

Senate Economics Reference Committee
Inquiry into Corporate Tax Avoidance
ANSWERS TO QUESTIONS ON NOTICE
Australian Taxation Office
APRIL 2017

Department/Agency: ATO
Question: Hansard page 72
Topic: PRRT Collection

Question:

Senator DASTYARI: Can we take a step back and run through the PRRT in how it is operated. We were given a figure by BHP today of, I think, \$11.2 billion that they have paid since the year 2000. You would have figures in front of you right now of how much has been collected in the PRRT since that period overall, would you not?

Mr Hirschhorn: I would have to take the total PRRT collections over the last decade on notice. I would say, at a taxpayer level—in an exception to the ordinary rule that we cannot talk about individual taxpayers—that for the last couple of years we have published the PRRT payable by individual entities. That is included on page 8, paragraph 3.4 of our submission to this inquiry.

Senator DASTYARI: The figure I want you to get to is of how much PRRT has been paid over what period that you have in front of you now.

Mr Hirschhorn: I am just looking for a table. In relation to your first question, at paragraph 3.2 of our submission we point out that there has been about \$33 billion in total PRRT since it started. That started in the 1989-1990 year. In terms of the amount paid over the last two years, in the 2013-2014 year and in the 2014-2015 year, which is the total—I apologise; I am trying to find the figures—I think it is in the order of \$2 billion in 2013-2014 and in the order of \$1.5 billion in 2014-2015. But I will try to track that down.

Senator DASTYARI: Can you take that on notice.

Answer:

The ATO publishes petroleum resource rent tax (PRRT) statistics as part of our annual publication of *Taxation statistics*. The table below shows the PRRT tax paid on taxable profit in each PRRT tax year between 1999 and 2016. Due to the small number of PRRT taxpayers, statistics are not published for PRRT tax years prior to 1999.

Year	PRRT tax paid on taxable profit (\$)
1999-2000	1,389,871,904
2000-2001	2,040,797,512
2001-2002	1,537,415,063
2002-2003	1,633,338,015
2003-2004	1,275,603,628
2004-2005	1,505,834,210
2005-2006	1,996,555,772
2006-2007	1,767,543,813

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Year	PRRT tax paid on taxable profit (\$)
2007-2008	1,943,153,965
2008-2009	1,641,029,748
2009-2010	1,260,365,624
2010-2011	1,047,207,525
2011-2012	1,584,457,888
2012-2013	1,281,363,746
2013-2014	1,787,156,657
2014-2015	1,220,838,600
2015-2016	845,484,895

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Department/Agency: ATO
Question: Hansard page 75
Topic: Variation and valuation

Question:

Senator WHISH-WILSON: That is my understanding. We can work out ourselves how many companies are involved because we know who the joint-venture partners are, but I am very interested in the kinds of variations we may be seeing and how those tax payments are valued. Obviously we are looking at bang for the buck for the taxpayer, as I am sure you are, and it concerns me that this is very complex and there are all sorts of risks associated with how companies may conduct those transfer-pricing arrangements and money may not be going to the taxpayer. I am asking about variation. Do you see variation not only in the methods used but also in the valuations of those payments? I am guessing that in some ways they have different deductions, but in terms of converting gas to LNG wouldn't it be very similar?

Mr Hirschhorn: I will take on notice any more than to say that there are different statutory methods available under the act and we see all of those methods being used and different participants use all of those methods.

Senator WHISH-WILSON: I would be interested in variations in valuations as well.

Answer:

The ATO observes variations in the transfer-pricing methods used and valuations. To obtain assurance over these variations, the ATO compares the petroleum resource rent tax annual returns of joint venture participants engaged in the same project. Where discrepancies exist between project participants, they are investigated if the discrepancies are not within acceptable levels or cannot be readily explained by the taxpayer.

Variations can be caused by a number of commercial factors including Liquefied Natural Gas lifting schedules, different negotiated prices and different end users.

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Department/Agency: ATO
Question: Hansard page 77
Topic: High and Medium risk taxpayers

Question:

ACTING CHAIR: I have a couple of things that I would like to step through with you before we finish up. The first of these goes to the risk differentiation framework and how that is being applied in the context of the PRRT. You talk about that in your written submission, at paragraph 5.10 to 5.14. I notice that you indicate that seven economic groups have been classified as key taxpayers for PRRT purposes. Later on in that, you talk about lower risk taxpayers. Are there any high-risk or medium-risk taxpayers within that PRRT group?

Mr Hirschhorn: Within the group, we have seven key taxpayers. I will take on notice how many we have in higher risk. The numbers, as you will appreciate, are small. When there are a small number—again, we are somewhat reticent to even say the number, because it then becomes, essentially, a guessing game.

ACTING CHAIR: Can you take it on notice, and can you also indicate today whether there are any taxpayers in the higher risk category?

Mr Hirschhorn: Yes, I can indicate that there is at least one taxpayer in a high-risk category.

ACTING CHAIR: What about the medium-risk category?

Mr Hirschhorn: I would have to take on notice how many are in the medium-risk category

Answer:

As per paragraph 5.12 of the ATO submission to the Review of the Petroleum Resource Rent Tax, for the 2015–2016 year there were seven taxpayers who received a Key Taxpayer (Q2) rating for petroleum resource rent tax (PRRT). At least one of those seven PRRT taxpayers was rated higher risk for income tax. There were no taxpayers who received a Higher Risk (Q1) rating for PRRT.