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ATO TAX REPORTING JUST ANOTHER CASE OF WASTEFUL RED TAPE: IPA

The Australian Taxation Office's disclosure of large private company tax information does not meaningfully add to public transparency about the tax system and should be scrapped, according to free market think tank the Institute of Public Affairs.

"The ATO information on taxes paid by more than 300 large Australian owned private companies has only just come out today, but has already been misinterpreted in the public domain to suggest firms are avoiding their tax obligations," says Dr Mikayla Novak, Senior Research Fellow at the Institute of Public Affairs.

"Media headlines that suggest major companies are paying no tax ignore even the Tax Commissioner's advice that no tax paid does not necessarily mean tax avoidance."

"Companies are well within their rights to use tax deductions available to them to offset the costs of costly investments, such as research and development spending, and these tend to reduce their tax liabilities."

"However, this fundamental feature of the corporate tax system, and the fact the ATO very closely monitors the activities of large corporates to ensure tax compliance, is being ignored."

"Fanning the flames of the populist politics of envy, the ATO corporate tax transparency report is actually working against the objectives of promoting tax transparency and should be abolished," says Dr Novak.

The ATO tax reporting obligations are only a small part of the breathtaking litany of regulatory reporting obligations borne by businesses operating in Australia, including mandatory gender reporting and compliance with environmental, workplace and other standards.

"In the lead up to the next federal election, both major parties should commit to a comprehensive regulatory review including a major reduction in reporting and other paperwork obligations," says Dr Novak.

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