The Senate

Economics References Committee

Corporate tax avoidance

Part II
Gaming the system

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Senate Economics References Committee

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Chapter 1

Background to the inquiry

Terms of reference

1.1 On 2 October 2014, the Senate referred the matter of corporate tax avoidance and aggressive minimisation to the Economics References Committee (the committee) for inquiry and report by the first sitting day of June 2015.[1] The Senate extended the reporting date for the inquiry on a number of occasions and, as a result, the reporting date was ultimately extended to 22 April 2016.[2]

1.2 The terms of reference for the inquiry are:

> Tax avoidance and aggressive minimisation by corporations registered in Australia and multinational corporations operating in Australia, with specific reference to:
>
> (a) the adequacy of Australia's current laws;
>
> (b) any need for greater transparency to deter tax avoidance and provide assurance that all companies are complying fully with Australia's tax laws;
>
> (c) the broader economic impacts of this behaviour, beyond the direct effect on government revenue;
>
> (d) the opportunities to collaborate internationally and/or act unilaterally to address the problem;
>
> (e) the performance and capability of the Australian Taxation Office (ATO) to investigate and launch litigation, in the wake of drastic budget cuts to staffing numbers;
>
> (f) the role and performance of the Australian Securities and Investments Commission in working with corporations and supporting the ATO to protect public revenue;
>
> (g) any relevant recommendations or issues arising from the Government's White Paper process on the 'Reform of Australia's Tax System'; and
>
> (h) any other related matters.[3]

Conduct of inquiry

1.3 The committee advertised the inquiry on its website and in *The Australian*. The committee also wrote directly to government agencies, large corporations based in Australia and multinationals operating in Australia, industry groups and

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1 *Journals of the Senate*, No. 59, 2 October 2014, p. 1588.

2 *Journals of the Senate*, No. 95, 15 June 2015, p. 2644; *Journals of the Senate*, No. 105, 12 August 2015, p. 2921; *Journals of the Senate*, No. 126, 23 November 2015, p. 3419; and, *Journals of the Senate*, No. 138, 22 February 2016, p. 3749.

3 *Journals of the Senate*, No. 59, 2 October 2014, p. 1588.

associations, academics and other interested parties drawing attention to the inquiry and inviting them to make submissions.

Submissions and public hearings

1.4 The committee received 127 submissions, including 3 confidential submissions. The list of submissions and an index to answers to questions on notice are listed at Appendix 1.

1.5 The committee held seven public hearings:

- 8 April 2015 in Sydney;
- 9 April 2015 in Canberra;
- 10 April 2015 in Melbourne;
- 22 April 2015 in Sydney;
- 1 July 2015 in Sydney;
- 18 November 2015 in Sydney; and
- 21 April 2016 in Canberra.

1.6 A list of witnesses is provided at Appendix 2.

First report on corporate tax avoidance

1.7 Given the broad scope of the terms of reference and the timing of the multilateral OECD/G20 initiative on base erosion and profit shifting, the committee resolved to report on the initial work of the inquiry and the four public hearings that were held in April 2015. The interim report examined the evidence presented to the committee by some of the largest multinational corporations operating in Australia. It concluded that, despite the recent efforts of successive governments to address corporate tax avoidance, significant concerns persist about multinational corporations not paying an appropriate amount of tax in Australia relative to their activities here.

1.8 The interim report supported the ambitious OECD/G20 initiative to develop a coordinated response to base erosion and profit shifting but also noted that this initiative should not prevent the Australian Government from taking unilateral action.

1.9 The interim report made 17 recommendations over four areas:

- evidence of tax avoidance and aggressive minimisation;
- multilateral efforts to combat tax avoidance and aggressive minimisation;
- potential areas of unilateral action to protect Australia's revenue base; and
- the capacity of Australian government agencies to collect corporate taxes.

1.10 The recommendations of the interim report focused primarily on increasing the transparency of corporate tax affairs and ensuring that tax administrators could access the information required to identify and act on aggressive tax minimisation and avoidance. The committee continues to strongly support all of the 17 recommendations made in the interim report.

1.11 The committee tabled the interim report, *Part I—You cannot tax what you cannot see*, on 18 August 2015. The report is available on the committee's website.

Second report on corporate tax avoidance

1.12 In this second report on corporate tax avoidance, the committee continues its consideration of the importance of transparency with particular emphasis on transfer pricing and the secrecy surrounding this activity. The committee briefly touches on exemptions from general purpose accounting. It also looks at tax minimisation strategies including excessive debt loading and avoiding permanent establishment in Australia.

1.13 Although the committee has delved into the use of tax havens as a means of avoiding tax, recent revelations emanating from a law firm operating out of Panama have enlivened commentary about this practice.

Use of overseas tax havens by Australians

1.14 At the beginning of April 2016, an international coalition of media outlets published their findings based on extensive investigation into the offshore financial dealings of many individuals and companies throughout the world. This investigation was based on the disclosure of a vast volume of documents, known as the Panama Papers, which came from an anonymous source.

1.15 The Australian Taxation Office (ATO) has indicated that it has received data in relation to the Panamanian law firm at the centre of these revelations, which contain the names of 'a significant number of Australian residents'. At this time, 4 April 2016, the ATO had identified over 800 individual taxpayers and linked over 120 of them to an associate offshore service provider located in Hong Kong. The ATO explained:

> We have been analysing the latest data against information these taxpayers had reported to the ATO and against the information we already have. We are also working closely with the AFP, Australian Crime Commission and AUSTRAC [Australian Transaction Reports and Analysis Centre] to further cross-check the data and strengthen our intelligence. Some cases may be referred to the Serious Financial Crime Taskforce. This Taskforce builds on the success of Project Wickenby where we raised $2.29 billion in tax liabilities and there were 46 criminal convictions.[4]

1.16 In light of information coming out of the Panama Papers and the ATO's investigations, the committee will defer further consideration on the use of tax havens as a means of avoiding and, in some cases, evading tax in Australia, until there has been sufficient time to evaluate the data.

1.17 At first glance, however, the papers seem predominantly to involve individuals not multinationals. That said, these revelations provide additional evidence that tax avoidance and aggressive minimisation extends beyond the realm of large

4 ATO media centre, 'ATO statement regarding release of taxpayer data', 4 April 2016, https://www.ato.gov.au/Media-centre/Media-releases/ATO-statement-regarding-release-of-taxpayer-data/ (accessed 12 April 2016).

multinationals. The ATO is well aware of the potential for wealthy individuals to structure their activities to minimise their tax obligations and noted that:

> Wealthy individuals and their private groups often have complex arrangements and utilise flow-through entities such as trusts and partnerships in addition to companies.[5]

Project DO IT

1.18 It should be noted that the ATO embarked on a concerted effort to stamp out tax evasion using offshore accounts. In October 2014, the ATO launched *Project DO IT: disclose offshore income*. This project, which ended on 19 December 2014, offered reduced taxes and penalties for people who voluntarily disclosed offshore income and assets. It provided an opportunity for any Australian who had engaged in unreported offshore financial activities to disclose their activity. According to the ATO, under this project more than 5800 Australians brought $600 million in offshore income and $5.4 billion in assets back into the Australian economy with the ATO raising more than $245 million in additional tax revenue liabilities for the community.

1.19 The ATO has continued its commitment to stop offshore tax evasion. At the end of 2015, it announced that it was ramping up its focus on this type of activity. It noted that:

> As part of a new wave of action to combat offshore evasion which has seen the ATO obtain more than 5000 client names from wealth management firms and compile a list of 100 advisers and promoters operating globally that have a direct link with people who may have evaded taxes.
>
> …
>
> The intelligence picture we now have has been built from information taxpayers disclosed under Project DO IT about the adviser who put them into the offshore arrangements, data mining and client records seized from advisers in transit…[6]

1.20 According to the ATO, it has:

> …more information than ever before about Australians with offshore income and assets. Australia has an existing network of international treaties and information exchange agreements with over 100 jurisdictions. During 2014–15 the ATO engaged in 519 exchanges of information resulting in total tax liabilities of $255 million.[7]

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5 *Submission 48*, p. 12.

6 ATO Media Centre, 'Tax Office chasing up advisers who facilitate offshore tax evasion', https://www.ato.gov.au/media-centre/media-releases/tax-office-chasing-up-advisers-who-facilitate-offshore-tax-evasion/ (accessed 15 April 2016).

7 ATO Media Centre, 'Tax Office chasing up advisers who facilitate offshore tax evasion', https://www.ato.gov.au/media-centre/media-releases/tax-office-chasing-up-advisers-who-facilitate-offshore-tax-evasion/ (accessed 15 April 2016).

1.21 In response to the disclosure of the Panama Papers, the ATO has initiated discussion with 28 countries to improve international cooperation in uncovering tax avoidance activities.

1.22 While many of the structures and activities used by wealthy Australians may be within the letter of the law, it nevertheless raises the question as to why it is acceptable for wealthy individuals and private companies and trusts to derive benefit from residing in Australia without making an appropriate contribution to tax revenue. In the committee's view, and in light of the leak of the Panama Papers, it would be appropriate for the committee to look into the extent to which individuals in Australia use overseas havens to hide assets and evade tax and to assess the ATO's initiatives to combat this type of activity.

1.23 Consequently, the committee intends to consider Australians' use of offshore facilities to avoid paying their due taxes and will seek an extension to the final reporting date in order to examine and report on this matter.

Acknowledgements

1.24 The committee thanks all the individuals and organisations who assisted with the inquiry through written submissions and appearing at hearings. In particular, the committee would like to acknowledge the efforts that many companies and government departments made to make available senior executives, often at short notice.

