

Thursday 17 December 2015

Mr Turnbull: Why does the average Australian pay more tax than billion dollar companies?

Today's release of ATO corporate tax figures shows how unfair the tax system has become, with 579 large public and foreign companies in Australia paying no tax last year. The responsibility for billions of dollars in lost corporate tax revenue falls on Australian working families.

The average Australian would be stunned to learn that they pay more tax in their own personal tax return than ten companies with income of more than \$100 million each, and there are a further 579 companies who paid no tax at all in 2013-14.

Cleaning company Spotless Group made around \$2.2 billion, but paid no tax. That means that the cleaners at Spotless are paying more tax than the company.

If the Turnbull Government can't see how unfair that is, then you have to ask whether there is something preventing them from seeing what is plain to everyone else.

In the last five years, tax revenue from business shrank from 23 per cent to less than 19 per cent, while individual tax increased from 37 per cent to 39 per cent.

Australians are doing all the heavy lifting because so many big companies are able to avoid their tax responsibilities and it's time the loopholes were closed and tax dodgers vigorously pursued.

But instead of closing corporate tax loopholes, the Turnbull Government is choosing to take more from working families, pursuing unnecessary cuts to health services and planning a big new tax on everything by increasing the GST.

We don't have a spending problem, we have a revenue problem. Driving the revenue problem is the Government's refusal to make companies pay their fair share of tax.

Facts

Australia is a low taxing country, third lowest amongst OECD countries, with total tax revenue as a percentage of GDP at 27.3 per cent, well below the average of 35.5 per cent.

A report for United Voice and the Australian Tax Justice Network, it is estimated that if all ASX200 companies paid the full rate of company tax, the Federal Budget could have an additional \$8.4 billion each year.

Australia's oil and gas industry have amassed more than \$156 billion in Petroleum Resource Rent Tax (PRRT) credits. Due to PRRT loopholes, this massive increase in profit will not result in any additional tax revenue being collected by the Government.

Suggested areas of tax reform:

- Increase fines for tax evasion and extend laws to effectively cover the full range of corporate tax avoidance strategies.
- Eliminate or restrict the use of stapled securities for tax arbitrage, according to global norms.
- Ensure the Australian Tax Office is adequately funded and staffed.
- Require large corporations to provide more public disclosure and transparency.
- Lead the G20 to adopt tough and effective global rules to combat corporate tax dodging.
- Support the OECD's Action Plan on Base Erosion and Profit Shifting and pressure secrecy jurisdictions to end their status as such through effective cooperation with other governments to combat tax evasion, tax avoidance and money laundering.
- Support the automatic exchange of information on tax matters between tax authorities of different countries, with appropriate safeguards, and follow through on its commitment to

implement automatic exchange of information on tax matters into Australian law.

- Require greater transparency from multinational corporations, including country-by-country reporting. Consolidated annual reports should include revenues, profits, staffing levels and taxes paid in each country in which they operate or have subsidiaries.

Quotes attributable to ACTU President Ged Kearney

“Today’s figures make it plain that Australia doesn’t have a spending problem we have a revenue problem, driven by corporate tax avoidance.”

“The Government’s unfair cuts to health and other services, as well as a proposed increase to the GST, are completely unnecessary if corporate tax loopholes are closed.”

“The question for Malcolm Turnbull is whether he is too afraid to go after his friends at the big end of town.”

“Mr Turnbull has to decide whether he wants to address the budget deficit by going after corporate tax dodgers and closing corporate tax loopholes, or will he continue to take from working families, with cuts to health and other services and an increased GST.”

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