Exxon: Tax dodging and not paying its fair share

To address rising inequality and build a decent society it is essential that corporations pay their fair share of tax

ACTU Submission to the Senate Inquiry on Corporate Tax Avoidance – Feb 2018

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Corporations paying their fair share

Exxon: Tax dodging and not paying its fair share

Introduction

The purpose of the tax system is to generate sufficient revenue to provide the services the community expects and deserves of governments and to support a fair society with decent living standards for all. Australia has a progressive tax system but its progressivity is in decline and inequality is widening. The ACTU's position is that the tax system should support the role of government to provide quality services and investment in high-skilled, high-wage job creation. For this to be reality it is essential corporations must pay their fair share of tax.

Widening inequality in advanced countries has been detrimental to economic growth. As the real wages of lower income earners have stagnated or even gone backwards, as employment has become increasingly insecure and as the middle has hollowed out, consumer demand has weakened and growth has slowed. The world's most respected international economic organisations including the World Bank, the IMF and the OECD have all found that the increase in inequality in many advanced economies in the last three decades has had a negative effect on growth and prosperity. The IMF has concluded that increasing the income share of the poor and the middle class actually increases growth while a rising income share of the top 20% results in lower growth – "that is, when the rich get richer, benefits do not trickle down."

Australia is a low-taxing, low-spending country by OECD standards. Imposing an arbitrary limit on total tax revenue as a share of GDP, as the federal government is insisting on doing, has no sound policy basis. Population ageing and the increasing availability of new life-saving, life-enhancing medical technologies will continue to cause health costs to rise faster than GDP, even with reforms that address any remaining waste and inefficiencies. Meeting these and other pressing needs, school funding, investment in infrastructure, innovation and job creation while also aiming to reduce the budget deficit over time, will require improvements to our overall budget revenue position.

In contrast to these growing needs, 36% of Australia's largest companies paid no tax in the last financial year. The 732 corporations paid nothing on a combined revenue of over $900 billion.[1] Corporate tax avoidance is endemic in Australia – and we all pay the price. Fewer public services, roads, bridges, nurses and teachers are just some of the costs of corporate tax dodging. It is working people and the vulnerable that have to carry the burden of this corporate behaviour.

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1 ATO, Corporate tax transparency report for 2015-16, December 2017.

One of the companies not paying their share has been Exxon. Let's look at key points concerning their behaviour;

- Exxon's business in Australia is entirely owned through shell companies in the Netherlands and the Bahamas[2]. The company failed to disclose this basic fact to the Inquiry when specifically asked about offshore related party transactions and does not report this basic fact in its annual reports filed with ASIC.
- New ACTU analysis reveals if we look at current ATO Data for the 20015/16 tax year, Exxon had nearly $6.7 billion in total income but had zero taxable income and paid zero in tax. Out of all companies in Australia, Exxon ranked 37th in total income. For comparison sake, Woodside an Australian oil and gas company, ranked 35th. With slightly more in total income, Woodside had $7 billion in taxable income and paid tax of nearly $73 million in income tax. If we look at previous years of ATO tax data a similar story emerges where Exxon reports zero taxable income and paid zero income tax. Exxon Australia has generated some of the highest revenues of any company in Australia, but has paid ZERO in corporate income tax over the last 3 years, maybe longer.
- Exxon has made PRRT payments on its Bass Strait operations over the years; however, this is not a tax but a profit-based royalty payment for the privilege of extracting Australia's finite natural resources. Exxon's PRRT payments are significantly lower than BHP's even though they each have a 50% interest in the Bass Strait operations[3].
- Exxon's annual reports filed with ASIC have far less information than other companies like Chevron and don't provide any detail on related party transactions which may be used to shift profits out of Australia[4]. Increased transparency and accountability through stronger reporting requirements and enforcement are needed.
- Exxon is using the same tactics as Chevron in terms of offshore related party loans to reduce tax payments in Australia. While Chevron lost a landmark Federal Court case on the issue and ultimately reached a settlement with the ATO[5], Exxon has not been publicly held to account for the same practices which are at least, if not more, aggressive.
- Exxon and its partner BHP are the largest suppliers of gas to the east coast market and have seen sales prices triple while attempting to reduce the pay of workers by 1/3 and squeezing profit out of Australian consumers and businesses alike.
- Exxon has made false and misleading claims about its tax affairs in Australia.

