

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2016 - 2017

Division/Agency: Australian Taxation Office

Question No: 197

Topic: Panama Papers

Reference: Written

Senator: Ketter

Question:

1. What progress has been made in addressing issues from the Panama Papers?
2. What have tax authorities agreed to collaborate on in response to the Panama Papers?
3. What action is planned in relation to facilitators of tax evasion and tax avoidance, such as businesses that set up anonymous shell companies?

Answer:

1. The Serious Financial Crime Taskforce undertook the initial overt response to address the Panama Papers in August 2016, 15 unannounced access visits were made using ATO powers in Victoria and Queensland, while the Australian Federal Police executed two search warrants, and the Australian Criminal Intelligence Commission executed one.

The ATO has identified more than 1,300 Australians in the Panama Papers and our enquiries have identified that a large number of these have met their tax obligations. In those cases that they have not, we will take the appropriate enforcement action. Currently, the ATO has more than 300 reviews and audits underway or completed.

So far, 48 taxpayers have either made a disclosure or have indicated they want to come forward and make a disclosure. The amount of omitted income from the 48 disclosures is expected to be in excess of \$28 million.

2. Through Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC) that is sponsored by Commissioner Jordan, revenue authorities share intelligence and collaborate on areas of common concern amongst member countries, including tax avoidance.

JITSIC partner countries met in Paris on 16 and 17 January 2017. Thirty revenue authorities shared their findings on investigations arising from the Panama Papers into the role of tax intermediaries, including financial institutions, advisers, lawyers, and accountants, who facilitate tax evasion and avoidance. The meeting included the largest ever simultaneous exchange of information – based on legal instruments under the OECD and Council of Europe Multilateral Convention and tax treaties.

Since the last meeting significant achievements made, including the development of uniform approaches to requesting information between treaty partners, clearer understanding of the evasion typologies adapted by intermediaries, and new techniques for collating intelligence.

3. The ATO continues to review material obtained during the week of action August 2016 and support the AFP investigations underway.

One of the Serious Financial Crime Taskforce's key initiatives to address offshore tax evasion include identifying facilitators onshore and offshore – including banks, lawyers and financial advisors, intermediaries and where appropriate, using the Commissioner's formal access and information gathering powers but also those of the broader Commonwealth Agencies.

The ATO has identified over 200 Australians linked to one particular service provider who is located in Hong Kong.

The JITSIC meeting in January 2017, focussed on intermediaries, with member countries pooling evidence on key intermediaries sourced through domestic efforts such as data analytics, voluntary disclosures, interviews with taxpayers and key documentation. JITSIC will continue to draw on these intelligence sharing activities and the data that is shared to focus on the tax risks present in the panama papers data set and the broader risk posed by facilitators of these arrangements.