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## Tax avoidance

Information about how we identify and address tax avoidance.

### **Understanding tax schemes**



How we identify and stop tax avoidance.

### **Tax Avoidance Taskforce**



How the Tax Avoidance Taskforce ensures that the largest and wealthiest taxpayers pay the right amount of tax.

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Our commitment to deterring, detecting and dealing with tax crime.

### **Shadow economy**



Explains what the shadow economy is and how it affects all Australians.

### **International Exchange of Information**



An overview of all Exchange of Information (EOI) mechanisms that we have in place.

QC 100173

# Tax Avoidance Taskforce

How the Tax Avoidance Taskforce ensures that the largest and wealthiest taxpayers pay the right amount of tax.

Last updated 22 January 2025

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## About the Tax Avoidance Taskforce

The Tax Avoidance Taskforce (taskforce) aims to prevent, detect and address tax avoidance to ensure the largest and wealthiest taxpayers pay the right amount of tax in Australia. Formed in 2016, it enhances and extends our existing activities to eradicate illegal and fraudulent tax arrangements.

In Australia, most large companies comply with their tax obligations. Our latest estimates show that the largest companies are paying more than 93% of their tax voluntarily, increasing to nearly 96% after our compliance activity. Our aspiration is to increase this to 96% correct at lodgment and 98% after our compliance activity.

The taskforce aims to:

- detect tax avoidance to ensure large businesses and wealthy groups and individuals contribute the right amount of tax in accordance with the law
- help private and public groups, and their advisers and intermediaries, comply with their obligations by providing timely and tailored guidance on key topics
- increase transparency about how we administer the tax system
- develop a better understanding of the environment taxpayers operate within
- improve our resources and capabilities to identify and address tax avoidance
- implement targeted strategies to efficiently and effectively pursue outstanding debt amounts
- keep the community informed of our work by publishing latest reports and key highlights of activities completed
- work with the Treasury to help develop new legislative policies and improve current legislation
- improve taxpayers' understanding of the law through communication, guidance and seeking opportunities to clarify the law through strategic litigation.

The efforts of the taskforce have also contributed to positioning the ATO as an international leader in championing effective global multinational tax compliance at the [OECD's Forum on Tax Administration](#) .

## **Taskforce populations**

The taskforce has a strong focus on the Top 100 and Top 1,000 public and multinational businesses and the Top 500 privately owned groups. These groups are responsible for generating more than two-thirds of all corporate tax. The taskforce's tax assurance and compliance program also covers the Next 5,000 high wealth private groups that control net wealth exceeding \$50 million and public and multinational businesses outside of our justified trust programs.

Over time we have expanded our coverage to include:

- medium and emerging public and multinational businesses and privately owned groups
- individuals and intermediaries involved in high-risk trust arrangements
- taxpayers with deliberate structural concealment
- advisers actively identified as influencing compliance behaviour.

We now also include limiting deductions for certain debt and intellectual property from offshore, increased transparency arrangements and private equity deals.

We are also focused on targeting **promoters of tax schemes** and other intermediaries who support or promote unlawful tax schemes and strategies.

## **Taskforce funding**

The Australian Government funded the taskforce providing \$679 million over 4 years in 2016. In the 2019–20 federal Budget, a further \$1 billion extended the operation of the taskforce to 2022–23. This extra funding was used to expand our risk, assurance, and compliance strategies. It also increased our coverage across multinationals, public groups, private groups, wealthy Australians, and inappropriate trust arrangements, including those that advise this population.

In the March 2022 Budget, the taskforce was extended for a further 2 years to 2024–25, with additional funding of \$652 million.

Further to this funding, and in acknowledgment of the success of the taskforce, the October 2022 Budget extended and expanded the taskforce through to 30 June 2026 with a total of \$1.1 billion of extra funding over the 4-year period. This funding was provided to expand our coverage and includes new focus areas such as private equity.

The May 2024 Budget announcement further extended the taskforce to 30 June 2028 with an additional \$1.2 billion in funding.

## **Tax Avoidance Taskforce making a difference**

The taskforce is our most significant compliance program and has exceeded its revenue commitments.

From 2016 to 30 June 2024, it has helped secure around \$32.4 billion in additional tax revenue and raised \$38.7 billion in tax liabilities from large public groups, multinationals, wealthy individuals and private groups. These efforts help ensure that tax revenue is appropriately collected and contributes to the wellbeing of the Australian community.

The taskforce was instrumental in moving several large oil and gas companies into a tax payable position. Oil and gas companies contributed tax revenue of \$4.4 billion, which was secured from public and multinational businesses for the 2022–23 financial year. Some oil and gas companies are now among the biggest taxpayers in Australia.

We welcome the transparency of the companies that have publicly stated they have settled their tax affairs with the ATO.

## Results

As of 30 June 2024, the taskforce has helped us raise \$38.7 billion in tax liabilities since it began on 1 July 2016.

In this period, the taskforce has helped:

- raise \$22.8 billion in tax liabilities from public groups and multinationals
- raise \$15.9 billion in tax liabilities from privately owned and wealthy groups
- collect a total of \$21.9 billion in cash.

