanation of TotalEnergies corporate structure in Australia is provided in the TotalEnergies EP Australia Modern Slavery Report 2023, which covers all of its Australian operations, including Ichthys. It explains that TotalEnergies EP Australia (and the Gladstone entity) were incorporated in France as a simplified joint stock company.⁵⁶ "TotalEnergies Ichthys B.V., another subsidiary, was incorporated in the Netherlands as a private limited company. As of 1 November 2023, TotalEnergies EP Ichthys B.V. has transferred its interests to TotalEnergies EP Ichthys Pty Ltd. TotalEnergies EP Ichthys Pty Ltd is a wholly owned subsidiary of TotalEnergies S.E."⁵⁷

In response to questions on this structure, TotalEnergies stated that the Dutch entity "was tax resident in Australia...and was a member of the Australian tax group" and that all "its profits were consistently reported and assessed in Australia in accordance with local rules. Many multinationals in Australia have held Australian subsidiaries through Dutch holding companies to facilitate profit shifting via the Netherlands. While INPEX has used Singapore as its tax haven of choice, TotalEnergies has stated that the Dutch ownership "did not result in any profit shifting to or via the Netherlands.

Santos Limited

Santos Limited is listed on the Australian and Papua New Guinea (PNG) stock exchanges and is the head of the group of Santos companies for tax purposes in Australia.⁵⁸ It is the only Australian publicly listed corporation in these case studies.

Santos Limited's most significant project is its 39.9% stake in PNG LNG, an integrated LNG project that is operated by ExxonMobil in PNG.⁵⁹ Other key projects include the Santos Gladstone LNG project (GLNG) which extracts coal seam gas from the Bowen and Surat basins in Queensland to convert to LNG and export to Asia. It is a joint venture between

Santos (30%), PETRONAS (Malaysia (state-owned)) (27.5%), TotalEnergies (France) (27.5%) and KOGAS (South Korea primarily state-owned)) (15%).⁶⁰

Santos's activities in Western Australia include offshore gas processing and oil extraction using "floating production storage and offloading" facilities located north of the North West Cape. Santos produces natural gas, ethane, gas liquids and crude oil from the Cooper Basin, at the border between South Australia and Queensland. The Cooper Basin is also the location of Santos's Moomba Carbon Capture and Storage project. Santos injected 340,000 tonnes (gross) of carbon dioxide into storage in 2024. In the same year, its oil and gas production from the Cooper Basin was 13.4 million barrels of oil equivalent per day.⁶¹

Santos operates the Darwin LNG plant. Until recently, its major gas source was the Bayu-Undan field in Timor-Leste offshore waters, which is also operated by Santos. Santos plans to supply Darwin LNG with gas from its Barossa gas field, located 285km north-west of Darwin in Commonwealth waters, and processed at a floating production storage and offloading facility.

In 2022-23, Santos Limited was ranked as the 70th largest corporation in Australia with total income of \$6.26 billion and ranked as the 48th largest corporation in Australia with total income of \$8.21 billion in 2023-24.

Santos has billions in annual revenue from LNG production and export, primarily from PNG and Gladstone. Santos's financial statements seem to report small but positive payments of income taxes, at least for the years 2021-2024. However, the ATO's data shows zero corporate income tax paid since 2014-2015 for Santos Limited.⁶² The ATO data does include Santos subsidiaries that have paid relatively small amounts of corporate income tax, and tax paid in financial statements may reflect taxes paid outside of Australia. The most recent ATO data, for financial year 2023-2024, reveals that even as some other fossil fuel exporters have begun paying corporate income tax, Santos Ltd continues to pay zero.

Indeed, Santos's taxable income margin — the relationship between its total revenues and its taxable income — fell in the most recent available data to 0.26%. This is an extraordinarily low margin, reflecting both Santos's particularly high revenues of more than \$8 billion in 2023-2024, and its incredibly low "taxable income", just \$21 million in the same year.⁶³

Table 4: Santos Limited revenue and corporate income tax paid

Year	Total income	Taxable income	Tax payable	Taxable income margin	Income tax rate
2014-2015	\$ 3,389,399,798	\$ -	\$ -	0.00%	0.00%
2015-2016	\$ 3,476,002,729	\$ -	\$ -	0.00%	0.00%
2016-2017	\$ 3,715,263,715	\$ -	\$ -	0.00%	0.00%
2017-2018	\$ 3,498,043,596			0.00%	0.00%
2018-2019	\$ 4,360,612,850	\$ 8,328,076	\$ -	0.19%	0.00%
2019-2020	\$ 5,013,931,702	\$ 29,023,941	\$ -	0.58%	0.00%
2020-2021	\$ 4,070,327,153	\$ 68,784,665	\$ -	1.69%	0.00%
2021-2022	\$ 4,746,037,784	\$ 74,055,825	\$ -	1.56%	0.00%
2022-2023	\$ 6,257,384,778	\$ 19,796,482	\$ -	0.32%	0.00%
2023-2024	\$ 8,210,276,022	\$ 21,189,419	\$ -	0.26%	0.00%
Total	\$ 46,737,280,127	\$ 221,178,408	\$ -	0.47%	0.00%