Chapter 2
A persistent problem

Introduction

2.1 This inquiry has highlighted a number of the aggressive tax practices employed by foreign based multinationals operating in Australia. They include avoidance of permanent establishment, excessive debt loading, aggressive transfer pricing, and the use of tax havens. Such practices appear in almost all industries but seem to be most prevalent and egregious where there is significant intellectual property embodied in the value of the good or service, such as pharmaceuticals and activities relating to the digital economy.

2.2 It is clear to the committee that the public is understandably sceptical when the Australian subsidiaries of some prominent multinationals pay such small amounts of corporate income tax, and in some cases no tax at all, on revenue from activities in Australia.[1] The committee was told, for example, that Apple Australia paid around $80 million in income tax on revenues of over $6 billion in 2013-14.[2] Aggressive tax minimisation practices deprive Australia of substantial amounts of tax revenue that should rightly be available to pay for public services. This behaviour risks eroding public confidence in Australia's tax system.

2.3 The committee considers that the tax burden should be shared equitably between business and individuals, and that everyone should be (and be seen to be) contributing their 'fair share'. However, the evidence presented to the inquiry indicates that there is a disparity between the contributions of individuals and local firms, and large multinational companies, many of which have Australian subsidiaries that have engaged in, and continue to carry on, large scale tax minimisation practices in Australia.

2.4 When asked about tax avoidance and aggressive tax minimisation, the multinationals in question justify such activities by arguing that these practices are consistent with the laws in each jurisdiction in which they operate and that they are paying the taxes calculated by the tax office. At issue is not the legality of the activities of multinationals, but whether their conduct aligns with the intention and spirit of the existing legal framework, and meets the expectations of the public. The central concern is to what extent multinationals arrange their corporate structure and engage in practices deliberately intended to deny Australia its proper share of tax and whether they are held accountable for engaging in such practices.

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1 The committee understands that corporate tax is levied on profits not revenue but the fact that these companies are allowed to book profits margins that are so low is a concern to the committee and the community more broadly.

2 Mr Tony King, *Committee Hansard*, 8 April 2015, p. 46.

Increasing transparency remains pivotal

2.5 A consistent theme throughout this inquiry has been the lack of public information about company tax affairs and an unwillingness of certain companies to divulge this information. For example, a number of companies attended hearings for the inquiry but could not, or would not, provide even basic tax information to the committee about their Australian operations.

That is not the question

2.6 Throughout the inquiry process, the committee experienced witnesses that consistently sought to avoid answering the questions posed. In order to convey the difficulties the committee experienced in trying to draw out relevant answers from witnesses, the committee is of the view that the transcript of the following exchange between officers of Sanofi Australia and the committee should be reproduced in full. The committee was trying to establish how the cost of a product purchased by an Australian subsidiary from another subsidiary was determined:

> CHAIR: There is something here—I think I may have misheard, so I just want to check I am correct about this: you are saying the price you pay is regardless of where the product is sourced from.
>
> Mr McAllister: Correct.
>
> CHAIR: Then how can that be at arm's length? Surely, an arm's-length price should vary based on the cost of production. If it does not vary based on the cost of production, then what is the variation based on?
>
> Mr McAllister: We are receiving the remuneration as the distributor. We are bringing in finished goods products within pharma. It is a different story for, obviously, consumers but we make them here. We are playing the role as a local distributor. If we were to look at a third party to take on the same role, activity and bear the same risk as a local distributor, it would be the same amount.
>
> CHAIR: Mr McAllister, that is not the question I asked. I asked—and I will probably reword it: you are saying you pay the same regardless of where it is sourced from. At the same time, you are saying these are independent arm's length agreements. I cannot reconcile how: if the price you are paying is not based on the cost of your Singapore company to produce the drug—they are not producing it; it is being produced in Germany or wherever. Some is being produced in Bangladesh, some is being produced in India—it is a global drug market. But if it is not being based on the cost of production, what is it being based on?
>
> Mr McAllister: I believe the product we are talking about is actually mostly produced in Germany. So it is not like there are lots of different cost of good structures around that product.
>
> CHAIR: But you made the point—and these are your words, not mine—that the cost of production, regardless of where it is sourced from, does not change the price. My question is, and this is the fundamental question: why?
>
> Senator MILNE: Exactly. Why doesn't it?

> Mr McAllister: We are being compensated locally as the distributor for the risks we bear here.
>
> CHAIR: I accept that. That is a matter of fact. The question is not what is happening but why.
>
> Ms Vitalis: What I mean is that we have our costs that remunerate the risks that we take in the country as distributor. What we consider to have margin in the country is the margin that we get as a local distributor of the group products.
>
> CHAIR: That is not the question. Let us go back and see what the question is. You are purchasing these drugs from a related party from Singapore—most of your drugs. There are some drugs that you get from elsewhere, but most of your drugs—and we are generalising here—are being purchased from Sanofi Singapore, which is the regional hub for Sanofi international, Sanofi France or whatever your parent company is called. Correct?
>
> Mr McAllister: Sure.
>
> CHAIR: You are saying that the agreement you have for the drugs that you are paying for is an independent arrangement at a fair price. Correct?
>
> Mr McAllister: Yes.
>
> Ms Vitalis: Yes.
>
> CHAIR: You are also saying that the price that you pay does not vary based on where it is sourced from, which makes me ask the question: why? If it is not based on the cost of production, what is this agreement based on?
>
> Mr McAllister: Obviously, there is nothing inappropriate being done here. We are working within the established principles of the OECD and the Australian tax rules—
>
> CHAIR: Mr McAllister, that was not the question. You know what the question is; you are just not answering it. Why?[3]

2.7 It is understandable that in the face of this resistance to answer questions, the committee holds concerns about the lack of cooperation from multinationals and how this reflects more broadly on their conduct in Australia and their attitude to Australia's tax laws.

Corporate structure

2.8 The committee found similar evasiveness when trying to elicit information on the complex corporate structure of multinationals and the reasons behind this type of arrangement. It was trying to understand to what extent tax regimes influenced the activities and location of the parent company and its numerous subsidiaries. However, the responses were clearly designed to obscure; unfortunately, this obfuscation was commonplace.

2.9 Pfizer provided a good example of both the convoluted corporate structure with its complex web of interrelated companies and the inability of the Australian

3 *Committee Hansard*, 1 July 2015, pp. 32-33.

executives to explain the relevance or significance of the structure or to offer any coherent explanation for that structure:

> Mr George: …The Australian holding company is a company in Australia, Pfizer Australia Holdings Pty Ltd. The two companies in the Netherlands are called Pfizer Global Holdings BV and Pfizer Australia Holdings BV. The fact it is a BV means it is a Netherlands company…
>
> Senator EDWARDS: Do they own separate classes of shares? Are they equal shareholders? How is the shareholding of Pfizer Australia held?
>
> Mr George: They all own ordinary shares so they all have an equal class of share. The two Netherlands entities own 45 per cent each and the Luxembourg company owns 10 per cent.
>
> CHAIR: What is the Luxembourg company called?
>
> Mr George: Pfizer Shareholdings Intermediate SARL.
>
> Senator EDWARDS: Why have you structured it that way?
>
> Mr Gallagher: That is the corporate structure which our holding company falls into.
>
> Senator EDWARDS: No; I get that—and that is the third time you have done that. Why have you structured it that 45 per cent are in those two companies, and why is there a Luxembourg one with a 10 per cent shareholding? Do not say to me, 'That is the corporate structure', because that is implicit.[4]

2.10 The deliberate structuring of business activities to minimise tax obligations has resulted in colloquial naming of some of the more prevalent examples. For instance, reference was made to a 'Singapore sling' where marketing hubs are set up in Singapore to take advantage of relatively low company tax rates and preferential tax agreements whereby multinationals are given incentives to locate their activities in that jurisdiction.

2.11 Similarly, a 'double Irish with Dutch sandwich' allowed multinationals, until recently, to establish a series of companies in both Ireland and the Netherlands to reduce their tax liabilities. Associate Professor Antony Ting indicated that this arrangement has allowed Apple to avoid paying tax:

> From Australia's perspective, when Apple's Australian subsidiary sells an iPad for $600 to a customer in this country, it is estimated that about $550 (that is, approximately 90%) is shifted to Ireland. To make it worse, out of this $550, about $220 (that is, approximately 36%) is never taxed anywhere in the world. This is called 'double non-taxation' in the tax world.[5]

2.12 The committee found it incredulous that the CEO of Apple Australia did not know what a 'double Irish sandwich with Dutch associations' was:

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4 *Committee Hansard*, 2 July 2016, pp. 8-9.

5 *Submission 22*, p. 2.