2 'Is Exxon paying a fair share of tax in Australia?' Tax Justice Network, December 2017

3 Is Exxon paying a fair share of tax in Australia?' Tax Justice Network, December 2017

4 Ibid

5 http://www.afr.com/news/chevron-loses-australias-biggest-tax-case-20170420-gvp8e1

ACTU's key recommendations are the following;

- Australia needs mandatory disclosure for Resource companies. Mandatory disclosure reporting would put Australia in line with the other 30 countries who already have this legislation which provides the public with project by project information on all payments to governments. Australia is currently lagging far behind others, including the United Kingdom, Canada, and the European Union, in requiring resource companies to disclose their payments to governments in a standardised and public format.
- The ACTU recommends that a Commonwealth Royalty on offshore projects should be applied to petroleum products of at least 10%. This would generate a minimum additional $4-6 billion in revenue over the forward estimates.
- To further increase the transparency of the PRRT, the value and calculation method of wellhead gas should also be made public, and should be re-evaluated to ensure the Australian people are paid a fair price for their natural resources. These prices are calculated behind closed-doors and there is no market with which to compare these.
- The Government should increase fines for tax evasion and extend laws to effectively cover the full range of corporate tax avoidance strategies.
- The Government should ensure that the Australian Tax Office is adequately funded and staffed.

Exxon has an aggressive tax minimization strategy

Last year, the Tax Justice Network in its report 'Is Exxon paying a fair share of tax in Australia?' highlighted that Exxon is conducting an aggressive tax minimisation stagey. Let's look closely at the findings from this paper and at Exxon in detail:

Exon is the largest publicly traded oil company in the world and is one of Australia's largest oil and gas producers - operating in Australia since 1895. Exxon has stated that 2016 was the highest gas production year ever from the Longford Plants in Victoria that supply 19% of east coast demand. Exxon is the operator of the Longford Plants and the gas fields which supply them and holds a 50% interest in both[6].

This highest-ever production has occurred while domestic gas prices have skyrocketed. ExxonMobil, like Chevron, appears to have used extensive high-interest related party loans and other tricks to artificially reduce tax payments in Australia[7]. ExxonMobil Australia Pty Ltd, the primary Australian subsidiary, has failed to disclose key elements of its corporate structure in Australia in its annual report filed with the Australian Securities & Investments Commission (ASIC). Similarly when directly asked by the Senate Inquiry into Corporate Tax Avoidance concerning its corporate structure Exxon failed to disclose certain information. The Tax Justice Network also state that Exxon's primary Australian company is directly owned by a shell company in the Netherlands and the Dutch company is owned by another subsidiary in the Bahamas[8]. In effect, Exxon's entire Australian operations are owned through the Bahamas[9]. This is aggressive tax-minimisation.

6 'Is Exxon paying a fair share of tax in Australia?' Tax Justice Network, December 2017
7 Ibid
8 Ibid
9 Ibid

The Tax Justice Network has already raised legitimate concerns over why Exxon is hiding the legitimate ownership details of its Australian business. The immediate owner of the Australian company is not disclosed in its annual report (only the ultimate parent Exxon Mobil Corporation). However, an ASIC company extract reveals that the shares are held by ExxonMobil Australia Holdings B.V. in the Netherlands (TJN). A search on the Dutch Company Registry website produces hundreds of companies containing the name "ExxonMobil". As appears to be the case with ExxonMobil Australia Holdings B.V., the vast majority of these companies are likely to have no employees and only exist on paper. The Dutch company was created in 2008, owns 100% of the Australian entity and "is a 100% indirectly owned subsidiary of Exxon Mobil Corporation…"[10]

According to ATO Data Exxon has zero taxable income and paid zero income tax

New ACTU analysis reveals, if we look at the new ATO Data for the 20015/16 tax year, Exxon had nearly $6.7 billion in total income but had zero taxable income and paid zero in tax. Out of all companies in Australia, Exxon ranked 37th in total income. For comparison sake, Woodside an Australian oil and gas company, ranked 35th. With slightly more in total income, Woodside had $7 billion in taxable income and paid tax of over $73 million in income tax.

New ACTU calculations reveal this $73 million per year could pay for;

1. More than 76,000 emergency ward patient admissions or[11]
2. Funding more than 5,500 secondary school students[12] or
3. Provide 1,685 people with a disability with individualized support[13] in the first year on the National Disability Scheme.

What is noticeable here is that $73 million that Woodside pays in tax is only 5% of their classified taxable in the ATO data. Imagine if these figures were calculated without the aggressive tax minimization that is clearly happening. If we look at previous years of ATO tax data a similar story emerges where Exxon reports zero taxable income and paid zero income tax.