Source: Corporate transparency dataset published by the ATO at <https://data.gov.au/data/dataset/corporate-transparency>

Sources of revenue

Almost half of Santos's revenue comes from its business in PNG,⁶⁴ a segment that grew significantly with its December 2021 takeover of Oil Search Limited (see Figure 8).⁶⁵ In 2021, Santos's revenue from PNG was USD \$736 million; in 2022, it was USD \$3.5 billion.⁶⁶ Revenue from PNG remains high at \$2.6 billion in 2024. Santos's total revenue in 2024 was \$5.5 billion.⁶⁷ Production from PNG LNG was 39.5 million barrels of oil equivalent in 2024.⁶⁸

Santos's acquisition of Oil Search Limited was the primary driver of a massive increase in Santos's total revenue, from \$7.27 billion (USD \$4.8 billion) in 2021 to \$11.97 billion (USD \$7.9 billion) in 2022.⁶⁹ Oil Search was partially owned by the PNG Government until 2017. The company was PNG's largest and "a significant provider of health and infrastructure services in the remote Highlands region".⁷⁰ However, Oil Search and its PNG LNG project faced criticism for failing to meet social obligations.⁷¹

Santos's revenue from the Gladstone LNG project increased significantly between 2021 and 2022, from \$1.47 billion (USD \$973 million) to \$2.27 billion (USD \$1.5 billion),⁷² reaching \$2.03 billion (USD \$1.34 billion) in 2024 (see Figure 8).⁷³ This project is Santos's second-largest source of revenue in recent years.⁷⁴ Production was 14.5 million barrels of oil equivalent per day in 2024.⁷⁵ Although down from earlier years, Santos's revenue from Western Australia and the Cooper Basin continued to be significant in 2024.⁷⁶

Santos pays more to shareholders than to governments

Santos's 2024 annual report states under the heading "creating shared value" that dividends of \$1.15 billion (USD \$757 million) were paid to shareholders, alongside \$1.52 billion (USD \$1 billion) in "global tax paid".⁷⁷ Its calculation of global tax payments includes royalties — which are not taxes, but the price of inputs — and "employee tax", as well as corporate income tax.⁷⁸

If "employee tax" (PAYG withholding tax, state payroll tax, fringe benefits tax) is excluded, some of which are not actually taxes paid by the corporation, but instead taxes paid by workers, a clearer picture emerges. Corporate income tax and royalties across Santos's global operations came to just \$1.08 billion (USD \$711 million) in 2024 — \$70 million less than the \$1.15 billion paid out in dividends.⁷⁹ Actual income taxes paid in 2024, according to its cash flow statement, were only \$665.4 million (USD \$438 million), less than half of the trumpeted "global tax paid".⁸⁰

Santos only publishes consolidated financial statements, which aggregate the financial information of hundreds of subsidiaries, including some that operate outside Australia. It does not disaggregate "income tax expense" by geography, instead attributing it entirely to its "Corporate, exploration, eliminations & other" segment. Income tax expense for the consolidated entity was just \$742.8 million (USD \$489 million) in 2024 and \$736.8 million (USD \$485 million) in 2023.⁸¹ Given that the ATO's data shows zero corporate income tax in Australia in 2022-2023 and in 2023-2024 for Santos Limited, most of the income tax payments were presumably made to other governments.⁸²

Is Santos minimising tax paid in Australia?

Santos's financial statements show very low profit before corporate income tax relative to revenue. As the ATO data (above) shows, its taxable income margin — the ratio between taxable income and revenue — averaged just 0.50% in the last 10 years. At its highest, that ratio was just 1.69%. Given this consistently low margin over the decade, this could indicate that Santos claims very large deductions that reduce its taxable income. To some degree, this is expected in a capital-intensive industry like oil and gas. Depreciation of plant, equipment and buildings accounts for about one-third of the total cost of sales (USD \$1.1 billion vs USD \$3.4 billion in 2024).⁸³ Santos's balance sheet shows more than \$1.52 billion (USD \$1 billion) in deferred tax assets for both 2023 and 2024.⁸⁴

There is no specific accounting of related-party transactions in the Santos Limited financial statements. However, the number and characteristics of some subsidiaries raise questions about their purpose.

