

Google – Additional questions on notice - from Senator Milne

1. Google has made public statements that in the 2013 financial year, Google paid \$7.1 million in Australia and in 2014, \$11.7 million in company tax. Are these amounts the total net payments made to the ATO after all deductions, carry-overs and tax credits have been accounted for? If not, please provide the total amount paid to the ATO for these two financial years.

Answer

Yes, the current tax reported in our accounts for calendar year 2013 was \$7.1M, and for calendar year 2014 was \$11.7M, after all deductions, carry-overs and tax credits had been accounted for.

For total value of payments made to the ATO for FY13 and FY14, see question 2, additional info.

2. Please provide the following information for the past two financial years for your Australian based consolidated groups.
 - a) Total revenue
 - b) Total pre-tax profit
 - c) Total company tax paid
 - d) Total payroll tax paid
 - e) Total income tax paid
 - f) Total Fringe Benefits tax paid.

Answer:

All information has been provided for the Financial Years 2014 and 2013, as per our financial statements, covering the period January - December 2013 and January - December 2014. Please note, ordinarily the defined statutory reporting periods for (d) and (e) runs from July to June the subsequent year, and (f) from April to March the subsequent year.

	2014	2013
a. Total Revenue	\$438.7m	\$357.7m
b. Total pre-tax profit	\$58.7m	\$46.5m
c. Total company tax paid for the year	\$11.7m	\$7.1m
d. Total payroll tax expense	\$14m	\$10.5m
e. Total income tax paid (PAYG)	\$54.1m	\$47.4m
f. Total fringe benefits tax expense	\$5.7m	\$5.8m

ADDITIONAL INFORMATION:

Information is provided below as it pertains to the annual filing periods for Payroll Tax and Fringe Benefit Tax and shows the final values filed with the ATO for the Corporate Income Tax period.

Total company tax paid for the year (as per annual tax filing with ATO)	Yet to file until the end of the tax year. We expect to file 15th July 2015	\$9.2m
Total payroll tax paid (payroll tax reporting years to June 2013 and June 2014)	\$9.6m	\$9.9m
Total fringe benefits tax paid (FBT reporting years to March 2013 and March 2014)	\$5.3m	\$4.5m

3. Please provide the following related party transaction information for the past two financial years, which has involved any of your Australian based consolidated groups.

- The total related party transaction amounts.
- The number of related party transactions
- What entities they are being paid to and the location of these entities
- What is the nature of the product/service that is being sold between related parties.

Answer

a) Total related party transaction amounts (\$AUD value)

As FY 2014 data are not yet due with the ATO, the past two years provided cover FY13 and FY12.

	Financial Year 2013	Financial Year 2012
Total revenue from related parties	\$356m	\$267m
Total expenditure with related parties.	\$46.3m	\$25.6m

Answer b) c) and d)

Google Australia has related party relationships with the following entities.

i) Google Inc. (location USA)

Transactions with Google Inc.

	Financial Year 2013	Financial Year 2012

Revenue	\$114m	\$89.6m
Expenditure	\$45.6m	\$24.5m

Nature of product/service

- Revenues to Google Australia: Research and development services agreement
- Expenditure from Google Australia: Costs charged by Google Inc as follows:
 - expenses incurred for providing the Employee Stock Scheme for Google Australia employees (\$43m FY13 and \$25m FY12)
 - the remainder represents miscellaneous charges such as charges for expatriate employees on assignment to Google Australia

ii) Google Ireland Ltd (location: Ireland)

	Financial Year 2013	Financial Year 2012
Revenue	\$88.2m	\$118.1m
Expenditure:	\$0.1m	\$0.02m

- Revenues to Google Australia: Marketing and Services agreements (note: this now represents less than 5% of service revenues as at January 2015. Revenues in FY13 and FY12 are higher reflecting the transfer of business activity from Google Ireland Ltd to Google Asia Pacific Pte Ltd over the period)
- Expenditure from Google Australia: costs charged by Google Ireland Ltd as follows:
 - expenses for expatriate employees on assignment to Google Australia

iii) Google Asia Pacific Pte Ltd (location: Singapore)

	Financial Year 2013	Financial Year 2012
Revenue	\$153.4m	\$59.3m
Expenditure:	\$0.6m	\$1.1m
Capital Expenditure	\$0m	\$2.8m

- Revenues to Google Australia: Marketing and Services agreements
- Expenditure from Google Australia: costs charged by Google Asia Pacific Pty Ltd as follows:
 - expenses for expatriate employees on assignment to Google Australia
 - other minor miscellaneous charges such as office equipment and hardware
- Capital Expenditure: Google Australia purchases some items of equipment (such as video conference units and other hardware items) from Google Asia Pacific Pte Ltd.