

Media Release

Tax Transparency Data Confirms the Large Corporate Sector Income Tax Contribution Continues to Grow

"Confirmation today of the \$68.6 billion contribution large corporates made to Australia's income tax revenue in 2020-21 is a timely reminder of the crucial role a strong large corporate sector plays in Australia's finances despite COVID and lockdowns," Corporate Tax Association's (CTA) Executive Director Michelle de Niese said today.

"The release today of the eighth annual report on entity tax data has been accompanied by confirmation from the ATO that its significant investment in assuring large corporates pay the right amount of tax has been met with an equivalent investment from the large corporate sector.

"Confirmation from the ATO of the high levels of compliance in the large corporate sector is an inconvenient truth for those commentators looking for a sensationalist story around large corporate tax compliance. Whether you look to the record breaking contribution by the large corporate sector as confirmed in corporate tax transparency data, or the fact that 85% of the largest businesses in Australia have obtained either a high or medium assurance rating from the ATO, the story is the same - the vast majority of large corporates operating in Australia do the right thing and pay the right amount of tax. For those few in the minority that do not, the public can take heart in the fact that they will feel the full weight of comprehensive and intensive review from the ATO.

"In reviewing the latest 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 gross 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 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 additional 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."

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. The ATO has confirmed today that the vast majority are doing just that."

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