10 'Is Exxon paying a fair share of tax in Australia?' Tax Justice Network, December 2017

11 Based on emergency ward admissions costing $956 per patient. Independent Hospital Pricing Authority. (2016). National Hospital Cost Data Collection: Australian Public Hospitals Cost Report 2013-14 Round 18. Available at: https://www.ihpa.gov.au/sites/g/files/net636/f/publications/nhcdc-round18.pdf

12 Based on Australian government funding of $12,193 per secondary school student as stipulated in the School Resourcing Standard. National Commission of Audit. (2017). Schools funding. Available at: http://www.ncoa.gov.au/report/appendix-vol-1/9-7-schools-funding.html

13 At full scheme, about 475 000 people with disability will receive individualised supports, at an estimated cost of $22 billion in the first year of full operation (Productivity Commission. (2017). National Disability Insurance Scheme, position paper). This leads to an average of $46,316 per person in the first year of NDIS

Are Exxon paying less PRRT payments than its competitors?

It should be noted that Exxon paid $265 million in Petroleum Resource Rent Tax (PRRT) payments from its 50% share in the Bass Strait operation, but this is a substitute for a royalty and a payment for the resources. This should not be treated as an income tax.

But importantly the Tax Justice Network has highlighted that on the same volume of gas, from the same project, it appears that BHP paid at least $29 million more in PRRT.

In our view these claims from the Tax Justice Network need to be further investigated in depth by the inquiry.

Australians deserve a fair return for their natural resources – the Petroleum Resource Rent Tax needs to be amended

Australia is a prosperous country proudly founded on decent living standards and a fair go for all. However, these standards have been under threat in recent years, with inequality between Australians now the highest in 70 years. Unless we adapt and respond to the challenges and opportunities of our time- technological advances, heightened geopolitical uncertainty, climate change and an ageing population - our living standards will continue to fall.

In order to redress these threats, Australia needs to learn from the missed opportunity of the mining boom, and receive a fair share of revenue from the upcoming LNG boom. Australia is poised to become the world's largest exporter of LNG, but this is expected to generate little government revenue for decades. The government must act swiftly to address this major problem before our resources are exploited without return.

Furthermore, Australia finds itself in the uniquely bizarre situation of being the world's largest gas exporter with the world's highest domestic gas prices. This is due to allowing foreign multinationals to pursue unrestricted gas exports and a failure of government to implement a domestic gas reservation policy. As a result, sky rocketing gas prices are putting pressure on households, threatening large manufacturing based businesses and putting 220,000 jobs at risk.

The ACTU believes there are significant issues with the current design of the PRRT and the loopholes and concessions must be addressed. The ACTU believes that a Commonwealth Royalty on offshore projects should be applied to petroleum products of at least 10%. This would generate a minimum additional $4-6 billion in revenue over the forward estimates.

The ACTU believes that the uplift rates which are conceded to petroleum projects should be dramatically reduced, going forward. Currently, petroleum projects are eligible for uplift rates of approximately 8% and 18%, for general expenditure and exploration respectively. These uplift rates are not granted to any other industry, and are remarkably generous. The uplift rates must be reduced and normalised.

Currently, there is a startling lack of transparency for much of the PRRT regime. The ATO should publicly disclose the different types of PRRT credits which are earned and carried forward on a project by project basis. The uplift rates have contributed to the industry accumulating $190

billion in PRRT credits, and this massive tax concession is likely to prevent any PRRT payments for years to come.

To further increase the transparency of the PRRT, the value and calculation method of wellhead gas should also be made public, and should be reevaluated to ensure the Australian people are paid a fair price for their natural resources. These prices are calculated behind closed-doors and there is no market to which to compare these.

While these changes are important, alone there is no guarantee they will ensure a fair return for the Australian people's resources. The ACTU believes that the most effective and fair solution is to immediately introduce a Commonwealth royalty of at least 10% on all current and future offshore oil and gas projects that are currently only subject to the PRRT.

This royalty represents a harmonisation in the tax treatment of oil and gas projects in Australia. Royalties are levied on all onshore oil and gas projects, and the royalty system represents a fair and basic principle that the Australian people are entitled to a price for their resources. Royalties should be paid on all oil and gas projects. Projections from the International Transport Workers' Federation (ITF) are that this royalty would generate a minimum of $4 - $6 billion over the forward estimate

This royalty is not a tax, as our natural resources are owned by the Australian people and a royalty is the price for the resource.

The PRRT is not delivering fair results. In 2014-15 PRRT payments fell by more the $500 million, despite significant growth in gas production. Multinational corporations Chevron, Shell, and BP made no PRRT payments; indeed Chevron and Exxon have not paid any corporate tax over the past two years despite earning billions. Any measures should be complemented by an increase in the resources for the ATO to combat aggressive tax avoidance measures.