Concerns over the lack of economic contribution to PNG and local communities from the PNG LNG project, operated by ExxonMobil, pre-date Santos's acquisition of Oil Search, ExxonMobil's previous partner, in 2021, and continue to the present day.⁸⁵ A "tax liability worth potentially hundreds of millions of dollars" for Santos in PNG was another factor in the Abu Dhabi National Oil Company abandoning a \$36 billion takeover of Santos in late 2025.⁸⁶ Related to Santos's PNG operations and beyond, significant related-party transactions are apparent in multiple subsidiaries that are tax resident outside Australia. Some subsidiaries have no tax residency at all. Santos's use of complex corporate structures makes it difficult to identify the purpose of its many subsidiaries or their function. These concerns are explored in more detail below.

Heavy use of tax havens and trusts

Santos's 2024 financial statement lists hundreds of subsidiaries. Most are incorporated in countries where Santos operates — Australia, PNG, the US — but more than a dozen are incorporated in known tax havens including the British Virgin Islands, the Cayman Islands, the Netherlands and Singapore.⁸⁷ Entities included in Santos Limited's consolidated financial reports include these subsidiaries and eleven trusts.⁸⁸ According to the ATO, trusts are structures that can be used for tax avoidance and tax evasion, and it has a Trusts Taskforce to help address this.⁸⁹

A number of Santos's subsidiaries and some of its complex corporate structures were previously incorporated by Oil Search and ExxonMobil. In 2018, the corporations involved in the PNG LNG project faced questions about the use of subsidiaries in tax havens and potential profit-shifting.⁹⁰

Santos Limited's financial statements list dozens of subsidiaries with tax residency outside Australia, including four in Singapore (in addition to the one mentioned below with no tax residency). Santos's financial statements list seven subsidiaries with **no** tax residency. This status is unusual and very likely indicates that these subsidiaries are not required to pay any tax, regardless of profitability. These seven are all incorporated in known tax havens: the British Virgin Islands, the Cayman Islands or Singapore. Of these, five subsidiaries are in the

British Virgin Islands, and one subsidiary is in the Cayman Islands. These six were all previously part of Oil Search. The financial statements note that for the British Virgin Islands and the Cayman Islands, “there are no taxation rules determining residency and, therefore, corporate taxation residency is not relevant in the context of this entity”.⁹¹ Further information about these British Virgin Islands and Cayman Islands subsidiaries is difficult, if not impossible, to obtain.⁹²

For one subsidiary incorporated in Singapore (Santos Singapore Hold Co Pte Ltd), “tax residency is determined based on where an entity’s central management and control is located. As no central management and control was exercised for this entity, it is not a tax resident of any country.”⁹³ However, financial statements purchased from Singapore’s corporate registry reveal that this entity is the immediate parent of another two Santos subsidiaries, Santos SG Trading Pte Ltd and Santos Singapore Shipping Pte Ltd.⁹⁴ There is no explanation given for why an apparently important entity in Santos’s corporate structure has no identifiable central management and control. Multinational corporations in Australia’s mining sector have been known to use trading and shipping companies to artificially shift profits from Australian resource extraction and export and Singapore has been a favoured location.⁹⁵

Related-party financing

Santos’s financing is organised through an unusual corporate structure. The majority of its borrowing is through a wholly owned subsidiary, Santos Finance Ltd.⁹⁶ Despite being wholly owned, Santos Finance Ltd is a public company listed on the ASX.⁹⁷ Company announcements (using the code SFV) are available from the ASX. The most recent is a General Purpose Financial Report for the year ending 31 December 2024, published in March 2025, which states that Santos Finance Ltd is wholly owned by Santos Ltd.

Santos is thus heavily financed through related-party lending, which can be used for profit-shifting and tax minimisation. Santos recorded an interest expense of \$606.6 million (USD \$400 million) in 2024 (\$543.94 million or USD \$359 million in 2023),⁹⁸ almost entirely on loans and borrowings made through Santos Finance Ltd.⁹⁹

At least two other Santos subsidiaries that have otherwise no clear purpose carry loans from Santos Finance Ltd. For example, Santos Sangu Field Ltd, which is incorporated in Scotland but domiciled in Bangladesh and a direct subsidiary of the Australia-incorporated Santos International Holdings Pty Limited, is described in its financial statements as “largely dormant”.¹⁰⁰ It had nil profit in 2024 (\$1515 or USD \$1000 in 2023).¹⁰¹ However, it has almost \$6.06 million (USD \$4 million) in loans payable to related-party Santos Finance Limited that are “on call and non-interest bearing”.¹⁰²

As mentioned above, large mining companies have previously been scrutinised by the ATO for using “marketing hubs” in Singapore as a technique for shifting profit out of Australia, and thus reducing taxable income — and tax payments.¹⁰³ Santos Singapore Management Pte Ltd for example is a wholly owned subsidiary of Santos KOTN Pty Ltd, incorporated in Australia, with ultimate parent entity Santos Limited.¹⁰⁴ Its revenue in 2024 was \$5.61 million (USD \$3.7 million) (\$7.12 million or USD \$4.7 million in 2023).¹⁰⁵ This subsidiary receives

large payments from related parties. The majority are “receipts from related party revenue” and account for the vast majority of its total revenue.

