

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2015 - 2016

Department/Agency: Treasury

Question: AET 173

Topic: Multinational Tax Avoidance

Reference: written - 19 February 2016

Senator: Lambie, Jacqui

Question:

173 Over forward estimates what is the predicted total of tax avoided broken down by Australian and multinational companies?

Answer:

173 A Treasury Scoping Paper, 'Risks to the Sustainability of Australia's Corporate Tax Base', released in July 2013, noted that there are significant data limitations around accurately assessing the extent to which Australia's corporate tax base is currently being impacted by base erosion and profit shifting (BEPS) practices. One of the reasons for this includes the difficulty involved with isolating the impact of tax planning strategies from other factors which may also have an impact on corporate tax collections.

The Organisation for Economic Co-operation and Development (OECD) has similarly reiterated that measuring the scope of BEPS is challenging given data limitations. The OECD's best estimate of the global revenue losses arising from BEPS practices is that it could potentially be between 4 per cent and 10 per cent of global corporate income tax revenues (USD\$100 to 240 billion annually).

Despite the difficulty in estimating the level of tax avoidance, the Australian Taxation Office has stated that the majority of companies pay the tax they are required to under Australia's law.