

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2014 - 2015

Department/Agency: Treasury

Question: AET 22

Topic: Google Tax

Reference: Hansard page no. 60 - 25 February 2015

Senator: Ketter, Chris

Question:

Senator KETTER: I am going to another matter. Late last year the UK government announced what they called a Google tax, and the Treasurer has indicated an intention to adopt a similar approach in terms of taxing profits assessed as being earned in Australia. What is your view of the government's proposal?

Senator Ronaldson: This is a policy question. This officer is not going to comment on policy. If you are asking me, as the minister at the table, I will take your question on notice, but this officer is not going to be commenting on policy.

Senator KETTER: If I move away from the policy issue, how workable would you believe it is for the Australian government to unilaterally assess the Australian component of a company's—

Senator Ronaldson: That is a good try, but it is the same question asked a different way.

Chair, I think this is a policy issue.

CHAIR: Yes.

Senator Ronaldson: We will either take it on notice, I suspect, or—

Answer:

The Government is determined to maintain the integrity and fairness of Australia's tax system.

Australia has robust and sophisticated laws to deal with tax avoidance by multinational companies. This includes a comprehensive thin capitalisation regime, tough transfer pricing and controlled foreign company laws and an extensive general anti-avoidance rule. Last year, the Government passed legislation to tighten the thin capitalisation regime to stop multinational companies claiming excessive debt deductions.

More information about the Government's plans to combat multinational tax avoidance can be found in the 2015 Budget.