Barossa Project immigration sponsor

The Santos Singapore Management Pte Ltd “principal activity is to provided [sic] services to related parties and primarily acts as the immigration sponsor for employees engaged on the Barossa project to work in Singapore. Local immigration laws require the application of an Employment Pass to be sponsored by a local entity.”¹⁰⁶ The Barossa Project is a gas field north of Darwin, in Commonwealth waters. Gas from the Barossa field will be processed in a floating production storage and offloading facility before some is exported directly as condensate and the remainder is piped to Santos’s Darwin LNG facility.¹⁰⁷

However, Santos Singapore Management Pte Ltd does not directly employ staff. Instead, it processes employment costs (including salaries) on behalf of related parties, charging a “mark-up” of 7.5%.¹⁰⁸ That mark-up amounted to \$396 million (USD \$261 million) in 2024 (\$491.9 million or USD \$324,674 in 2023).¹⁰⁹ Is the primary purpose of this entity to shift profits generated from the Barossa Project in Australian Commonwealth waters to a Singapore subsidiary to reduce taxable income in Australia?

The stated purpose of Santos Singapore Management Pte Ltd is compliance with Singapore’s labour laws. Its entire profit from operations is attributable to a 7.5% mark up on employee costs that it pays on behalf of related parties. Its already low profit before tax is further reduced through tax incentives. In 2024, tax at Singapore’s statutory rate of 17% would have been just \$49,946.97 (USD \$32,965) — but tax incentives of \$19,762 (USD \$13,043) and tax adjustments relating to prior years reduced actual tax payable to just \$6,224 (USD \$4,108). (Its profit before tax was also reduced that year by net finance expense of \$82,765 or USD \$54,625). In 2023, tax adjustments relating to prior years had the opposite effect, increasing corporate income tax payable, which combined with a higher profit before tax led to tax payable of \$71,994 (USD \$47,516) — still very little given revenue of \$6.97 million (USD \$4.6 million) that year.¹¹⁰ Singapore tax incentives, even more than the low tax rate, have been a huge incentive for Australian corporations to shift profits out of Australia.

It appears that the mark-up charged to related parties may shift income into a Singapore entity with a very low effective tax rate. An entity that entirely serves related parties can be easily used for profit-shifting from a jurisdiction like Australia with higher corporate income tax rates, to a low tax jurisdiction like Singapore. Santos’s complex corporate structure makes it difficult to identify the role of this particular entity and many others. The relationships between related parties are unclear in the consolidated filings of Santos Limited, the parent entity. The end result appears to be a long-standing track record of extremely low tax payments, if any, on substantial revenues generated from the exploitation of Australia’s natural resources.

Australia Pacific LNG (APLNG)

Australia Pacific LNG Pty Ltd (APLNG Pty Ltd) is an incorporated joint venture owned by three partners — US oil giant ConocoPhillips (47.5%), Australian electricity retailer Origin Energy (27.5%) and Chinese state-owned oil company Sinopec (25%).¹¹¹

The gas fields and pipeline are operated by Origin, Australia's largest energy retailer with more than 1.1 million retail gas customer accounts.¹¹² The two-train LNG facility on Curtis Island is operated by ConocoPhillips, while Sinopec was a foundation customer of the project.¹¹³ China is a major destination for Queensland's gas, and Chinese state-owned oil giant Sinopec has a 25% shareholding in APLNG through Sinopec Australia Pacific LNG Pty Limited.¹¹⁴

APLNG extracts coal seam gas from Queensland's Surat and Bowen Basins and claims to have the largest "2P" (proven and provable) coal seam gas resources in Australia.¹¹⁵ APLNG is generally considered to be one of the larger suppliers of LNG to the domestic market. Over the last six years, three quarters of the 3975 PJ of gas produced by Australia Pacific LNG has been for the global export market.¹¹⁶ This gas is liquified at its Curtis Island facility (near Gladstone) where it is stored on tankers and exported for commercial use, primarily to East Asian markets.

In 2022-23, APLNG Pty Ltd ranked as the 32nd largest corporation in Australia with total income of \$11.32 billion and ranked as the 35th largest corporation in Australia with total income of \$10.13 billion in 2023-24.

ATO data shows that in the nine years to 31 June 2023, Australia Pacific LNG (APLNG) earned some AUD \$49.67 billion in revenue. Nothing in corporate income tax was paid over that period.¹¹⁷ The ATO data shows APLNG paid its first corporate income tax in 2023-2024, when it earned AUD \$11.32 billion in income, and paid \$551.6 million in tax on a taxable income of \$1.875 billion. APLNG's 2024 Tax Contribution and Transparency Report covers the same period but notes a substantially lower income tax payment of just \$208 million, adding that the remaining balance "was not required to be paid until 2024-2025".¹¹⁸ This \$208 million payment appears to be the first tax payment from the \$60.3 billion in revenue generated since ATO corporate tax reporting began on 1 July 2013.

