

Media Release

Large corporates pay a record \$97.9 billion in income tax

“Income tax paid by large corporates continues to be a significant source of government revenue with corporate entities having more than \$100 million turnover paying a record \$97.9 billion in income tax in 2022-23,” Corporate Tax Association’s (CTA) Executive Director Michelle de Niese said today.

“Today’s tenth release of the Corporate Tax Transparency Report is a timely reminder of the crucial role a strong large corporate sector plays in Australia’s finances and how crucial it is that Australia has a competitive tax system.”

The \$97.9 billion in income tax paid (an increase of \$14.1 billion over 2021-22) is significant when compared to Australian government expenditure during the same period, where \$83 billion was spent on assistance to the aged, \$69 billion was spent on assistance to those with disabilities, \$45 billion was spent on education, and \$41 billion spent on defence.

“Whether you look to the income tax contribution by the large corporate sector or the fact that 84% of the largest businesses 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 correct amount of tax.”

“While the ATO’s engagement with the large market plays a role in assuring the corporate income tax revenue stream, the vast majority of tax is collected voluntarily. The ATO’s latest income tax gap figures show the gross and net income tax gaps in percentage terms are smaller for large business than for medium business, small business and individuals. The reality is both before and after ATO intervention, large business is the most compliant taxpayer group.”

“For those few in the minority that do not, the public can be confident that they will feel the full weight of comprehensive and intensive review from the ATO, and the application of the toughest tax integrity rules in the developed world,” Ms de Niese said.

“In reviewing the transparency data, we once again remind commentators that all businesses:

- pay tax on their taxable income (which is net of allowable deductions), not 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.”

“And like all businesses, **not paying tax in a particular year does not equate to tax avoidance.**” Ms de Niese said.

“It can be misleading to talk about 31% of entities having nil tax payable. Many single entities are members of tax paying groups. The ATO notes that of the 21% of economic groups that do not have a tax liability:

- 10% incurred a current year accounting loss
- 6% utilised prior year tax losses
- 4% incurred current year tax losses
- 1% utilised tax offsets such as the R&D incentive.

These outcomes reflect the proper workings of Australia’s tax law and relevant accounting standards and are not evidence of tax avoidance,” Ms de Niese said.

In recognition of the public interest in tax transparency, the CTA has released three publications, which complement and explain the data released today:

- [How the Australian company tax system works](#)
- [Public Tax Transparency - What the numbers do and don't mean](#)
- [Tax Transparency - Where Australia currently stands](#)

“The CTA’s publication of these documents provides crucial context around how Australia’s company tax system works and what the published data means in the context of Australia’s corporate tax system. It is critical that commentary on today’s release reflects these facts.”

“The Australian tax system is designed so that tax is paid on taxable income. The determination of taxable income looks at your circumstances for the current year and adjusts where you have legitimate prior year losses or where you can claim offsets provided. These rules apply to all businesses including large corporates,” Ms de Niese said.

1 November 2024

Media Contact: Simon Staples – 0403 152 157