

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: ATO

Question: BET 155-162

Topic: Untaxed earnings

Reference: Written – 12 June 2015

Senator: Xenophon, Nick

Question:

155. What is the ATO's current estimate of combined un-taxed earnings by tech giants Google, Microsoft, Apple, Adobe et al?

156. I note that pharmaceutical giant Pfizer filed its Australian company accounts last month with the corporate regulator and appears to have paid \$1.5 million in tax on operating cash flows of \$1.4 billion (see <http://www.smh.com.au/business/federal-budget/federal-budget-2015-time-for-multinationals-to-pay-the-piper-20150511-ggz3eh.html>).

Without speaking about individual tax payers, what is ATO's estimate of the tax minimisation/avoidance of multinational pharmaceutical companies in Australia each year?

157. In terms of a "top three" sectors for large scale tax minimisation – what are your top three sectors which account for most tax minimised / avoided? Pharma; tech; minerals.

158. Number 1?

159. Number 2?

160. Number 3?

161. What is the current status of ATO's investigation of BHP Billiton's use of Singapore-based hubs to shift earnings off shore?

162. What is the Australian tax effect of a US\$1 drop in the iron ore price?

Answer:

155. The ATO does not have an industry-wide estimate of untaxed earnings of multinational technology enterprises.

156. The ATO does not have an estimate of tax minimisation/avoidance in relation to the pharmaceutical industry.

157-160.

The ATO does not have industry-wide estimates of tax minimised/avoided in the three listed industries.

161. Due to the confidentiality provisions in Division 355 of Schedule 1 to the *Taxation Administration Act 1953*, the ATO is unable to disclose information concerning the taxation affairs of individual taxpayers.

*162.

Table 4: Sensitivity Analysis of Iron Price Movements^(a)

	US\$38/tonne FOB ^(b) spot price		US\$58/tonne FOB spot price	
	2015-16	2016-17	2015-16	2016-17
Nominal GDP (\$billion)	-9.8	-13.4	9.8	13.4
Tax Receipts (\$billion)	-2.1	-4.4	2.1	4.4

(a) Key aggregates are shown relative to the 2015-16 Budget iron ore spot price forecast of US\$48/tonne and based on an exchange rate assumption of 77 US cents.

(b) FOB is the free-on-board price which excludes freight costs.

Source: Treasury.

*Response provided by Treasury.