> Mr King: What I can say is that we book all of our revenue and sales that we do in Australia in our books locally, we book all of the costs associated with doing business here, we buy our products from affiliate companies within the Apple group and we pay all of our taxes on our sales here in Australia.
>
> Senator MILNE: No doubt—that is what you are saying. I asked you about the allegation that Professor Ting made in his submission, which is that basically you have an international tax avoidance structure—'a double Irish sandwich with Dutch associations'. What is a double Irish sandwich with Dutch affiliations?
>
> Mr King: I have no idea what you are talking about.
>
> Senator MILNE: Oh come on, you have not come here today to say that!
>
> Mr King: What I can say is that all of our revenue is recorded in our books here, all of our costs of doing business are reported in our books and we buy products from affiliate companies outside of Australia.
>
> Senator MILNE: So why does this money go straight to Ireland and then through the Netherlands and then back to Ireland? What is going on with that?
>
> Mr King: All of our business here is clearly reported in our books.
>
> Senator MILNE: I am not asking what you are reporting. I am asking you about this arrangement that you have.
>
> Mr King: The arrangement that we have is very clear in the business that we do in Australia. All the revenue and all of the costs of doing business are clearly reported in our books here in the Australian market.[6]

2.13 Clearly, tax minimisation was a major driver in locating a company's headquarters and distribution hubs in low tax jurisdictions. But much to the committee's chagrin, the companies would not broach the subject. In some cases, the answers to questions stretched beyond credibility. For example, Airbnb (a US company) ventured that it set up its international office in Ireland principally to access talent:

> Mr McDonagh: We closed some of those offices because one of our core values at Airbnb is to simplify. It just was not effective to have all of those offices and all of those people.
>
> Senator EDWARDS: Why Ireland?
>
> Mr McDonagh: I think Ireland is important for a number of reasons.
>
> Senator EDWARDS: What is the No. 1 reason?
>
> Mr McDonagh: I would say that the No. 1 reason we located ourselves in Ireland was for access to great talent.
>
> Senator EDWARDS: Come on!

6 *Committee Hansard*, 8 April 2015, p. 47.

> Mr McDonagh: It is generally the head of our global operations.
>
> Senator DI NATALE: And the corporate tax rate in Ireland had nothing to do with it?
>
> Mr McDonagh: We do not make any long-term decisions for the business based on tax rates.[7]

2.14 Compared with the Australian corporate tax rate of 30 per cent, the corporate tax rate in Ireland is 12.5 per cent but can be much lower, if not eliminated, through the use of structures like the 'double Irish Dutch sandwich'.

2.15 The audacity of certain multinationals in refusing to comply with legitimate and reasonable requests for information raises suspicions that they have something to hide. The unwillingness of many multinationals to discuss openly their tax arrangements underscores the need to establish mechanisms to increase transparency.

Special purpose accounts

2.16 The public accessibility of important company information is another area where multinationals operating in Australia can avoid scrutiny. Australian accounting standards allow those for-profit entities that do not classify themselves as reporting entities to prepare special purpose financial reports. In the context of this inquiry, general purpose financial reports provide information on corporate tax and related party transactions, whereas special purpose financial reports need not provide this information.[8]

2.17 Based on research conducted by the Australian Accounting Standards Board (AASB), around 80 per cent of large proprietary companies, including most unlisted multinational corporations operating in Australia, were preparing special purpose financial reports during the period 2008 to 2011. According to the CEO of the AASB:

> All things being equal, we would think that would be on the high side.[9]

2.18 The AASB has recognised that there is a potential problem with the reporting entity concept and has engaged with regulators and policymakers to develop objective criteria to determine which entities should be required to prepare and lodge financial statements and what those financial reporting requirements should be. The CEO of the AASB considered that:

> …the reporting entity concept should be applied by the regulators to work out what some objective criteria are. Hopefully, that will simplify the whole process. So it should be quite simple: if you meet certain criteria, you know

7 *Committee Hansard*, 18 November 2016, p. 57.

8 Ms Kris Peach, Australian Accounting Standards Board, *Committee Hansard*, 18 November 2016, p. 61.

9 Ms Kris Peach, Australian Accounting Standards Board, *Committee Hansard*, 18 November 2016, p. 61.

> exactly what form of reporting you have to do. That is not the case [currently] in Australia.[10]

2.19 Given the views of AASB, the committee urges the government to set objective measures for the application of accounting standards under which the Australian subsidiaries of large multinationals would be required to file general purpose financial accounts and which would not allow these companies to avoid public scrutiny.

Committee view

2.20 The intense interest generated by this inquiry in the broader community demonstrates that Australians are concerned that the tax burden is not being shared fairly between personal and corporate taxpayers. Ongoing public scrutiny, including by this committee, is vital to holding foreign-based multinationals to account for their actions.

2.21 The committee reiterates its position that greater transparency in tax affairs is important both for addressing profit shifting by multinationals and maintaining public confidence in the integrity of the tax system. While the committee notes that a government consultation process is underway to develop a voluntary tax transparency code, it is deeply sceptical that a voluntary code will provide the necessary incentives for multinationals with questionable tax practices to disclose their affairs, and considers that a mandatory tax reporting code should be implemented as soon as practicable.

Addressing the root of the problem

2.22 Based on the information gleaned from the public hearings, it is clear that some multinationals will go to extreme lengths to conceal their tax minimisation practices, even under the intense scrutiny of a parliamentary committee. The secrecy about their tax arrangements together with the complicated nature of such arrangements pose a challenge for the ATO in unravelling and assessing the legitimacy of transactions. It is evident to the committee that recent legislative changes may not be sufficient to address the multinational profit shifting problem. There are two main areas—transfer pricing and interest deductions—where the present system architecture is not adequate and further reform may be warranted.

Transfer pricing

2.23 Australia's transfer pricing rules are modelled on the OECD guidelines for the trade of goods and services between related entities of a multinational corporation that operate in different jurisdictions. The OECD guidelines provide some discretion for companies to apply different approaches to determining appropriate transfer prices for

10 Ms Kris Peach, Australian Accounting Standards Board, *Committee Hansard*, 18 November 2016, p. 62.

their goods and services.[11] The transfer pricing regime favours multinationals with products and/or services that embody significant amounts of intellectual property and have highly integrated structures. Multinational companies with these characteristics include many of those involved in the digital technology and pharmaceutical industries. Indeed, given the importance of transfer pricing for the business model of 'big pharma', the ATO noted that 'the pharmaceutical industry has been at the forefront of transfer pricing for decades'.[12]

2.24 The transfer pricing rules effectively allow multinationals to charge Australian consumers whatever the market will accept and then shift the profits out of the country through transfer pricing. In these circumstances, the Australian subsidiaries are remunerated only for, and pay corporate tax on, the value added in the role as a distributor and/or facilitator of goods and/or services to Australian consumers. Evidence provided to the committee indicated that the profits, and thus tax paid, from these distribution activities represent only a fraction of total Australian revenue.[13]

2.25 In relation to the strategies used by 'big pharma' to minimise their tax obligations, there would appear to be a deliberate strategy of 'plausible deniability'. The committee was dumbfounded to learn that the executives of a number of multinational pharmaceutical companies knew almost nothing, if anything at all, about the transfer prices of identical products supplied to other international subsidiaries. For example, the Managing Director of Sanofi Australia indicated as much when questioned about whether he benchmarked the cost of goods in Australia to the cost of goods paid by subsidiaries in other jurisdictions.[14] Similarly, the General Manger of GlaxoSmithKline Australia and the Director of Market Access, External Affairs,

11 The two main approaches to transfer pricing are traditional transaction methods and transactional profit methods. Traditional transaction methods—the comparable uncontrolled price (CUP) method, the resale price method and the cost plus method—are regarded as the most direct means of establishing whether commercial and financial relations between associated entities are arm's length. Transactional profit methods—the transactional net margin method and the transactional profit split method—may be the most appropriate method in certain circumstances. Such circumstances include where entities have highly integrated activities, where there is no or limited publicly available gross margin information on third parties, or where each of the parties makes valuable and unique contributions in relation to a controlled transaction. OECD, *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrators*, July 2010, pp. 59–60.

12 Commissioner of Taxation, *Committee Hansard*, 1 July 2015, p. 48.

13 For example, the taxable income for Apple Australia represented between 2.5 and 4.5 per cent of revenue sourced from Australia between 2010 and 2015. Similarly, in the pharmaceutical industry, earnings before interest and tax (EBIT) ratios of between 4 and 8 per cent are considered appropriate by the ATO for a subsidiary only undertaking distribution activities. Apple Australia, *Answer to Question on Notice No. 17*, 28 April 2015, pp. 1-2; Commissioner of Taxation, *Committee Hansard*, 1 July 2015, p. 48.

14 *Committee Hansard*, 1 July 2015, p. 32.

Commercial Innovation and Legal at AstraZeneca Australia also provided responses indicating their ignorance of purchase prices in other jurisdictions.[15]

2.26 Pfizer Australia, likewise, insisted that it was in the dark when it came to the price that subsidiaries in other countries paid for identical products. When questioned whether the amount the Australian subsidiary paid for a particular product was the same as other subsidiaries, the Managing Director of Pfizer Australia, Mr Gallagher, insisted that it not within his scope of knowledge—he did not know the answer. Pressed on the importance of knowing what Pfizer was paying in Australia for a certain drug compared to other countries and the implications in terms of the rate of tax paid, Mr Gallagher replied:

> We follow the appropriate policies and procedures. I do not have that oversight into the other markets. All I have knowledge of is the market I operate in, which is here in Australia.[16]

2.27 Mr Gallagher repeated his statement:

> We follow the appropriate policies and procedures—the arm's length principles—and try to manage the business locally.[17]

2.28 Further, when asked to consider whether, as the CEO of the company, he did not ask, 'Perhaps if the Americans are paying a third what I am paying maybe I am getting ripped off here', Mr Gallagher again avoided the question, restating:

> We follow the procedures and policies and we manage the local business to the best of our ability.[18]

2.29 Apple came up with a similar explanation for not answering the question about comparable prices in other countries. Mr King said he was:

> …not familiar with the tax practices in America. I can talk about the tax practices here in Australia. That iPad would be bought at the arms-length price, which would be as if Apple in Australia were an independent entity buying that product from an offshore—[19]

2.30 The discussion then followed the same pattern as the pharmaceutical companies:

> Senator MILNE: Therein is the problem. You are acting as if you are a separate entity and you are not a separate entity; you are part of a global structure and you are fixing the prices around the world so you maximise your expenses here in this jurisdiction and then maximise your tax avoidance in a low-tax jurisdiction. Isn't that what Apple is doing?
>
> Mr King: Senator, I reject that. We are following—

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15 *Committee Hansard*, 1 July 2015, p. 17.

