

Media Release

Pre COVID-19 Tax Transparency Data Confirms the Importance of the Large Corporate Sector in Australia's Ongoing Recovery Process

"Confirmation today of the \$56.1 billion contribution large corporates made to Australia's tax revenue in the pre COVID-19 year of 2018-19 is a timely reminder of the crucial role a strong large corporate sector will play in Australia's long term recovery from the cost of COVID-19," Corporate Tax Association's (CTA) Executive Director Michelle de Niese said today.

"In reviewing the 2018-19 transparency data, we once again remind commentators, as noted by the ATO, that **all businesses, including large businesses:**

- pay tax on their **taxable income** (i.e. net of deductible expenses), not on their 'total income' or turnover;
- do not pay tax when they do not make a profit;
- can deduct prior year losses against current year taxable income; and
- can claim tax offsets, such as the R&D incentive which legitimately reduce the tax payable.

"And like all businesses, not paying tax in a particular year or over a number of years, does not equate to tax avoidance or that our tax rules are full of loopholes. Commentators who ignore these facts and suggest that companies who do not pay tax in a particular year or over a number of years are engaging in tax avoidance are presenting an inaccurate and often patently false picture of the level of compliance by large corporates operating in Australia.

"As the ATO has reminded commentators today, any large business listed in the report that has not paid tax over a number of years will have been subject to ATO scrutiny. Where the ATO believes the tax profile of the large business in question does not align with the Australian corporate tax rules, it will, and does, deploy further resources to that business and will challenge any aspect of its tax profile that, in the ATO's view, results in that large business not paying the right amount of tax. The public should take heart in the fact that no other sector in the economy is more compliant or is as heavily scrutinised by the ATO than large corporates – as it should be.

CTA Transparency Publications

"In recognition of the ongoing public interest in corporate transparency, the CTA has released updated versions of two publications which complement and explain the data released today.

"The CTA's publication [Public tax transparency - what the numbers do and don't mean](#) provides some crucial context around the published data released today and what it means in the context of Australia's corporate tax system. The CTA's aim in releasing this publication is twofold - to make the numbers more meaningful to the public and to reduce opportunities for misinformed commentary around what these numbers mean in isolation.

"Those that seek to comment on the data released by the ATO today should do so in a way that considers what these numbers mean in the context of our corporate tax system.

"The CTA's second publication [Tax Transparency - where Australia currently stands](#) is aimed at providing the public with a snapshot of the level of disclosure large companies are already complying with in Australia, which is leading the world in terms of corporate transparency measures.

"Large corporates can rightly be expected to meet their tax obligations in an open and transparent manner. They also have the right to expect that disclosures of data which are intended to contribute to the public understanding of their tax position are not reported in an intentionally misleading or inaccurate manner."

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Media Contact – Michelle de Niese, ph: 0402 471 973