Table 5: Australia Pacific LNG revenue and corporate income tax paid

Year	Total income	Taxable income	Tax payable	Taxable income margin	Income Tax rate
2014-2015	\$ 415,273,848	\$ -	\$ -	0.00%	0.00%
2015-2016	\$ 911,614,513	\$ -	\$ -	0.00%	0.00%
2016-2017	\$ 3,582,758,459	\$ -	\$ -	0.00%	0.00%
2017-2018	\$ 5,292,408,456	\$ -	\$ -	0.00%	0.00%
2018-2019	\$ 7,207,473,146	\$ -	\$ -	0.00%	0.00%
2019-2020	\$ 6,979,353,806	\$ -	\$ -	0.00%	0.00%
2020-2021	\$ 4,615,938,979	\$ -	\$ -	0.00%	0.00%
2021-2022	\$ 9,347,824,996	\$689,659,530	\$ -	7.38%	0.00%
2022-2023	\$ 11,315,191,510	\$ -	\$ -	0.00%	0.00%
2023-2024	\$ 10,129,628,977	\$1,875,367,925	\$551,569,080	18.51%	29.41%
Total	\$ 59,797,466,690	\$2,565,027,455	\$551,569,080	4.29%	21.50%

Why APLNG has only begun to pay corporate income tax in Australia now?

Tax transparency reports also detail “accounting profits”, or what the corporation’s profits would have been without accelerated depreciation. In 2024, for example, accounting profits reached \$5

billion (a profit margin of 49%),¹¹⁹ which at the statutory corporate income tax rate of 30%, would have incurred an income tax expense of \$1.49 billion.¹²⁰ This data reveals net accounting profits of \$16.12 billion over the last decade.¹²¹ At a 30% corporate income tax rate this could have incurred a net tax expense of \$4.84 billion over that period, however the \$208 million payment made in 2024 was the only tax payment over that period.

The difference is largely explained by the use of accelerated depreciation, which enables companies to claim larger deductions for capital expenditure in the earlier years of a project than under standard accounting rules. APLNG's 2024 financial statements note a total value for plant and equipment "at cost" of \$31.1 billion (USD \$28.5 billion),¹²² relating to the enormous expense of developing the integrated exploration, transport and liquefaction infrastructure. Standard accounting depreciation would evenly allocate the depreciable cost of these across their expected lifetime. At \$1.74 billion (USD \$1.13 billion), "depreciation and amortisation" is already the largest category of expense in 2024, greater than the \$1.32 billion (USD \$872 million) in raw materials and \$486.36 million (USD \$321 million) in "direct labour" costs.¹²³ Accelerated depreciation allows greater deductions earlier, which shows up in the financial reporting as "deferred tax liability". By the end of the 2024 financial year, APLNG shows a net deferred tax liability — money owed to the ATO — of \$2.45 billion to be paid in coming years.¹²⁴

While massive capital investments have shielded cash profits from tax until today, APLNG has paid enormous dividends to its mostly foreign shareholders. Company filings (in US dollars), confirm APLNG's high levels of profitability in recent years, reaching a profit margin of around 55% – USD \$4.14 billion in pre-tax profit on USD \$7.56 billion in revenue – in 2023.¹²⁵ Cash flow statements confirm that no tax was paid in 2023, however USD \$4.36 billion (AUD \$6.62 billion) in dividends were paid to shareholders that year.¹²⁶

With 72.5% of APLNG shares owned offshore, the vast majority of that sum – AUD \$4.79 billion – is paid to offshore shareholders ConocoPhillips and Sinopec, while the remainder is paid to ASX-listed Origin Energy. Another USD \$3.28 billion (AUD \$4.98 billion) was paid out in shareholder dividends in 2024. This means that a large share of the immediate financial benefit from Australia's gas resources is being remitted overseas while the project's tax obligations are being deferred. In May 2025, APLNG announced that it had agreed to cut the LNG price on gas sales to Sinopec for the remaining 10 years of its 7.6 million tonne-per-year contract.¹²⁷ This decision was made in the context of a global supply glut in the coming years from new supply, particularly low-cost Qatar which will push down LNG contract prices.¹²⁸ A price reduction at this stage will reduce future revenue, taxable income and tax payments, just as APLNG is expected to finally become a major tax contributor after years of production and export. However, the current war-related fuel crisis and resulting LNG supply constraints from Qatar may change the equation.