Australia's tax policy

The reasons why corporations need to pay their share of tax include:

Sustainability

Both tax evasion and minimisation (including tax avoidance and tax breaks) reduce the revenue available to government. As this increases, the tax base becomes more fragile, and government activities become less sustainable in the long term;

Equity

If some corporations can evade or minimise their taxes, but others cannot, this distorts the equity of the tax system. Those who do not evade or minimise tax end up paying more than they would need to if everybody paid their proper share;

Efficiency

Large companies can afford to hire lawyers, accountants and tax agents simply to avoid or minimise taxes. This diverts investment away from productive activities, towards unproductive rent-seeking, thereby reducing economic efficiency;

Public confidence

Tax rorts undermine faith in the system and are more likely to "normalise" avoidance. Once tax cheating becomes entrenched, it becomes difficult to stop; it can also spread to other areas where people interact with government, or with each other. In this paper we will focus on the activity of a number of groups where tax evasion, avoidance, and/or tax breaks are problematic: wealthy individuals; large corporations; small businesses and contractors. These groups have access to a range of tax minimising devices (including the use of companies and trusts) that ordinary employees do not.

We argue that there is a strong public interest in ensuring that these groups pay both their lawful share as well as their 'proper' share of tax. To this end, the ACTU believes that the government should consider:

- Cracking down on criminal tax evasion by big corporations, wealthy Australians, small businesses and contractors, and increase jail terms;
- Closing loopholes and concessions that allow big companies to minimise their taxes legally,
- particularly multi-national companies;
- Making deliberate tax avoidance a civil wrong (punishable by a fine), with public disclosure of the names of those prosecuted, and with court decisions published.

Furthermore corporations not paying their fair share of tax has led to a more unfair society and widening inequality in Australia. We discuss this in further detail below;

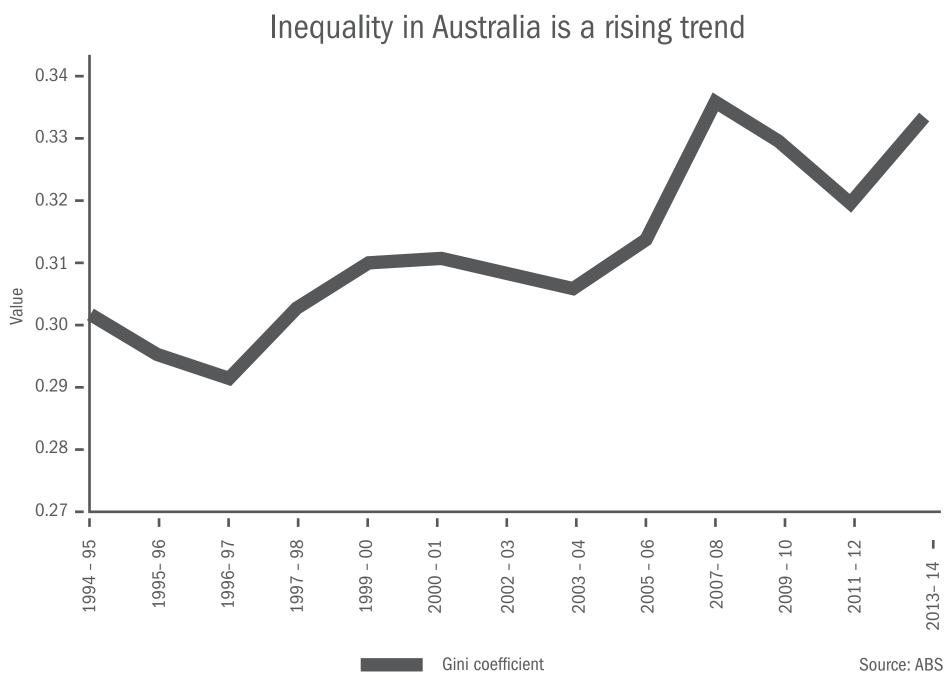
Rising inequality is an Australian reality

Income inequalities are greater than at any time in the last 70 years. Small elites have amassed vast fortunes and massive political power. While for the vast majority of people, living standards have declined and job security has disappeared. Inequality is the challenge of our time. If we don't change course, Australia will be a fully Americanised society of high inequality and dead end jobs, with long working hours, no holidays, zero job security and poverty pay levels. These are the economic conditions that breed high levels of crime, discrimination against minorities and a broad range of social problems.

Australia must not go any further down this path. Instead we must return to being a country in

which families on a normal income can afford to buy a home, provide a good education for their kids and have a decent standard of living. Societies that pay their workers fairly and provide job security tend to have low crime levels, less social problems and are more inclusive.

