



**Tax**  
10 Shelley Street  
Sydney NSW 2000  
  
P O Box H67  
Australia Square 1215  
Australia

ABN: 51 194 660 183  
Telephone: +61 2 9335 7000  
Facsimile: +61 2 9335 7001  
DX: 1056 Sydney  
[www.kpmg.com.au](http://www.kpmg.com.au)

**Private and confidential**

Dr Kathleen Dermody  
Committee Secretary  
Senate Economics References Committee  
SG.64  
Canberra ACT 2600

Our ref 41266204\_1

**By email**

23 April 2015

Dear Dr Dermody

**Senate Economics References Committee - Inquiry into Corporate Tax Avoidance - KPMG Response to Question on Notice**

KPMG is pleased to provide the following response to the question received on notice from The Honourable Senator Milne on 9 April 2015.

The Honourable Senator Milne asked, "The ATO has a clear list of secrecy jurisdictions. How many of those secrecy jurisdictions does KPMG work in or have offices in? Could you take that on notice, please?"

In response to the question from The Honourable Senator Milne, we have listed below all countries in which KPMG has member firms. KPMG is a global network of separate and independent professional firms providing Audit, Tax and Advisory services. KPMG member firms can be found in 155 countries and there are more than 162,000 people working in member firms around the world.

Member firms of KPMG are established in particular locations where there is a demand for a wide range of business services. Consideration is given to both current and projected future need for a variety of service offerings. The decision made to locate a KPMG member firm in a particular jurisdiction is not based on a corporate tax rate.

There are some countries that have become significant commercial centres as a result of a combination of commercial law simplicity, a threshold level of activity in a particular area and in some instances, low tax rates. This includes self-insurance, hedge and mutual fund activity and portfolio management services. A network member firm of KPMG will provide services in such a market. Such services include financial accounting, auditing, tax and other business and advisory assistance for clients located in those markets.

KPMG has offices in 155 different 'countries'. The concept of 'countries' used here is a broad one and extends beyond the 193 United Nation Member Countries. It includes 'states' where there is a separate set of tax laws. Thus the Cook Islands is not a separate country, but part of New Zealand based on United Nations member country status.

The latest list of ‘tax havens’ identified by the ATO and available on the internet dates from 2008 and contains 32 countries.<sup>1</sup> This data also refers to an OECD list from an earlier date. Since that time the ATO and Treasury have taken significant action in entering into Tax Information Exchange Agreements (TIEAs). Of the 32 countries on the list of tax havens in 2008, TIEAs have been entered with all but five countries. They are Cyprus, Nauru, Niue, Panama & Seychelles.<sup>2</sup>

KPMG supports the ATO and Treasury in their efforts to expand the network of countries with which Australia has a Tax Information Exchange Agreement.

The OECD-G20 Action Plan on Base Erosion and Profit Shifting is not focused on “tax havens”; it is focused on circumstances where there is a mismatch between the business activity or value creation and the location where the profits are recognised. This involves consideration of many aspects of our tax law as evidenced in the 15 action items in the OECD Action Plan. KPMG supports the OECD-G20 process in dealing with Base Erosion and Profit Shifting.

KPMG looks forward to the Committee’s report and recommendations arising from the Inquiry.

Yours faithfully

Rosheen Garnon  
National Managing Partner, Tax

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<sup>1</sup> See ANAO Report 2007-8 which lists the ATO and OECD Tax Havens

[http://www.anao.gov.au/~/media/Files/Annual%20Reports/ANAO\\_Annual\\_Report\\_200708.pdf](http://www.anao.gov.au/~/media/Files/Annual%20Reports/ANAO_Annual_Report_200708.pdf)

<sup>2</sup> See Treasury website: Countries that have a TIEA (accessed 14 April 2015)

<http://www.treasury.gov.au/Policy-Topics/Taxation/Tax-Treaties/HTML/TIEA>

Afghanistan	Congo (Republic of the)	Israel
Albania	Cook Islands	Italy
Algeria	Costa Rica	Ivory coast
Andorra	Croatia	Jamaica
Angola	Curaçao	Japan
Antigua and Barbuda	Cyprus	Jersey
Argentina	Czech Republic	Jordan
Armenia	Denmark	Kazakhstan
Aruba	Dominican Republic	Kenya
Australia	Ecuador	Korea (Republic of)
Austria	Egypt	Kuwait
Azerbaijan	El Salvador	Kyrgyzstan
Bahamas	Estonia	Laos
Bahrain	Fiji Islands	Latvia
Bangladesh	Finland	Lebanon
Barbados	France	Libya
Belarus	French Polynesia	Liechtenstein
Belgium	Gabon	Lithuania
Bermuda	Georgia	Luxembourg
Bosnia and Herzegovina	Germany	Macedonia
Botswana	Ghana	Malawi
Brazil	Gibraltar	Malaysia
British Virgin Islands	Greece	Maldives
Brunei Darussalam	Guatemala	Mali
Bulgaria	Guernsey	Malta
Cambodia	Honduras	Mauritius
Cameroon	Hungary	Mexico
Canada	Iceland	Moldova
Cayman Islands	India	Monaco
Chile	Indonesia	Mongolia
China	Iraq	Montenegro
Columbia	Ireland	Morocco
Congo (Democratic Republic of the)	Isle of Man	

Mozambique	Russia	Taiwan
Myanmar	Rwanda	Tanzania
Namibia	Saudi Arabia	Thailand
Netherlands	Senegal	Togo
New Caledonia	Serbia	Trinidad and Tobago
New Zealand	Sierra Leone	Tunisia
Nicaragua	Singapore	Turkey
Nigeria	Slovakia	Turks and Caicos islands
Norway	Slovenia	Uganda
Oman	South Africa	Ukraine
Pakistan	Spain	United Arab Emirates
Panama	Sri Lanka	United Kingdom
Papua New Guinea	St. Lucia	United States of America
Peru	St. Maarten	Uruguay
Philippines	St. Vincent and the	Venezuela
Poland	Grenadines	Vietnam
Portugal	Surinam	Yemen
Qatar	Swaziland	Zambia
Romania	Sweden	Zimbabwe
	Switzerland	

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