16 *Committee Hansard*, 1 July 2015, p. 15.

17 *Committee Hansard*, 1 July 2015, p. 16.

18 *Committee Hansard*, 1 July 2015, p. 16.

19 *Committee Hansard*, 8 April 2015, pp. 48.

> Senator MILNE: Why? What is wrong with that statement?
>
> Mr King: We are following globally accepted transfer pricing principles. We are following Australian transfer pricing principles in everything that we do here in the Australian market.
>
> Senator MILNE: I am not saying you are not following the law or you are not following principles. I am asking you as a matter of fact. You are sitting here saying that you are just familiar with the Australian tax arrangements of your Apple subsidiary here. What I am saying is that it is ridiculous to regard you as a single entity when you are part of a global company which is avoiding tax.
>
> Mr King: We do not avoid tax. We pay all of our taxes that are due in the Australian market in accordance with the law.
>
> Senator EDWARDS: You know where Senator Milne is going. It is getting painful again.[20]

2.31 In fact, in some cases as noted above, the Australian subsidiary is paying a much higher price for the same product.

2.32 The Commissioner of Taxation was similarly concerned about the evidence on transfer pricing and took note of the testimony provided by the pharmaceutical companies. He considered that there may be an inconsistency in the use of transfer pricing principles:

> One could perhaps see some inconsistency in the common theme that seemed to be stated this morning: that on the one hand they [multinational pharmaceutical companies] assert that they abide by the OECD guidelines on transfer pricing—arm's length pricing. On the other hand they seemed to have no idea what the pricing structure was in other areas. One could sort of look at that as somewhat of an inconsistency in statements. [21]

2.33 The Commissioner went on to say:

> The notion of arm's length does mean an independence of view. One would have thought that independence of view would include knowledge of a pricing structure, whereas in some cases I think it was simply said [by witnesses] that head office imposes a price and they take that price. In other examples, someone said, 'We ensure they never make a loss.' So there is a number of statements around not being independent and at arm's length; however, they say they act on an arm's length basis.[22]

2.34 Indeed, the Commissioner raised a fundamental question about the appropriateness of multinationals using (and abusing) transfer pricing principles:

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20 *Committee Hansard*, 8 April 2015, pp. 47–48.

21 Mr Chris Jordan, *Committee Hansard*, 1 July 2015, p. 48.

22 Mr Chris Jordan, *Committee Hansard*, 1 July 2015, p. 48.

> …is it really an arm's length distribution arrangement when they are clearly part of a worldwide function?[23]

2.35 While OECD transfer pricing principles may be the accepted practice, the evidence provided to the committee across a variety of industries confirms that the current transfer pricing regime does not serve Australia well from a tax revenue perspective. Effectively companies that do not have standardised pricing across jurisdictions can charge whatever the market will bear and then back out the profits through transfer pricing. Allowing multinationals, in effect, to arbitrarily attribute value between countries provides them with opportunities to price gouge Australian consumers while, at the same time, reducing the tax liabilities of their Australian subsidiaries.

2.36 Recent legislative changes and proposed Base Erosion and Profit Shifting (BEPS) recommendations will not radically change how transfer pricing principles are applied and, as such, it would be reasonable to conclude that foreign-based multinationals will continue to avoid paying tax that reflects the value of the business activities they conduct in Australia.

2.37 Transfer pricing could become even more important as companies restructure and create 'permanent establishments' in Australia in order to avoid being captured by the multinational anti-avoidance law (MAAL) which is effective from 1 January 2016. This development is particularly relevant to ensure that multinationals involved in the digital economy account for earnings in the jurisdiction where the activity occurs.

2.38 The nature of the digital economy provides opportunities for aggressive tax minimisation by allowing multinationals, such as Google, Microsoft, Uber and Airbnb, to deliver services using software platforms that can be located on the other side of the world. For example, Uber and Airbnb, based in Ireland and the Netherlands respectively, provide a platform for the exchange of services between Australians in Australia; yet the financial transactions associated with these services are undertaken in offshore jurisdictions and the Australian subsidiaries are reimbursed for expenses with a margin added on.

2.39 Emerging multinationals, such as Uber and Airbnb, are large enough to be captured by the significant global entity provisions and may choose to avoid the application of the MAAL (and the stronger penalties associated with it) by ceasing to book revenue overseas for the exchange of services between Australians in Australia. By booking revenues here, digital multinationals will move into a tax regime where the parent company will be reimbursed, through transfer pricing, for the intellectual property underlying the digital service. The creation of a permanent establishment should also give the ATO more access to information about the underlying corporate tax structure of these multinationals.

2.40 The committee does not accept the argument that activities within Australia represent only a small proportion of overall value creation, and considers that current transfer pricing principles need to be fully explored and, where necessary, redrafted to

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23 Mr Chris Jordan, *Committee Hansard*, 1 July 2015, p. 48.

ensure that transfer pricing cannot be manipulated to the detriment of Australian tax revenue. For example, if Australian consumers are paying higher prices for goods and services than a comparable product in other countries, then arguably this represents a value creation activity in Australia. Rather than just paying tax on a relatively small net profit margin for distribution services, corporate income tax liabilities could be calculated on the difference between the Australian price and the cost of supply to other countries.

Debt-related deductions

2.41 Another questionable practice employed by some companies that appeared before the committee was the use of internal loan arrangements to create debt-related deductions, thereby manufacturing opportunities to shift pre-tax profits out of Australia. For example, if multinational subsidiaries in low tax jurisdictions provide loans to subsidiaries in high tax jurisdictions, the interest payments can be tax deductible in the high tax jurisdiction while the interest payments received in the low tax jurisdiction are taxed at a lower rate.

2.42 In Australia, the most widely publicised case relating to multinational debt-related deductions involves a loan between Chevron subsidiaries. Chevron Australia has been engaged in a protracted disagreement with the ATO over interest related payments (primarily the rate of interest charged) on loans between the Australian subsidiary and affiliates based in the United States.

2.43 Debt-related deductions span a number of areas of the corporate tax regime, including thin capitalisation, hybrid mismatching and transfer pricing. One frustration for the committee was the very limited information that was publicly available which outlined 'real world' examples of aggressive tax minimisation using debt-related deductions in an Australian context. Hence, it was difficult for the committee to get an appreciation for the size and scope of this problem.

2.44 That said, the ATO considers the problem large enough to devote resources to pursuing companies in this area and even appears to be emboldened to take a harder stance on debt-related deductions based on recent positive court decisions in respect of Chevron and Orica. The Commissioner of Taxation announced:

> Cases featuring the same types of rolled up loans and intracompany financing arrangements will now be aggressively pursued.[24]

2.45 While there has been some work in this area, the committee believes that a more concerted effort is required to ensure that multinational companies do not employ such practices in order to deliberately avoid paying their fair share of tax in Australia. However, consistent with the transparency theme underlying the interim report, the committee reiterates its view that it would be in the public interest if the ATO were to report on the significance of debt-related deductions to the overall problem of aggressive tax minimisation and avoidance.

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24 Commissioner of Taxation, *Committee Hansard*, Additional Estimates, 10 February 2016, p. 66.

2.46 Further, the committee understands that the issue of debt-related deductions within Australia's tax system is currently being considered by the House of Representatives Standing Committee on Economics (HRSCE) inquiry into tax deductibility, but notes that the public commentary on this has primarily focused its application to personal income tax deductions. The committee urges the government to consider closely the impact and ongoing utility of corporate deductions, especially internal financing arrangements by multinationals.

Australian Taxation Office resourcing

2.47 This inquiry has provided a unique opportunity for the ATO and the Commissioner of Taxation to discuss multinational tax avoidance and aggressive minimisation in public forums. Indeed, the Commissioner has always made himself, and relevant staff, readily available to answer the committee's questions and appear at hearings.

2.48 The Commissioner himself has recognised the main impediments to addressing corporate tax avoidance and aggressive minimisation:

> I have said: 'Right now, I don't think it's the law; it's the cooperation of the companies; it's the ability to get things through the judicial system in a reasonable way; and it's a change in attitude on our behalf.'[25]

2.49 The committee is encouraged by the Commissioner's recent comments that the ATO is seeking to aggressively challenge egregious behaviour:

> These companies have pushed the envelope on reasonableness. They play games. They string us along. They believe we can be stooged. However, enough is enough and no more of this. We will be reasonable with those that genuinely cooperate, but we will now take a much harder stance on those who do not.[26]

2.50 This statement and the message it sends to all companies operating in Australia is welcome. However, it is also well overdue given that many of the main tax minimisation practices have been known for many years and, through this inquiry, have been shown to be at odds with community expectations. This was acknowledged by the Commissioner when explaining the change in ATO's approach:

> I wanted to make a very public statement, particularly in this forum [Senate Estimates], because, as the chair said, this forum, together with the corporate tax avoidance inquiry in the Senate, has exposed to the public a number of these issues. I wanted to use this forum to very publicly state the change in our [the ATO's] approach to reasonableness where we believe we have been unreasonably delayed or we are unreasonably not getting information so that we could build a case. We will now proceed to issue assessments on the best available information to us.[27]

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25 *Committee Hansard*, Additional Estimates, 10 February 2016, p. 69.

26 *Committee Hansard*, Additional Estimates, 10 February 2016, p. 66.

27 *Committee Hansard*, Additional Estimates, 10 February 2016, p. 70.