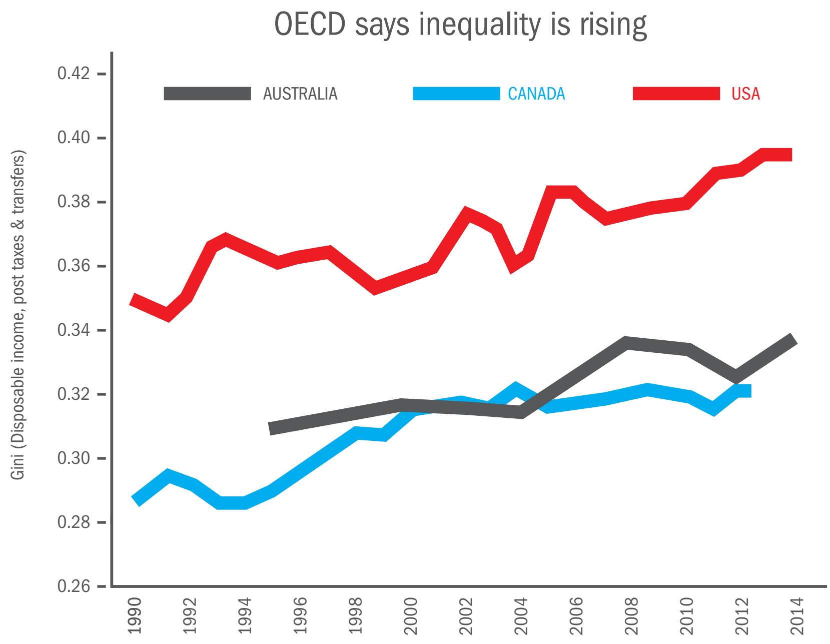
Treasurer Scott Morrison denied inequality is a problem. However the facts are clear. The distribution of income throughout society is becoming more unequal. The graph overleaf shows that since the mid-1990s income inequality in Australia has been getting worse. Despite a blip just after the Global Financial Crisis, when share prices fell for a short period and those rich enough to make lots of income through their investments took a hit, it is the clear that the general trend has been towards widening income inequality.



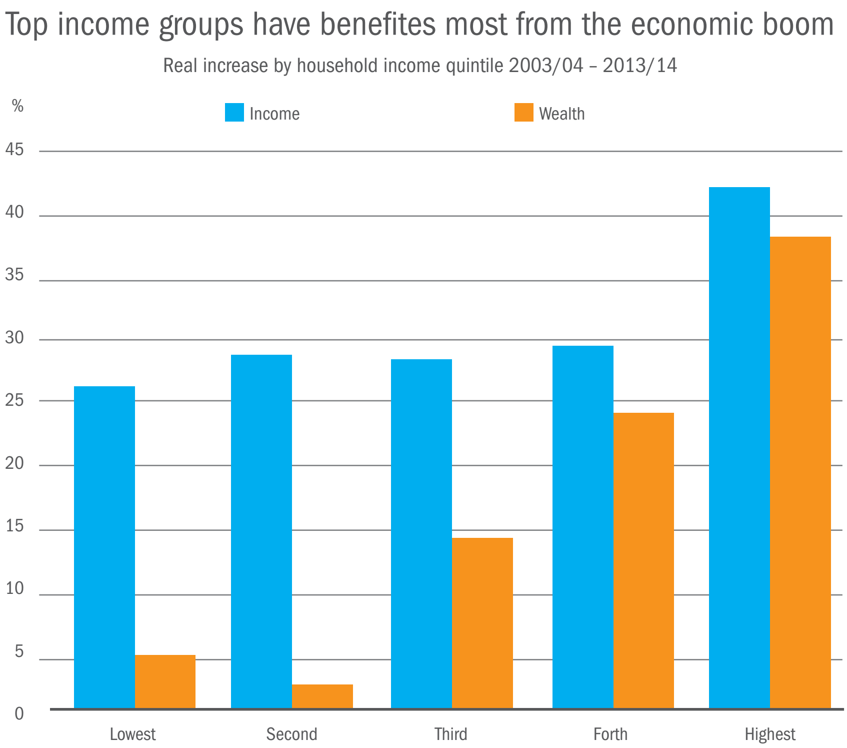
The last OECD Economic Survey of Australia, released in March 2017, had this to say about income inequality in Australia:

> "Inclusiveness has been eroded. The Gini coefficient has been drifting up and households in upper income brackets have benefited disproportionally from Australia's long period of economic growth. Real incomes for the top quintile of households grew by more than 40% between 2004 and 2014 while those for the lowest quintile only grew by about 25%."