ConocoPhillips Australia Operations Pty Ltd

ConocoPhillips Australia Operations Pty Ltd is the reporting entity for American oil and gas giant ConocoPhillips, which operates the APLNG processing plants, export facility and LNG sales business on Curtis Island, discussed above.¹²⁹

ConocoPhillips Australia Operations Pty Ltd ranked as the 79th largest corporation in Australia with total income of \$5.71 billion in 2022-2023 and ranked as the 416th largest corporation in Australia with total income of \$1.34 billion in 2023-24.

ConocoPhillips Australia Operations Pty Ltd has only featured in the ATO corporate tax data for the last four years, during which time it has had zero corporate income tax payable, while generating \$8.6 billion in revenue. More recent US filings confirm that no corporate income tax was paid by ConocoPhillips in Australia in the year to 31 December 2024.¹³⁰ Another ConocoPhillips subsidiary — ConocoPhillips Australia Gas Holdings Pty Ltd — previously appeared in the ATO corporate tax data in the prior years, with similar revenues totalling a further \$8.7 billion. Financial statements note that “ConocoPhillips Australia Gas Holdings Pty Ltd was replaced by ConocoPhillips Australia Operations Pty Ltd as the head entity on 28 May 2020”.¹³¹ Data for both companies has been presented in Table 6 below.

Table 6: ConocoPhillips Australia Gas Holdings and ConocoPhillips Australia Operations revenue and corporate income tax paid

Year	Total income	Taxable income	Tax payable	Taxable income margin	Income tax rate
ConocoPhillips Australia Gas Holdings:					
2014-2015	\$ 1,708,851,614	\$ 112,940,592	\$ -	6.61%	0.00%
2015-2016	\$ 1,464,317,021	\$ 107,751,084	\$ -	7.36%	0.00%
2016-2017	\$ 1,063,086,551	\$ 96,955,662	\$ -	9.12%	0.00%
2017-2018	\$ 1,083,135,954	\$ 102,041,668	\$ -	9.42%	0.00%
2018-2019	\$ 1,592,059,105	\$ 29,214,658	\$ -	1.84%	0.00%
2019-2020	\$ 1,850,149,843	\$ 115,304,314	\$ -	6.23%	0.00%
ConocoPhillips Australia Operations:					

2020-2021	\$ 1,074,448,262	\$ -	\$ -	0.00%	0.00%
2021-2022	\$ 450,769,245	\$ -	\$ -	0.00%	0.00%
2022-2023	\$ 5,707,640,193	\$ -	\$ -	0.00%	0.00%
2023-2024	\$ 1,342,705,048	\$ -	\$ -	0.00%	0.00%
Total	\$17,337,162,836	\$ 564,207,978	\$ -	4.06%	0.00%

ConocoPhillips Australia Gas Holdings Pty Ltd did generate taxable income in the years 2015 to 2020, totalling \$564.2 million over this period, but no tax appears to have been paid. From 2021 to 2024 no taxable income was recorded for ConocoPhillips Australia Operations Pty Ltd, including in 2023 when revenue surged to \$5.7 billion.

Why has ConocoPhillips Australia paid no corporate income tax in Australia?

As with the APLNG, which ConocoPhillips Australia operates, it appears that accelerated depreciation has been used to reduce current tax liability while reaping significant profits from gas production and export.¹³²

QGC Upstream Holdings Pty Limited

Corporation overview

QGC Upstream Holdings Pty Limited is the tax reporting entity for the Shell-operated Queensland Curtis LNG project (QCLNG). QCLNG has been operational since 2015 and in 2023 marked its 1000th cargo.¹³³

QCLNG's majority (73.75%) shareholder is the UK-incorporated multinational oil and gas giant, Shell, which also operates the project. Shell acquired the Surat coal seam gas assets in 2016 when shareholders of the BG Group voted to accept Royal Dutch Shell's \$78.79 billion (USD \$52 billion) takeover offer.¹³⁴ The merged entity is the largest LNG trader in the world, spanning nearly all major LNG supply and demand locations. This global trading capacity may provide Shell with opportunities to maximise profits and further shift revenues when global prices spike. Shell plc's own reporting reveals that in 2024 it booked significant revenue (USD) in multiple tax havens, including \$98.7 billion in the Netherlands, \$96.9 billion in Singapore, \$32.7 billion in the Bahamas, \$3.3 billion in Switzerland, \$20.5 million in Bermuda, and \$2.2 million in the Cayman Islands.¹³⁵ For comparison, Shell reported Australian revenues in 2024 from all of its projects of \$18.9 billion.¹³⁶

The immediate parent entity of QGC Upstream Holdings Pty Ltd is “Shell QGC Holdings Limited”, incorporated in the United Kingdom, while the “ultimate parent entity is Shell plc which ultimately owns 100% of QGC Upstream Holdings Pty Ltd and is incorporated in the United Kingdom”.¹³⁷

Shell's QGC joint venture partners are the state-owned China National Offshore Oil Corporation (CNOOC), which has a 50% shareholding in the first train (25% total shareholding), and Tokyo Gas, which has a 2.5% shareholding in the second train (1.25% total shareholding).¹³⁸ CNOOC first took a 10% stake in Train 1 in 2009 and committed to buy 3.6 million tonnes of LNG for 20 years.¹³⁹ In 2012, BG Group and CNOOC signed off on a \$1.96 billion dollar deal lifting CNOOC's Train 1 shareholding to 50%, and lifting CNOOC's long-term contracts to 8.6 million tonnes of Surat LNG per year.¹⁴⁰ Coal seam gas is extracted from hundreds of wells across Queensland's Surat and Bowen Basins, transported via a 540km pipeline to Curtis Island and then liquified at two parallel trains for export.