2.51 Having access to the relevant information is essential for the ATO to understand the business structures of multinationals operating in Australia and their tax obligations. However, it would appear that getting information from multinationals when that information is held offshore is not straightforward:

> Mr Jordan: ...Under our law—I think it is called a 'section 264A notice'; it is an offshore information request—we have to give 90 days' notice. So it is 90 days' notice, then the 90 days end. They say, 'Head office has been busy, people are away on leave—you know.' One company said that the phones were down in New York—it has just gone over the top.
>
> Senator DASTYARI: And you have the power to seize documents—
>
> Mr Jordan: Not if they are not in Australia. This is part of the problem; they do not put the documents here, I think for this reason—that we could go in and seize them if they were here. We have said 'Look—
>
> Senator DASTYARI: So at the moment, the tax office has incredible powers in terms of seizing documents, and part of the technique that is used is just never to keep those documents physically in Australia?
>
> Mr Jordan: With respect to some of these overall plans, I think that is right—yes. We cannot turn up in New York and enter and seize. We do not have jurisdiction—
>
> Senator DASTYARI: And if you seize their Australian service, the documents do not exist?...Or you do not know whether they exist here or not, I suppose?
>
> Mr Jordan: That is one of the things—that we would not know whether they are there or not. Or we are told that they are not here, that they are held by the parent. So we ask for them and we do not get them…[28]

2.52 Mr Mark Konza, Deputy Commissioner International at the ATO, explained that as these companies are implementing global tax plans the information about them is generally held offshore. In addition to the tax plan, the ATO also needs to get access to any correspondence about the plan and related contracts.[29]

2.53 Indeed, the committee has noted the complicated structure of multinationals and the Australian representatives' apparent lack of knowledge of their company's international business. Representatives were particularly unaware of the facts around transfer pricing and the relationship between the location of certain entities in the company and the tax rate in the country in which they were located.

2.54 The ATO reported that it is overcoming the issue of access to offshore information by seeking to raise assessments based on the best available information.[30] However, a complementary approach that could streamline the information gathering

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28 *Committee Hansard*, Additional Estimates, 10 February 2016, p. 73.

29 *Committee Hansard*, Additional Estimates, 10 February 2016, p. 73.

30 Commissioner of Taxation, *Committee Hansard*, Additional Estimates, 10 February 2016, p. 73.

process would be to introduce stronger penalties for not providing the requested information about the tax structures of their multinational parents and related entities in Australia. Such an approach is consistent with the government's penchant for using stronger penalties to encourage multinationals to establish a taxable presence in Australia.

2.55 As stated in the committee's interim report of this inquiry, maintaining the integrity of the tax base is essential and maintaining public confidence in the tax administrator is an important element. Recent reforms and proposed actions arising from the BEPS project will create additional work for the ATO as multinationals seek to comply with the new rules and, in some cases, restructure their operations. In addition, significant resources are required to pursue complex cases of questionable tax practices, particularly where disputes are protracted and/or proceed to litigation. The Commissioner of Taxation reported the resources expended to date in the ongoing Chevron case:

> It cost us $10 million in out-of-pocket expenses for expert witnesses, legal counsel et cetera, let alone the time of people inside the ATO. There were something like 11 legal counsel for both sides, in excess of 12 expert international opinions and [for] what I would have thought was a relatively straightforward thing, a borrowing at 1.2 per cent, a currency swap from US dollars to Australian and a loan at nine per cent.[31]

2.56 The ATO has stated it is moving to a more proactive model of engagement but has not indicated whether increased funding has been provided to pursue this new approach. The committee reiterates its position that the ATO needs to be properly resourced and empowered to challenge the questionable tax practices of multinationals with deep pockets and everything to lose.

Conclusion

2.57 The committee notes the observation by the Commissioner of Taxation that the major obstacle to preventing multinationals exploiting Australia's taxation regime was not the law but the cooperation of the companies and the ability to get processes through the judicial system in 'a reasonable way'. He spoke of the way the companies 'push the envelope' and how they think they can 'stooge' the ATO. As amply demonstrated in the extracts provided in this chapter, the committee gained a similar impression of the multinational companies that gave evidence—their contrariness in answering questions, propensity to obfuscate, and, in some cases, simply not answering or deliberately misunderstanding the question.

2.58 While the committee recognises the determined stance the ATO is now taking, it is of the view that there is more scope for the government to assist the ATO in pursuing its mission to stop multinationals from gaming the system and 'stringing the ATO along'. The committee is particularly concerned about the resources available to the multinationals and their ingenuity in exploiting any loopholes in the laws. The

31 *Committee Hansard*, Additional Estimates, 10 February 2016, p. 74.

difficulty for the government and the ATO is to match this ingenuity and have the resources ready to challenge the companies.

2.59 In the following chapter, the committee considers recent developments and the opportunities available to make it difficult for multinationals to engage in aggressive tax minimisation practices.

Chapter 3

Maintaining the pressure

3.1 The committee is proud of the work that it has done in raising the public profile of issues related to corporate tax avoidance. In addition, it appreciates the work of investigative journalists and research organisations in exposing and reporting on corporations that appear to be engaging in tax avoidance and aggressive minimisation.

3.2 That said, the problem of multinational tax avoidance persists and while recent reforms are a good start, the committee is adamant that more needs to be done in the areas of transparency, transfer pricing and access to information by the tax administrator.

Recent reforms

3.3 Various Australian governments over many years have sought to strengthen the corporate income tax regime through introducing and amending laws in relation to transfer pricing, debt loading and other mechanisms by which multinationals can reduce their tax liabilities in Australia. These reforms may, over time, address some base erosion and profit shifting risks. However, the Commissioner of Taxation noted at Senate Estimates in early 2016 that a number of the more recent measures that have been enacted—including expanded general anti-avoidance provisions, new transfer pricing provisions, and thin capitalisation provisions—remain untested.[1]

3.4 As such, it will be important for the Parliament to be vigilant and examine the effectiveness of such measures as they take effect. For example, Australia has adopted new multinational tax laws in relation to the avoidance of permanent establishment which are not currently mirrored by any major economy except the United Kingdom.

3.5 It will also be necessary to closely monitor tax policy developments in other countries as the recommendations from the OECD and G20 Base Erosion and Profit Shifting (BEPS) Project are implemented to ensure that Australia takes a best-practice approach. Indeed, the integrity of Australia's tax system will increasingly rely on the implementation and enforcement of the recommendations and action plan on BEPS.

3.6 Of particular relevance to addressing base erosion was the introduction of the Multinational Anti-Avoidance Law. This legislation is intended 'to counter the erosion of the Australian tax base by multinational entities using artificial or contrived arrangements to avoid the attribution of business profits to Australia through a taxable

1 Senate Economics Legislation Committee, *2015-16 Additional Estimates*, 10 February 2016, p. 69.

presence in Australia'.[2] In brief, it is designed to prevent multinationals operating in Australia from using these artificial arrangements to avoid paying tax in this country.[3]

3.7 The new legislation also recognised that information asymmetries between taxpayers and tax authorities make it difficult for tax authorities to enforce laws designed to prevent tax avoidance and profit shifting, such as transfer pricing rules. The country-by-country reporting requirements will provide the ATO with 'a global picture of how multinationals operate', which will allow the ATO 'to better assess transfer pricing risks and allocate audit resources more efficiently'.[4] That said, it is unclear whether country-by-country reporting will address access to information issues in relation to the implementation of global tax plans as outlined in chapter 2.

3.8 The recently introduced multinational anti-avoidance law also means that the penalty imposed for entering into a tax avoidance or profit shifting scheme is doubled for significant global entities that do not have a reasonably arguable position. The maximum penalty now is generally 100 per cent of the amount of tax avoided under the scheme but, according to the Explanatory Memorandum can 'be up to 120 per cent where aggravating factors apply'.[5]

3.9 The parallel legislation inquiry which examined the government's multinational tax avoidance bill last year recommended that a post-implementation review of the laws be undertaken within 3 years.[6] This recommendation should be incorporated into a broader review of Australia's progress in implementing the BEPS recommendations. This broader review of progress should be undertaken within the next three years.

3.10 Even so, and in light of the tenacious endeavours of well-resourced multinationals to resist disclosing their tax arrangements, the committee is of the view that more should be done to place stronger disclosure obligations on them. In this report, the committee has provided a few telling examples of the way in which these companies value secrecy and resist disclosure. BHP exemplified this approach when Mr Cudmore refused to answer a question in a public forum about the profit made on the Singapore marketing hubs and the tax paid on the hubs:

> Mr Cudmore: As I mentioned before, I do not have the specific numbers.

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2 Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015, *Explanatory Memorandum*, p. 7.

3 Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015, *Explanatory Memorandum*, p. 8.

4 Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015, *Explanatory Memorandum*, p. 11.

5 Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015, *Explanatory Memorandum*, p. 54.

6 Senate Economics Legislation Committee, *Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015 [Provisions]*, 9 November 2015, p. 17.

> Senator XENOPHON: But you will provide the answers or you will not?
>
> Mr Cudmore: I mentioned before that we consider those to be competitively sensitive.
>
> Senator XENOPHON: If it is competitively sensitive for you but not competitively sensitive for your competitor, who is sitting right next to you, doesn't that make a mockery of your arguments?
>
> Mr Cudmore: I cannot speak for any other company than BHP Billiton.
>
> Senator XENOPHON: Yes, but there is the fact that they are prepared to disclose that information and you are not. Doesn't that destroy your argument with respect to that?
>
> Mr Cudmore: I really cannot speak on behalf of Rio Tinto, Fortescue or any other company. I can only speak on our behalf and only convey our perspective.[7]

3.11 Such attitudes, particularly from Australian multinationals that see themselves as good corporate citizens and taxpayers, are particularly disappointing.