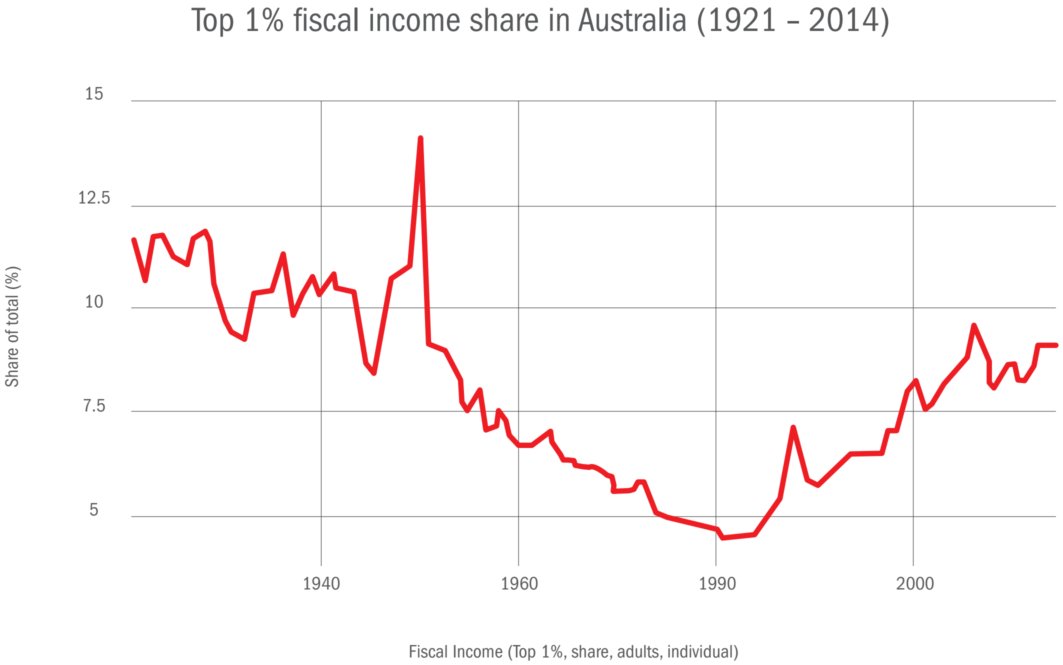
The OECD also released the following graphs that show inequality is rising and the top incomes have benefited disproportionately.



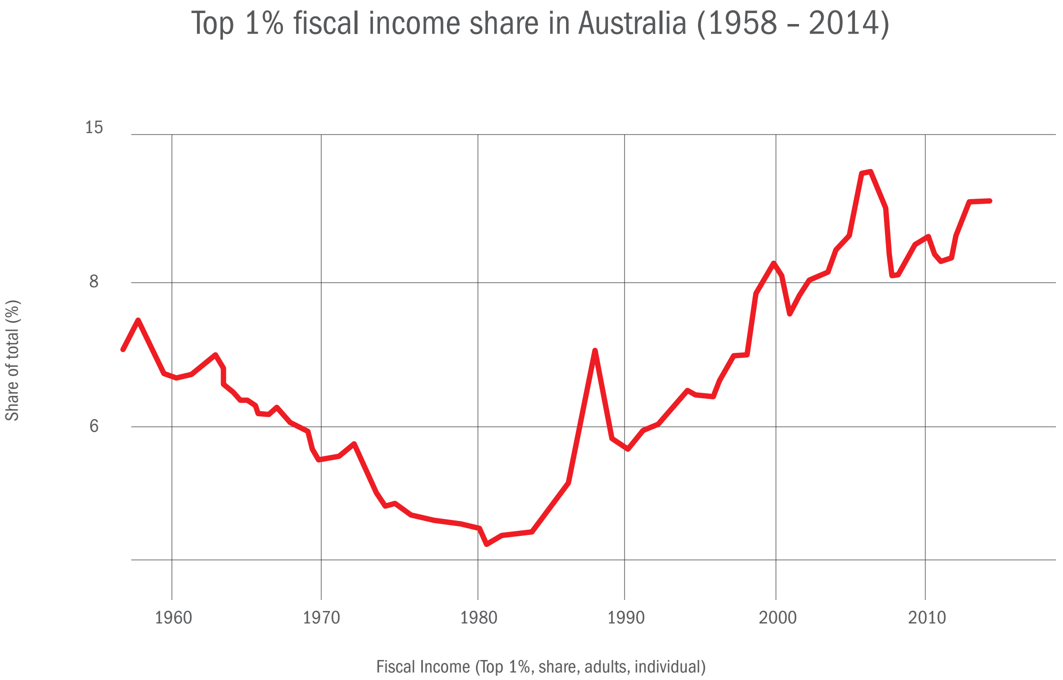
Source: OECD EConomic Survey 2017



The graphs above highlight that Australia has a lower level of inequality than the USA but has been rising over time. If we turn to the share of income held by the top 1% it is clear inequality is at a 70 year high.



And the share of income held by the richest 1% of the population has been steadily rising since neoliberal approaches began to dominate economic policy in the 1980's.



Income inequality is definitely rising in Australia and Scott Morrison's recent statements on this topic confirms his lack of economic and statistical knowledge.