In 2022-23, QGC Upstream Holdings Pty Limited ranked as the 37th largest corporation in Australia with total income of \$10.65 billion and ranked as the 73rd largest corporation in Australia with total income of \$6.28 billion in 2023-24.

ATO corporate tax data shows that QGC Upstream Holdings Pty Limited earned revenue of \$32.3 billion over the six years to 30 June 2023, reaching \$10.65 billion in 2022-2023 alone.¹⁴¹ It paid nothing in corporate income tax over that period.

In the year to 30 June 2024 QGC Upstream booked its first taxable income in Australia, \$2.39 billion from \$6.28 billion in revenue, paying \$549 million in its first corporate income tax over the past seven years. ATO data shows a total of \$38.6 billion in revenue over this seven-year period.

Table 7: QGC Upstream Holdings revenue and corporate income tax paid

Year	Total income	Taxable income	Tax payable	Taxable income margin	Income tax rate
2017-2018	\$ 3,654,901,100	\$ -	\$ -	0.00%	0.00%
2018-2019	\$ 3,985,352,867	\$ -	\$ -	0.00%	0.00%
2019-2020	\$ 4,601,955,763	\$ -	\$ -	0.00%	0.00%
2020-2021	\$ 3,524,456,041	\$ -	\$ -	0.00%	0.00%
2021-2022	\$ 5,870,107,878	\$ -	\$ -	0.00%	0.00%
2022-2023	\$ 10,654,836,617	\$ -	\$ -	0.00%	0.00%
2023-2024	\$ 6,276,891,526	\$2,392,837,458	\$549,240,863	38.12%	22.95%
Total	\$ 38,568,501,792	\$2,392,837,458	\$549,240,863	6.20%	22.95%

Why has QGC Upstream Holdings paid so little corporate income tax in Australia?

As with ConocoPhillips Australia Operations Pty Ltd, the ATO data for QGC Upstream Holdings Pty Ltd,¹⁴² mentioned above, differs from that in financial statements filed with ASIC. This is presumably because this entity is the head of Shell’s QGC tax consolidated group,¹⁴³ and therefore it likely reports consolidated tax results of all companies within that group to the ATO, while reporting to ASIC results just for that entity.

Tax Transparency Reports published by QCLNG’s parent Shell Australia Group consolidate the Group’s activities across the Australian energy sector, rather than presenting project-by-project data. It does however note a difference between accounting and tax depreciation methodologies, the latter “being accelerated early in the life of the asset compared to accounting. This is reflected in a deferred tax liability for lower future tax depreciation compared to accounting”.¹⁴⁴

As with APLNG, it appears that QCLNG has been able to use accelerated depreciation to shield itself from corporate income tax payable in recent years, and that this cycle of advanced

deductions appears to be coming to an end, with the group beginning to pay in 2024. Disclosures made in the UK for the year to 31 December 2024 (six months later than the ATO data) show a \$889 million (USD \$583 million) payment over that 12-month period,¹⁴⁵ suggesting payments are steadily rising.

The use of accelerated depreciation in recent years appears to have enabled substantial free cash flow in the years that LNG prices have been running hot. This is not visible in the filings for QGC Upstream Holdings itself, but filings for its UK parent Shell QGC Holdings Ltd show that the corporation was able to pay \$2.47 billion in cash dividends to shareholders in 2024, \$2.26 billion in 2023,¹⁴⁶ \$611.6 million in 2022 and \$3.8 billion in 2021.¹⁴⁷

QGC tax projections

A July 2009 Economic Impact Assessment for the QCLNG project estimated annual average tax income from the project “at between \$600 million and \$1.1 billion, depending on oil prices”.¹⁴⁸ This projection appears to be limited to the operational phase of the project — 2014 until 2021 — after which “the data is less reliably predictable”.¹⁴⁹ In August 2011, Executive Vice President of the BG Group Catherine Tanner quoted the upper end of those estimates in an interview with *The Australian*, noting that: “QGC will pay more than \$1 billion in tax a year after 2014.”¹⁵⁰

The figures given in the 2009 Economic Impact Assessment — corporate income tax of between \$600 million and \$1.1 billion, from 2014 to 2021 — equated to an estimated tax payment of between \$4.2 and \$7.7 billion over this period. Given Australia’s corporate income tax rate of 30%, this would suggest between \$14 billion and \$25.7 billion in taxable income. QGC Upstream Holdings Pty Ltd only features in the ATO data from 2018 onwards, but had zero taxable income over the period from 2018 to 2021 and its total revenue over that period only came to \$15.76 billion. QGC earned another \$16.52 billion more in revenue in the two subsequent years while continuing to pay nothing in corporate income tax.