Recommendations from the interim report

3.12 In order to ensure that relevant information is available in order to maintain public pressure on aggressive tax practices, the committee wishes to reinforce a number of the recommendations made in the interim report.

Mandatory tax transparency code (Recommendation 3)

3.13 While the committee notes that the government has asked the Australian Board of Taxation to design a voluntary tax transparency code, the committee does not believe that this initiative will suitably incentivise companies that push the letter and spirit of the law to publish tax information. As such, the committee restates its recommendation that a mandatory tax transparency code be implemented. This code would require Australian corporations and subsidiaries of multinationals with annual turnover above an agreed figure to publicly report financial information on revenue, expenses, tax paid and tax benefits/deductions from specific government incentives.

Tax transparency laws (Recommendation 4)

3.14 The tax transparency laws for private companies with turnover over $100 million were repealed in 2015, but reinstated later that year with a threshold of $200 million. The committee believes that the original threshold of $100 million is more appropriate and that tax transparency laws for all public and private companies with turnover greater than $100 million in a financial year need to be reinstated.

Public register of settlements, annual report to Parliament and ATO resourcing (Recommendations 5, 7 and 11)

3.15 The committee notes that the government has not acted on any of the recommendations aimed at improving public and Parliamentary access to important

7 *Committee Hansard*, 10 April 2015, pp. 74–76.

information about the operation of the tax system as it relates to multinational tax practices.

3.16 To allay concerns about the tax dispute resolution process, the committee considers that a public register of tax avoidance settlements should be established to record settlements reached with the ATO where the value of that settlement is over an agreed threshold.

3.17 Reflecting concerns that the Parliament is not being afforded the information necessary to determine whether the integrity of the corporate tax system is being compromised, the committee is adamant that the ATO, in conjunction with Treasury and other relevant agencies, be required to provide an annual public report to be tabled in Parliament on aggressive tax minimisation and avoidance activities.

3.18 In the general interest of the government and the wider community, the committee considers that the ATO be required to report to Parliament, at least annually, on:

- the number of audits or disputes launched concerning multinational corporations;
- the number of cases settled with multinational corporations;
- the number of successful legal proceedings concluded against multinational corporations; and
- the staff resources allocated to tax compliance of multinational corporations.

Grandfathered proprietary companies (Recommendation 13)

3.19 In line with the recommendations proposed by the Australian Securities and Investments Commission (ASIC) and government inaction on this issue, the committee contends that the concept of 'grandfathered large proprietary companies' be removed from the Corporations Act, and these companies be required to lodge financial reports with ASIC.

Areas for further action

3.20 Consistent with the issues raised in chapter 2, the committee considers there is scope for further action in a number of areas.

Special purpose accounts

3.21 As a result of this inquiry, the committee has found it increasingly frustrating to access even basic information about the tax affairs of many multinationals operating in Australia. Many multinationals, regardless of the size of their operations, are not required to provide the same level of disclosure as public companies. The committee doubts that the proposed voluntary tax transparency code will provide the level of transparency that is required to hold multinationals to account.

3.22 The Australian Accounting Standards Board (AASB) has recognised that the reporting entity concept, which determines reporting requirements, is not working well in practice. The committee agrees with the AASB and considers it in the broader public interest for significant global entities to be required to file general purpose accounts. It urges the government to amend the accounting standards and make

significant global entities file general purpose accounts for their Australian activities which would be publicly available.

Transfer pricing

3.23 The evidence presented over the course of this inquiry indicates that transfer pricing provisions do not serve Australia well. The committee appreciates that there are no easy solutions to reforming internationally accepted principles as they relate to transfer pricing. That said, the committee considers that the current transfer pricing principles need to be fully explored, and, where necessary, redrafted to ensure that transfer pricing cannot be manipulated to the detriment of Australian tax revenue.

Stronger penalties to encourage information provision

3.24 The ATO has noted that it faces difficulties in accessing information relating to tax plans, including supporting correspondence about tax plans and related contracts. The committee faced similar frustrations when questioning representatives of Australian subsidiaries. In addition to the proactive approach of the ATO to levy tax assessments based on the best available information, the committee urges the government to consider implementing stronger penalties to provide an additional incentive for companies to provide this information in a timely manner.

The Panama Papers

3.25 Throughout the course of this inquiry, more and more evidence emerged to suggest that tax avoidance is widespread among both individuals and corporations. In light of the most recent release of the 'Panama Papers', the committee has resolved that it should explore the wider implications of this new information on tax avoidance and assess initiatives by the ATO to combat tax avoidance and aggressive minimisation by individuals as well as corporations.

Recommendation 1

3.26 The committee recommends that the inquiry be extended until 30 September 2016 to explore the implications arising from the Panama Papers.

Senator Chris Ketter

Chair

Additional Comments from the Australian Greens

1.1 The Australian Greens support the Chair's second report on corporate tax avoidance. However, we have strong concerns that the suite of recommendations contained in the first report are not being implemented; and that this second report has not proffered any further anti-avoidance measures.

1.2 The Australian public wants prompt and decisive action. They want a comprehensive response to the epidemic of corporate tax avoidance. At this stage, neither of the parties vying to form government have put forward policies that are proportionate to the scale of tax avoidance; and the government has provided only isolated responses to specific forms of tax evasion.

1.3 In recognition of the scale of the problem, the Australian Greens have released the most comprehensive response to tax avoidance that this country has ever seen,[1] with eighteen measures covering enforcement, public disclosure, tax reform and global agreement.

1.4 The Australian Greens encourage this policy package to be used as a template for the parliament. All parties need to work productively and cooperatively to secure a reliable tax base and to restore faith in the integrity of the tax system.

1.5 A particular priority for this committee and the parliament should be the establishment of a public register of beneficial ownership. This register would reveal the ultimate owners of trusts and incorporated entities where there is a valid public interest in doing so.[2]

1.6 Similarly, the establishment of a public register of tax settlements is an important public disclosure measure that can be enacted immediately. The register would detail: the company involved; the amount originally assessed as their tax liability; and the amount settled for. This would help dissuade companies from under-claiming their tax liabilities; and would give the ATO more bargaining power in negotiations.

Recommendation 1: That the government implements a comprehensive response to corporate tax avoidance, starting with the establishment of a public register of beneficial ownership and a public register of tax settlements.

Senator Peter Whish-Wilson

Senator for Tasmania

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1 http://greens.org.au/sites/greens.org.au/files/Tax%20Avoidance%20Package.pdf

2 See: Recommendation 6, Australian Greens' Additional Comments, Economics References Committee First Report on Corporate Tax Avoidance

Appendix 1

Submissions and additional information received

Submission Number	Submitter
1	Mr Eric Bruner
2	Mr Mark Lyons • Supplementary submission 2.1
3	Taxpayers Australia Limited
4	Aurizon
5	Queensland Nurses' Union
6	Toll Group
7	BWP Trust
8	Fortescue Metals Group Limited
9	Mr David Myer
10	ANZ
11	Stockland
12	Mr Berrick Boyd
13	Ms Eileen Ross
14	Community and Public Sector Union
15	Deloitte Touche Tohmatsu
16	Mirvac
17	Origin Energy Limited
18	Property Council of Australia
19	Ms Betty Lee McGeever
20	Mr Alan McGrath
21	Mr Alan Wilson
22	Associate Professor Antony Ting
23	Mr Ian Gillard
24	Emeritus Professor Marcus Wigan
25	Scentre Group
26	Sydney Airport
27	OZ Minerals Limited
28	Rio Tinto

29 DEXUS Property Group

30 Publish What You Pay Australia

31 Insurance Australia Group Limited

32 Australian Securities and Investments Commission

33 The Tax Institute

34 Computershare Limited

35 Woodside Energy Ltd

- Supplementary submission 35.1

36 Asciano Limited

37 ResMed Ltd

38 Echo Entertainment Group Limited

39 PricewaterhouseCoopers

40 Cromwell Property Group

41 The GPT Group

42 Institute of Public Affairs

43 Challenger Limited

44 AMP Limited

45 Spark Infrastructure

46 James Hardie Industries

47 Orica Limited

48 Australian Taxation Office

49 Mr Kendall Lovett

50 Mr Rob Cannon

51 News Corp Australia

52 Glencore

53 Ernst & Young

54 Minerals Council of Australia

55 Transurban

56 Mr Martin Lock

57 Google Australia

58 Newcrest Mining Limited

59 Corporate Tax Association

60 GetUp

61 Name Withheld

- Attachment 1
- Attachment 2

62 The Australia Institute

63 Lend Lease

64 Professor Miranda Stewart, Tax and Transfer Policy Institute, Australian National University

65 Mr Rob Wallace

66 Apple

67 ActionAid Australia

68 Brambles Ltd

69 Mr Andrew Noble

- Attachment 1

70 Macquarie Group

71 Financial Services Council

72 Lee & Associates

73 CPA Australia

74 Uniting Church in Australia, Synod of Victoria and Tasmania

- Supplementary submission 74.1
- Attachment 1
- Attachment 2
- Attachment 3

75 Dr Roman Lanis and Mr Ross McClure, University of Technology, Sydney

76 Dr John Miller AO

77 Microsoft

78 United Voice

- Supplementary submission 77.1

79 Tabcorp Holdings Limited

80 Name Withheld

- Supplementary submission 80.1

81 BHP Billiton

82 Confidential

83 Name Withheld

84 Confidential

85 Centre for Tax Policy and Administration, OECD

86 BWP Trust

87 Business Council of Australia

88 AGL Energy Limited

89 IBM Australia & New Zealand

90 Chartered Accountants Australia and New Zealand

91 KPMG

92 Infrastructure Partnerships Australia

93 Professor Kerrie Sadiq, QUT Business School

94 Macquarie Telecom

95 Mr David Allen

96 Name Withheld

97 Mr Charles Lowe

98 Squiz

99 Mr Pranay Bhattacharya

100 Confidential

101 Accommodation Association of Australia

102 Eli Lilly Australia

103 Medicines Australia

- Supplementary submission 103.1

104 MSD

105 Johnson & Johnson Pty Ltd

106 Roche Products Pty Limited

107 GSK Australia

- Supplementary submission 107.1

108 Novartis Australia

109 Sanofi

110 Pfizer Australia

111 AstraZeneca Australia

112 ALDI Australia

113 Costco Wholesale Australia

114 Santos Ltd

115 BP Australia Pty Ltd

116 ExxonMobil Australia Group of Companies

117	Viva Energy Australia Ltd
118	Caltex Australia
119	Shell Australia
120	Origin Energy Limited
121	Chevron Australia
122	Airbnb
123	Uber
124	Internartional Transport Workers' Federation (ITF)
125	Broadspectrum Limited
126	Dr Shumi Akhtar, The University of Sydney (Business School)
127	Tax Justice Network Australia