The fact that our Government attempts to pretend that inequality is not a problem while the traditionally conservative global economic institutions, such as the OECD and the IMF, argue that rising inequality is among the most pressing issues of our time, demonstrates that our Government is desperate and completely out of touch with reality.

Corporations must pay their fair share of tax

To address inequality and move to a more even playing field it is essential that corporations pay their fair share of tax. In the recent past Governments in Australia have not had the political courage or confidence in the Australian people to make the case for tax increases in particular areas. Consequently, our tax base remains less than optimal because we have allowed multinational companies and the very wealthy far too many opportunities to avoid contributing their fair share to the public purse.

We need public investments which serve the current and longer term needs of Australians by investing in quality private and public sector jobs; high quality education and research; transport, communications and renewable energy infrastructure and research and development that will enhance innovation, the use of new technologies, higher productivity and new export opportunities.

However, public investments of the scale required are not possible with our current tax base. Australia continues to have shares of tax revenue and public spending in GDP which are amongst the lowest in the OECD. This Government has lacked the political courage to tackle unproductive negative gearing and capital gains tax concessions which disproportionately benefit the wealthiest Australians. Rather than closing corporate tax loopholes, the government is proposing $65b worth of tax cuts to corporations. The Governments' own modelling shows this will only deliver modest benefits and even this will take many years to achieve. The failure to implement sensible tax reform is costing the Government billions of dollars in lost revenue.

Revenue that is desperately required to fund the type of investments mentioned above. The purpose of our tax system is to generate sufficient revenue to provide the services the community expects, invest in our future prosperity and support a fair society with decent living standards for all. The ACTU has identified billions of dollars in extra revenue from tax changes, including clamping down on multinational tax avoidance, introducing a "Buffet rule", which requires all Australians to pay a minimum tax contribution and as mentioned above a Petroleum Resource Rent tax with at least a 10% royalty. This tax revenue is critical to quality public services and investment in our future economic prosperity.

The Government should also reverse its planned $65 billion dollar corporate tax cuts. Despite the Government's spin, this will not benefit working people or the economy- they are simply handouts to big business. Cutting company tax rates will actually hurt workers by lowering their social wage. The corporate tax cuts will be paid for by cuts to family tax benefits, paid parental leave and essential services such as schools, hospitals and community services that working people rely on. Increased corporate welfare is not used to build new factories, update technology and create more jobs. Rather a tax funded jump in corporate profits will end up in the pockets of the corporate executives and the, all too often offshore, shareholders.

A more equal society is one in which businesses pay their way and contribute their fair share. The government wants to give a $65 billion dollar tax cut to large corporations despite the fact that neither the statutory rate (30%) nor the actual rate corporations pay (23%) is high internationally, for comparable countries[14].

14 Tax Justice Network 'Who pays for our Common Wealth? Tax practices of the ASX 200'

Moreover, the current tax system allows many corporations to pay little or no tax. According to the Australian Tax Office (ATO) around a third of Australian owned private companies with over $100 million in revenue paid no tax in 2015-16. Of the top 200 ASX listed companies, 57% use subsidiaries in tax havens to avoid paying tax in Australia and nearly one third have an average effective tax rate of 10% or less[15].

If just the ASX 200 companies paid the full rate of company tax, it is estimated that the budget would gain $8.4 billion per year[16].

New ACTU calculations reveal this $8.4 billion per year could pay for;

1. More than 8.7 million emergency ward patient admissions or[17]

2. Funding for 689,000 secondary school students[18] or

3. Provide 195,000 people with a disability with individualized support[19] in the first year on the National Disability Scheme.

Similarly the $65 billion dollar tax cut could pay for a full first year of operation of the NDIS almost three times over[20].

15 Ibid

16 ibid

17 Based on emergency ward admissions costing $956 per patient. Independent Hospital Pricing Authority. (2016). National Hospital Cost Data Collection: Australian Public Hospitals Cost Report 2013-14 Round 18. Available at: https://www.ihpa.gov.au/sites/g/files/net636/f/publications/nhcdc-round18.pdf

18 Based on Australian government funding of $12,193 per secondary school student as stipulated in the School Resourcing Standard. National Commission of Audit. (2017). Schools funding. Available at: http://www.ncoa.gov.au/report/appendix-vol-1/9-7-schools-funding.html

19 At full scheme, about 475 000 people with disability will receive individualised supports, at an estimated cost of $22 billion in the first year of full operation (Productivity Commission. (2017). National Disability Insurance Scheme, position paper). This leads to an average of $46,316 per person in the first year of NDIS

20 At full scheme, about 475 000 people with disability will receive individualised supports, at an estimated cost of $22 billion in the first year of full operation (Productivity Commission)

Australia needs additional tax revenue to Invest and our build our domestic Economy

Faster economic growth requires investment in our country's greatest resource – our people. It needs investment in schools, TAFE, and universities, as well as major new investments in public infrastructure – including roads, rail transport and a first rate National Broadband Network. These investments provide opportunities for all our people to be part of our economic success.