Shell’s QGC joint venture is a prime example of fossil fuel corporations making bold promises of future corporate income tax payments, in order to get licenses and approvals, that should not be taken at face value. Bold promises of future revenues need to be further examined and interrogated with the possibility of reversing concessions and benefits if promises are not delivered as projects progress.

Conclusion

It is critically important that the Australian Government holds all oil and gas corporations to account for the true costs of fossil fuel extraction. The Australian Government must ensure that these primarily foreign multinational corporations provide a return to the Australian public that meets community expectations. These case studies raise serious concerns that this is not the current case and policy settings need to change to ensure reasonable returns for the Australian public.

This means not only paying a fair share of taxes, royalties and the PRRT, but contributing to the costs of responding to climate change. Many of the claimed benefits of the fossil fuel industry have been overstated to obtain licenses and preserve highly favourable corporate incentives. Most other countries have structured tax and royalty regimes that collect far higher revenues to fund public services from the exploitation and export of fossil fuels. The

failure of the PRRT to collect any revenue from offshore gas is a particularly egregious situation, that should have been addressed a decade ago before the huge boom in LNG production and export. While the industry touts LNG as a cleaner ‘transition’ fuel, if the climate change impacts from extraction and production are considered, scientific studies have clearly shown that not to be the case.¹⁵¹

Without action the impacts of climate change will continue to fall on everyday people, deepening inequality and poverty, while corporations make huge profits and avoid consequences. Australia’s tax, royalty and other policy settings related to the gas industry appear to be designed to provide corporate benefits over community benefit. These policies are currently not operating in the best interests of the Australian community.

To hold this industry to account and create a fairer system, the first step is for governments to end subsidies and tax incentives. The Federal Government must work at national and global levels to close tax loopholes that allow corporations to make huge revenue in Australia from its natural resources but pay little tax. In recent years, the ATO has set about reducing the tax avoidance activities of multinational corporations through its Tax Avoidance Taskforce.¹⁵² For many years, tax avoidance in the oil and gas sector was a key focus for the ATO. We are seeing some of the benefits of this work, with a number of fossil fuel corporations (among others) paying corporate income tax for the first time in 2023-2024 after years of paying zero.¹⁵³ This is important work, but it is not enough. It is estimated that Australia lost 5.4% or \$9.8 billion (USD \$6.5 billion) of its corporate tax revenue to profits shifted to tax havens in 2022.¹⁵⁴

Australia has played a global leadership role in adopting the world’s best multinational tax transparency reporting requirements.¹⁵⁵ This data will begin to flow in 2026 and will shine further light on tax avoidance practices and the loopholes that need to be closed for fossil fuel corporations and others. Australia must also play a leadership role in United Nations negotiations on a new international Tax Convention¹⁵⁶ to create a globally agreed set of rules to ensure multinational corporations and billionaires pay more tax. Once agreed, Australia must also implement these rules here at home to finally draw to a close the era of multinational corporations moving money across borders to artificially reduce tax obligations.

The Australian Government must ensure that oil and gas corporations pay a fair return for the exploitation of our natural resources. Current policy settings for extractive industries, including tax and royalty regimes, must be urgently revised to bring Australia towards much higher global standards for community benefits. A 25% levy on gas exporters, who have paid minimum state and/or federal royalties in contrast to the huge value of resources exploited, extracted and exported, is an excellent starting point.¹⁵⁷ In relation to the lack of any revenues from Australia’s huge offshore gas reserves, change is long overdue and the current PRRT regime is a national and international disgrace.

ENDNOTES

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¹⁵³ Australian Taxation Office, ‘Tax Avoidance Taskforce highlights 2023–24’, <https://www.ato.gov.au/about-ato/tax-avoidance/tax-avoidance-taskforce/tax-avoidance-taskforce-highlights-2023-24>

¹⁵⁴ Atlas of the Offshore World, accessed 25/03/2026, <https://atlas-offshore-world.org/>

¹⁵⁵ ATO, ‘Public country-by-country (CBC) reporting’, <https://www.ato.gov.au/businesses-and-organisations/corporate-tax-measures-and-assurance/large-business/public-country-by-country-reporting>; CICTAR, ‘World-leading tax transparency wins in Australia’ <https://cictar.org/news/world-leading-tax-transparency-wins-in-australia>

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