Tabled documents

1. Document tabled by Professor Richard Vann at a public hearing held in Sydney on 8 April 2015.
2. Documents tabled by Glencore at a public hearing held in Melbourne on 10 April 2015.
3. Document tabled by Rio Tinto at a public hearing held in Melbourne on 10 April 2015.
4. Document tabled by Caltex at a public hearing held in Sydney on 18 November 2015.
5. Document tabled by Chevron at a public hearing held in Sydney on 18 November 2015.
6. Document tabled by the Commissioner of Taxation (Australian Taxation Office) at a public hearing held in Canberra on 21 April 2016.
7. Document tabled by Ms Marian Wilkinson at a public hearing held in Canberra on 21 April 2016.
8. Document tabled by Mr Ross McClure and Associate Professor Roman Lanis at a public hearing held in Canberra on 21 April 2016.

Additional information received

1. Document provided by Professor Richard Vann following the public hearing held in Sydney on 8 April 2015.
2. Documents provided by News Corp Australia following the public hearing held in Sydney on 8 April 2015.
3. Document provided by Deloitte Touche Tohmatsu following the public hearing held in Melbourne on 10 April 2015.
4. Document provided by Rio Tinto on 28 April 2015.
5. Document provided by the Australian Taxation Office on 1 May 2015.

Answers to questions on notice

1. Answers to questions on notice from a public hearing held in Sydney on 8 April 2015, received from Professor Antony Ting on 23 April 2015.
2. Answers to questions on notice from a public hearing held in Canberra on 9 April 2015, received from KPMG on 23 April 2015.
3. Answers to questions on notice from a public hearing held in Melbourne on 10 April 2015, received from Mr Martin Lock on 23 April 2015.
4. Answers to questions on notice from a public hearing held in Sydney on 8 April 2015, received from the Property Council of Australia on 23 April 2015.
5. Answers to questions on notice from a public hearing held in Melbourne on 10 April 2015, received from PricewaterhouseCoopers on 24 April 2015.
6. Answers to questions on notice from a public hearing held in Canberra on 9 April 2015, received from EY on 24 April 2015.
7. Answers to questions on notice from a public hearing held in Sydney on 8 April 2015, received from the Australian Taxation Office on 24 April 2015.
8. Answers to questions on notice from a public hearing held in Canberra on 9 April 2015, received from the CPSU on 24 April 2015.
9. Answers to questions on notice from a public hearing held in Sydney on 8 April 2015, received from Microsoft on 24 April 2015.
10. Answers to questions on notice from a public hearing held in Melbourne on 10 April 2015, received from Deloitte on 24 April 2015.
11. Answers to questions on notice from a public hearing held in Sydney on 8 April 2015, received from Google Australia on 24 April 2015.
12. Answers to questions on notice from a public hearing held in Canberra on 9 April 2015, received from the Business Council of Australia on 24 April 2015.
13. Answers to questions on notice from a public hearing held in Melbourne on 10 April 2015, received from Glencore on 24 April 2015.
14. Answers to questions on notice from a public hearing held in Melbourne on 10 April 2015, received from BHP Billiton on 24 April 2015.

15. Answers to questions on notice from a public hearing held in Canberra on 9 April 2015, received from the Australian Securities and Investments Commission on 27 April 2015.
16. Answers to questions on notice from a public hearing held in Melbourne on 10 April 2015, received from Rio Tinto on 27 April 2015.
17. Answers to questions on notice from a public hearing held in Sydney on 8 April 2015, received from Apple Pty Limited on 28 April 2015.
18. Answers to questions on notice from a public hearing held in Sydney on 22 April 2015, received from the Australian Taxation Office on 1 May 2015.
19. Answers to additional questions on notice, received from PricewaterhouseCoopers on 7 May 2015.
20. Answers to additional questions on notice, received from KPMG on 8 May 2015.
21. Answers to additional questions on notice, received from EY on 8 May 2015.
22. Answers to additional questions on notice, received from Google Australia on 8 May 2015.
23. Answers to additional questions on notice, received from Deloitte on 8 May 2015.
24. Answers to additional questions on notice, received from the Australian Taxation Office on 8 May 2015.
25. Answers to additional questions on notice, received from Fortescue Metals Group Limited on 8 May 2015.
26. Answers to additional questions on notice, received from Glencore on 12 May 2015.
27. Answers to additional questions on notice, received from Apple Pty Limited on 13 May 2015.
28. Answers to additional questions on notice, received from BHP Billiton on 15 May 2015.
29. Answers to additional questions on notice, received from News Corp Australia and dated 15 May 2015.
30. Answers to additional questions on notice, received from Rio Tinto on 21 May 2015.
31. Answers to additional questions on notice, received from Apple Pty Limited on 22 May 2015.
32. Answers to additional questions on notice, received from Microsoft on 22 May 2015.
33. Answers to additional questions on notice, received from Google Australia on 25 May 2015.
34. Answers to additional questions on notice, received from BHP Billiton on 25 May 2015.
35. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from the Australian Taxation Office on 14 July 2015.\
36. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from Astra Zeneca on 9 July 2015.
37. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from Johnson & Johnson on 16 July 2015.

38. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from Merck Sharp & Dohme on 16 July 2015.

39. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from Novartis on 16 July 2015.

40. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from Pfizer on 16 July 2015.

41. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from Roche Products Pty Ltd on 16 July 2015.

42. Answers to questions on notice from a public hearing held in Sydney on 1 July 2015, received from Sanofi on 16 July 2015.

43. Answers to questions on notice from a public hearing held in Sydney on 18 November 2015, received from KPMG on 8 December 2015.

44. Answers to questions on notice from a public hearing held in Sydney on 18 November 2015, received from the Australian Taxation Office on 9 December 2015.

45. Answers to questions on notice from a public hearing held in Sydney on 18 November 2015, received from Deloitte on 9 December 2015.

46. Answers to questions on notice from a public hearing held in Sydney on 18 November 2015, received from PricewaterhouseCoopers on 9 December 2015.

47. Answers to questions on notice from a public hearing held in Sydney on 18 November 2015, received from Chevron on 18 December 2015.

48. Answers to questions on notice from a public hearing held in Sydney on 18 November 2015, received from Uber on 19 February 2016.

Appendix 2
Public hearings and witnesses

SYDNEY, 8 APRIL 2015

CARLSON, Mr Anthony, Member, New South Wales Branch, United Voice

CARNEGIE, Ms Maile, Managing Director, Google Australia

CLARKE, Mr Julian, Chief Executive Officer, News Corp Australia

CRANSTON, Mr Michael, Acting Second Commissioner, Compliance Group, Australian Taxation Office

DOYLE, Ms Kay, Member, New South Wales Branch, United Voice

HASTINGS, Ms Debbie, First Assistant Commissioner, Review and Dispute Resolution, Australian Taxation Office

HIRSCHHORN, Mr Jeremy, Deputy Commissioner, Public Groups, Australian Taxation Office

JORDAN, Mr Chris, Commissioner of Taxation, Australian Taxation Office

KING, Mr Tony, Managing Director, Australia and New Zealand, Apple Pty Ltd

KONZA, Mr Mark, Deputy Commissioner, International, Australian Taxation Office

MAKAS, Mr Manuel, Director and Head of Real Estate, Greenwoods & Herbert Smith Freehills

MIHNO, Mr Andrew, Executive Director, International and Capital Markets, Property Council of Australia

MILLS, Mr Andrew, Second Commissioner, Law Design and Practice, Australian Taxation Office

MORRISON, Mr Ken, Chief Executive Officer, Property Council of Australia

O'BYRNE, Mr David, National Secretary, United Voice

PANUCCIO, Ms Susan, Chief Financial Officer, News Corp Australia

SADIQ, Professor Kerrie, Private capacity

SAMPLE, Mr Bill, Corporate Vice-President, Worldwide Tax, Microsoft Corporation

TING, Associate Professor Antony Ka Fai, Private capacity

VANN, Professor Richard John, Private capacity

WARD, Mr Jason, Research Coordinator, United Voice

CANBERRA, 9 APRIL 2015

ATFIELD, Mr Michael, Manager, Corporate and International Tax Division, The Treasury

