



Budget 2016



Tax Avoidance Taskforce

The Government will establish the Tax Avoidance Taskforce within the Australian Taxation Office (ATO). This enhances and extends the current compliance programs targeting multinationals, large public and private groups operating in Australia as well as high wealth individuals.

Establishing the Taskforce

The Government will establish the Tax Avoidance Taskforce within the ATO.

The Taskforce strengthens the Government's efforts to ensure that every multinational company, public and private company operating in Australia and high wealth individuals pay the right amount of tax.

Most Australians do the right thing which means it is important to pursue those who don't. Deliberate tax avoidance hurts the economy, erodes the tax base and forces families, small business owners and honest companies that do the right thing to shoulder more of the tax burden.

Why do we need a new Taskforce?

Increased globalisation and the emergence of new business models driven by technological innovation have resulted in the international tax environment becoming increasingly complex.

Australia is playing a key leadership role in developing global solutions to multinational tax avoidance, including information sharing. The establishment of the Taskforce will increase our capacity to identify tax avoidance and work with other countries to combat tax evasion and tax avoidance.

Panama papers

The recent leaked information from the Panama law firm Mossack Fonseca (known as the 'Panama papers') has attracted considerable attention regarding the ability of some high wealth individuals to use complex structures to evade tax.

The Government takes tax evasion very seriously. Australia and the ATO are supported by our strongest

ever domestic tax laws. The Tax Avoidance Taskforce will directly target compliance cases against those exposed by the Panama papers.

The details

Under the Taskforce the Turnbull Government will provide the ATO with \$679 million in additional funding over four years to expand their capacity to track down and deal with tax cheats.

This initiative enhances and extends current compliance activities targeting large multinationals, private groups and high-wealth individuals to 30 June 2020, and will feature the collective efforts of over 1,000 experts, including 390 new specialised officers.

The Taskforce draws together the ATO's current work addressing the tax affairs of multinationals, large public and private groups and high wealth individuals into a single, targeted program overseen by the Tax Commissioner and assisted by a panel of eminent former Judges.

Taskforce Operations

- The ATO has been given additional funding to increase its audit and investigation teams dedicated to addressing international tax risks and focusing on high wealth Australians, trusts and tax scheme promoters.
- The Tax Avoidance Taskforce will be led by the ATO Commissioner of Taxation, Chris Jordan, and gives the Commissioner even more capacity and significant new resources to get on with the job, secure more revenue for the Australian community and bring tax cheats to account.

- The Commissioner will provide regular progress reports to Government to provide transparency to the Australian community, with the first report to be provided before the end of the year.
- The Australian Government is a world leader in its approach to cracking down on multinational tax avoidance and these reports will show the public the work underway in Australia to ensure multinationals and high wealth individuals are paying the right amount of tax.
- External experts will be appointed to play a critical role in supporting the Taskforce, including the formation of a panel of eminent former Judges. The panel will review proposed settlements with the ATO to ensure they are fair and appropriate.
- The Taskforce will have a critical role in delivering on the OECD/G20 Base Erosion and Profit Shifting recommendations released in October 2015.
- As part of the work of the Taskforce, the ATO will be testing the law through Court cases where there is deliberate tax avoidance.

International Efforts

- Some of the challenges Australia faces are common across the world and coordinated international efforts are underway to address the global threat of tax avoidance in borderless economies.
- The ATO will continue to work collaboratively with international partners to share information and progress global solutions.

Past compliance programs

Past compliance programs have raised substantial tax liabilities in the past and instilled public confidence in the integrity of the tax system.

The current International Structuring and Profit-Shifting program has raised over \$422 million in tax liabilities to date. The high wealth individuals and private groups program has delivered tax collections in the order of \$4 billion since its inception in 1996.

The ATO's Project Wickenby compliance program, established in 2006, focussed on international tax evasion, and raised \$2.3 billion in tax liabilities through over 4,500 audits, and resulted in 46 convictions.

Last year the Government committed \$127.6 million (from 2015-16) to fund a Serious Financial Crime Taskforce. Since the commencement of the Taskforce in July 2015, over \$110 million in liabilities have already been raised. The ATO's involvement in this cross-agency Serious Financial Crime initiative will complement the work of the new Tax Avoidance Taskforce.

This Tax Avoidance Taskforce is expected to raise \$3.7 billion in tax liabilities over four years. Besides the liabilities raised, the Taskforce will also deter taxpayers from attempting to avoid their tax obligations. This is essential in maintaining the integrity of the Australian tax system.

Benefits

- The Taskforce will have far-reaching benefits. Those seeking to do the wrong thing will be left with no doubt that tax avoidance is not tolerated by the Government.
- The establishment of this Taskforce sends the message to tax evaders that there is nowhere to hide. Tax cheats will be tracked down and face the full force of the law.
- The Taskforce will have a material impact on the budget as the ATO raises \$3.7 billion in tax liabilities against tax cheats, putting money back into the system and into the community.
- Importantly, it will also change behaviour by deterring taxpayers from entering into aggressive tax planning schemes, contributing to higher tax collections generally.