Even conservative organizations like the International Monetary Fund (IMF) have come to see what we have known all along. Growth and fairness go hand in hand. The IMF has recognized high levels of income inequality hamper economic growth. In Australia income inequality is at a 70 year high. We need an economic plan that tackles growth and fairness simultaneously.

The IMF has also become an outspoken supporter of fiscal stimulus in countries where governments have low levels of deficit and debt, through investments in infrastructure and skills. Despite the hyperbole so prevalent in our national economic debate, Australia has a very low fiscal deficit and, compared to other countries, a low level of public debt.

It makes sense to invest in critical areas for the long term, such as clean energy technologies, public transport, and better communication infrastructure. This will create jobs in the short run and expand our potential long term growth. This will encourage higher levels of private investment. An increase in Government investment now will see us reap the benefits through more, higher paid jobs and increased government revenues in the future.

By contrast the Liberal Party remains stuck in the bygone era of Ronald Reagan and the discredited theory of "trickledown economics".

Tax cuts for large corporations and the top 1% is not an economic plan. Increasing corporate welfare only leads to more corporate rent seeking.

Increased corporate welfare is not used to build new factories, update technology and create more jobs. Rather a tax funded jump in corporate profits will most likely end up in the pockets of the corporate executives and the, all too often offshore, shareholders.

Conclusions

In order to address rising inequality and build a decent society it is essential that corporations pay their fair share of tax. Corporations like Exxon who have followed aggressive tax minimistaion policies, paid zero tax in company income taxes for the last three years, have paid less PRRT than their competitors and hide information on their transactions and ownership structures (as highlighted by the Tax Justice Network) need to pay their fair share of tax.

In order to change this bad corporate behavior the ACTU makes the following recommendations;

- Australia needs mandatory disclosure for Resource companies. Mandatory disclosure reporting would put Australia in line with the other 30 countries that already have this legislation which provides the public with project by project information on all payments to governments. Australia is currently lagging far behind others, including the United Kingdom, Canada, and the European Union, in requiring resource companies to disclose their payments to governments in a standardised and public format.
- The ACTU recommends that a Commonwealth Royalty on offshore projects should be applied to petroleum products of at least 10%. This would generate a minimum additional $4-6 billion in revenue over the forward estimates.
- To further increase the transparency of the PRRT, the value and calculation method of wellhead gas should also be made public, and should be reevaluated to ensure the Australian people are paid a fair price for their natural resources. These prices are calculated behind closed-doors and there is no market to which to compare these.
- The Government should increase fines for tax evasion and extend laws to effectively cover the full range of corporate tax avoidance strategies.
- The Government should ensure that the Australian Tax Office is adequately funded and staffed.
- Restricting the legal use of related-party loans and internal marketing charges.
- Review all deductions used by these companies and reduce the allowable list to fit with community standards.
- Make the required changes in law and regulations so these major billion-dollar companies pay at least a minimum percentage age of their revenue.

And further questions must be asked of Exxon...

In 2015 Exxon's leadership was asked by the Senate Economics References Committee inquiry into tax avoidance and aggressive minimisation by corporations registered in Australia and multinational corporations operating in Australia, to disclose their relationships between ExxonMobil Australia and other Exxon companies overseas[24].

Subsequent to the evidence tendered in 2015 research into the tax practices and affairs of Exxon, such as that undertaken by the Tax Just Network, reveals that that their parent company in Australia was 100 per cent owned by a Dutch entity which is in turn owned by a company in the Bahamas.

This was not disclosed to Parliament in 2015[25].

It is concerning that it appears that Exxon's disclosure to Parliament was not as fulsome or as accurate as it should have been. It falls well short of the standards disclosure, transparency and accountability that are expected by Parliament and the general public.

Exxon's failure to disclose these important details have led to calls by some for Exxon to be charged with contempt of Parliament[26].

It is important to ask why these matters were not disclosed to Parliament in 2015 either in Exxon's written submission or in evidence given to the Committee during public hearings.

We consider that these matters, could and should, be a matter for further investigation by the Committee through means that include representatives of Exxon being required to give further evidence and explanation to the Committee.

24 Public Hearing, Wednesday 18 November 2015, Senate Inquiry into tax avoidance and aggressive minimisation by corporations registered in Australia and multinational corporations operating in Australia, Public Hearing

25 https://www.theguardian.com/australia-news/2017/dec/08/exxonmobil-australia-failed-to-disclose-links-to-bahamas-and-netherlands

26 https://www.michaelwest.com.au/charge-tax-shark-exxon-contempt-parliament/

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