DENNISS, Dr Richard, Executive Director, The Australia Institute

GARNON, Ms Rosheen, National Managing Partner, Tax, KPMG

GROPP, Ms Lisa, Chief Economist, Business Council of Australia

HEFEREN, Mr Robert, Deputy Secretary, The Treasury

MCCULLOCH, Ms Luise, General Manager, Corporate and International Tax Division, The Treasury

MCKENNA, Mr Brendan, Manager, Corporate and International Tax Division, The Treasury

McLEOD, Mr Rob, Partner, EY

NIVEN, Mr Doug, Senior Executive Leader, Australian Securities and Investments Commission

PRICE, Mr John, Commissioner, Australian Securities and Investments Commission

PUGH, Ms Cathy, Community and Public Sector Union Section Councillor, Australian Taxation Office, and Community and Public Sector Union Delegate

RICHARDSON, Mr David, Senior Research Fellow, The Australia Institute

SAINT-AMANS, Mr Pascal, Director, Centre for Tax Policy and Administration, Organisation for Economic Co-operation and Development

STOJANOVSKI, Mr Pero, Senior Economist, Business Council of Australia

TANZER, Mr Greg, Commissioner, Australian Securities and Investments Commission

VAN BARNEVELD, Dr Kristin, Director of Research, Community and Public Sector Union

WARDELL-JOHNSON, Mr Grant, Partner in Charge, KPMG Tax Centre, KPMG

WATERS, Mr Alistair, National President, Community and Public Sector Union

WILLIAMS, Mr Glenn, Partner, EY

MELBOURNE, 10 APRIL 2015

BAINI, Mr Joseph, Private capacity

COLLINS, Mr Peter, National Leader, International Tax Services, PricewaterhouseCoopers

CUDMORE, Mr Tony, President, Corporate Affairs, BHP Billiton

DE NIESE Ms Michelle, Executive Director, Corporate Tax Association

EDMANDS, Mr Phil, Managing Director, Rio Tinto Australia

GROTH, Ms Sheridan, Company Secretary, Adani Mining Pty Ltd

HUGHES, Mr Marcus, Group Manager, Taxation, Fortescue Metals Group Limited

KHANDELWAL, Mr Praveen, Chief Financial Officer, Adani Mining Pty Ltd

LOCK, Mr Martin, Private capacity

McCARTHY, Ms Cassandra, Corporate Affairs, Australia, Glencore

MICHIE, Ms Jane, Head of Group Tax, BHP Billiton

PEARCE, Mr Stephen, Chief Financial Officer, Fortescue Metals Group Limited

RILEY, Mr Paul, Partner, Head of Tax, Deloitte Touche Tohmatsu

SEYMOUR, Mr Thomas, Managing Partner, Tax and Legal, PricewaterhouseCoopers

SMITH, Mr Dominic, Tax Manager, Glencore

STEWART, Professor Miranda, Director, Tax and Transfer Policy Institute

SUPPREE, Mr Paul, Assistant Director, Corporate Tax Association

TALINTYRE, Mr Nick, Australian Regional Finance Lead, Glencore

WATKINS, Mr David, Partner, Leader of Tax Insights and Policy, Deloitte Touche Tohmatsu

WOLFF, Ms Anne-Maree, General Manager, Taxation, Asia Pacific, Rio Tinto

ZABAR, Mr Joseph, Director, Services Sustainability, UnitingCare Australia

ZIRNSAK, Dr Mark, Director, Justice and International Mission Unit, Uniting Church in Australia, Synod of Victoria and Tasmania

SYDNEY, 22 APRIL 2015

HIRSCHHORN, Mr Jeremy, Deputy Commissioner, Public Groups, Australian Taxation Office

JORDAN, Mr Chris, Commissioner of Taxation, Australian Taxation Office

KONZA, Mr Mark, Deputy Commissioner, International, Australian Taxation Office

SYDNEY, 1 JULY 2015

DODD, Mr Paul, Finance Director, Merck, Sharp and Dohme

ECKELMANN, Dr Oliver, Chief Financial Officer, Roche Products Pty Ltd

FARQUHAR, Mr Simon, Chief Financial Officer and Company Secretary, Johnson & Johnson

FLETCHER, Mr Joseph, Finance Director, Eli Lilly Australia Pty Ltd

FORSTNER, Mr Marco, Financial Controller, Australia and New Zealand, AstraZeneca Pty Ltd

GALLAGHER, Mr David, Chairman and Managing Director, Pfizer Australia Pty Ltd

GEIGER, Ms Melissa, Global Head of Tax, GlaxoSmithKline Australia Ltd

GEORGE, Mr Tony, Head of Finance Operations, Australia and New Zealand, Pfizer Australia Pty Ltd

JORDAN, Mr Chris, Commissioner of Taxation, Australian Taxation Office

KONZA, Mr Mark, Deputy Commissioner, Public Groups International, Australian Taxation Office

McALLISTER, Mr Laurie, Managing Director, Sanofi

McDONALD, Mr Geoffrey Michael, Vice President and General Manager, GlaxoSmithKline Australia Ltd

RICHARDS, Mrs Nicola, Head of Public Affairs and Policy, Merck, Sharp and Dohme

SHARKEY, Mr James, Director Market Access, External Affairs, Commercial Innovation and Legal, AstraZeneca Pty Ltd

SUNDARAM, Ms Malini, Country Chief Financial Officer, Novartis Australia

VITALIS, Ms Laurence, Chief Financial Officer, Sanofi Australia

WEINGROD, Ms Louise, Vice President, Global Taxation, Johnson & Johnson

SYDNEY, 18 NOVEMBER 2015

BROWN, Mr Stuart, Tax Manager ExxonMobil Australia Group of Companies

COLLINS, Mr Peter, National Leader, International Tax Services, PricewaterhouseCoopers Australia

CONDON, Mr John, Assistant Tax Director, Fuels Asia Pacific, BP Australia Pty Ltd

HEPWORTH, Mr Simon, Chief Financial Officer, Caltex Australia

HIRSCHHORN, Mr Jeremy, Deputy Commissioner, Public Groups, Australian Taxation Office

HOLMES, Mr Andy, Chief Operating Officer, Fuels Asia Pacific, and Country Head, BP Australia Pty Ltd

JORDAN, Mr Chris, Commissioner of Taxation, Australian Taxation Office

KITSCHKE, Mr Brad, Director of Public Policy, Australia and New Zealand, Uber Australia Pty Ltd

KONZA, Mr Mark, Deputy Commissioner, International, Australian Taxation Office

KRZYWOSINSKI, Mr Roy, Managing Director, Chevron Australia

LAWRY, Mr Michael, Tax Manager, Santos Ltd

LIM, Mr Peter, Executive General Manager, Legal and Corporate Affairs, and Company Secretary, Caltex Australia

LINKE, Mr David, National Managing Partner, Tax and Legal, KPMG

MACFARLANE, Mr CN (Sandy), Vice President and General Tax Counsel, Chevron Corporation

MCDONAGH, Mr Sam, Country Manager, Australia and New Zealand, Airbnb Australia Pty Ltd

McKINNELL, Ms Anthea, Vice President, Treasury and Taxation, Woodside Energy Ltd

MCLEAN, Mr Alan, Executive Vice President Taxation, Shell Australia

MCLEOD, Mr Rob, Tax Partner, Ernst & Young

MILLS, Mr Andrew, Second Commissioner, Law Design and Practice, Australian Taxation Office

MOSES, Ms Karen, Executive Director, Finance and Strategy, Origin Energy Ltd

OWEN, Mr Richard, Chairman, ExxonMobil Australia Group of Companies

PEACH, Ms Kris, Chair and Chief Executive Officer, Australian Accounting Standards Board

PRATT, Mr Greg, Executive Consultant, Ernst & Young

PRINCIPE, Mr Tony, General Manager, Taxation, Origin Energy Ltd

SEATON, Mr Andrew, Chief Financial Officer, Santos Ltd

SEYMOUR, Mr Thomas, Managing Partner, Tax and Legal, PricewaterhouseCoopers Australia

SMITH, Mr Andrew, Country Chair, Shell Australia

THOMSON, Mr Angus, Research Director, Australian Accounting Standards Board

TODD, Mr Brett, National Managing Partner, Tax, Deloitte Touche Tohmatsu

TREMAINE, Mr Lawrence John, Chief Financial Officer and Executive Vice President, Treasury and Taxation, Woodside Energy Ltd

WARDELL-JOHNSON, Mr Grant, Partner in Charge, Australian Tax Centre, KPMG

WATKINS, Mr David, Partner Tax Insights and Policy, Deloitte Touche Tohmatsu

WYATT, Mr Scott, Chief Executive Officer, Viva Energy Australia Pty Ltd

CANBERRA, 21 APRIL 2016

AKHTAR, Dr Shumi, Senior Lecturer in Finance, Business School, University of Sydney

CRANSTON, Mr Michael, Deputy Commissioner, Private Groups and High Wealth Individuals, Australian Taxation Office

HIRSCHHORN, Mr Jeremy, Deputy Commissioner, Public Groups, Australian Taxation Office

JORDAN, Mr Chris, Commissioner of Taxation, Australian Taxation Office

KONZA, Mr Mark, Deputy Commissioner, International, Australian Taxation Office

LANIS, Associate Professor Roman, Associate Professor, University of Technology, Sydney

McCLURE, Mr Ross William, PhD Candidate and Casual Academic, University of Technology, Sydney

WILKINSON, Ms Marian, Journalist, Four Corners, Australian Broadcasting Corporation

ZIRNSAK, Dr Mark Andrew, Spokesperson, Tax Justice Network Australia