This revenue is used by the Australian Government to fund essential services, which may include education, health, and other community services.

The 2023–24 Tax Avoidance Taskforce highlights have further results for the last financial year.

## Engagement and assurance

Compliance programs and other engagements with the taskforce populations work to ensure taxpaying businesses and individuals

comply with Australian tax laws and pay the right amount of tax. The programs funded by the Tax Avoidance Taskforce include:

- Base Erosion and Profit Shifting – BEPS Action Plan
- Base Erosion and Profit Shifting – hybrid mismatch rules
- Base Erosion and Profit Shifting – Automatic exchange of information
- Commercial deals
- Criminal Law Program
- Diverted profits tax
- Foreign investment program
- International Risk Private Groups
- International Risk Public Groups
- Medium and emerging private groups tax performance program
- Medium and emerging public groups tax performance program
- Next 5,000 private groups tax performance program
- Private Equity
- Privately owned and wealthy groups
- Privately owned groups adviser strategy
- Public and multinational businesses adviser strategy
- Public business and international groups
- Tax schemes
- Top 100 justified trust program
- Top 500 private groups tax performance program
- Top 1,000 combined assurance program
- Top 1,000 Next Actions Program
- Trusts program
- Wealth program

## Findings reports

We provide regular updates to the community on our work, including detailed findings reports for:

- Top 100 income tax and GST assurance programs
- Reportable tax position – public and multinational businesses
- Top 1,000 income tax and GST assurance programs
- Top 500 private groups tax performance program
- Next 5,000 private groups tax performance program
- Public and multinational business settlements
- Public and multinational business advice and guidance program

Other updates include:

- Corporate tax transparency
- Business bulletins newsroom

## Legislation

The taskforce assists implementation of legislation to ensure businesses pay the right amount of tax in Australia. Examples include:

- Multinational anti-avoidance law (MAAL)
- Diverted profits tax (DPT)
- Country-by-country reporting (CBC)
- General purpose financial statements (GPFS)
- Foreign Account Tax Compliance Act (FATCA)
- Common Reporting Standard (CRS)
- Multilateral Instrument (MLI)
- Significant global entities – penalties
- OECD hybrid mismatch rules
- Strengthening the foreign resident capital gains tax regime

## Report schemes or concerning behaviour

Schemes or concerning behaviour can be confidentially reported to us by:

- completing the **tip-off form** on our website or in the ATO app 'contact us' section
- phoning our tip-off hotline on **1800 060 062**.

## Join us

Be part of the Tax Avoidance Taskforce and help to prevent, detect and address tax avoidance to ensure the largest and wealthiest taxpayers pay the right amount of tax in Australia.

We are looking for the best and brightest! A career at the ATO provides challenging, interesting, and diverse opportunities for you.

The work you do will be meaningful, rewarding and make a difference to the lives of Australians.

Find out about the **tax and data specialist** roles we have on offer.

### Tax Avoidance Taskforce highlights 2023–24



The Tax Avoidance Taskforce summary, highlights and focus areas for the 2023–24 financial year.

QC 52477

## Tax Avoidance Taskforce highlights 2023–24

The Tax Avoidance Taskforce summary, highlights and focus areas for the 2023–24 financial year.

**Published** 1 November 2024



## On this page

[Key highlights for 2023–24](#)

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The Tax Avoidance Taskforce (taskforce) continued to meet and exceed commitments to Government. The May 2024 Budget announcement acknowledged the ongoing success of the taskforce by further extending it to 30 June 2028 with an additional \$1.2 billion in funding.

With taskforce intervention, large businesses and multinationals are committing to long term behavioural change. This means taxpayers are shifting their tax position with increasing revenue being taxable in Australia, giving us greater assurance of the integrity of the tax system.

Throughout the year, the taskforce reached further into populations such as the medium and emerging public companies and private groups populations. The taskforce also developed new programs to engage with taxpayers early and address new and emerging risks.

Our engagements with large public groups, multinationals and privately owned and wealthy groups have generated total revenue effects of around \$32.4 billion since July 2016, with taskforce funding helping to generate around \$20.8 billion as at 30 June 2024. This includes results from collections from audit actions and our preventative actions and sustained compliance.

In 2023–24, our compliance efforts in this population secured \$5.7 billion in additional tax revenue from these groups.

## Key highlights for 2023–24

- We succeeded in the Full Federal Court decision of *Singapore Telecom Australia Investments Pty Ltd (SingTel) v Commissioner of Taxation* [2021] FCA 1597. This decision confirmed that SingTel claimed a transfer pricing benefit for deductions based on interest paid on loans between 2 of its subsidiaries regarding its acquisition of Optus in 2002.
- We welcomed an announcement from SGSP (Australia) Assets Pty Ltd (trading as Jemena) to the Singapore Exchange regarding our

settlement resolving a dispute in relation to \$800 million convertible instruments entered in 2015.

- The taskforce was instrumental in moving several large oil and gas companies into a tax payable position. Oil and gas companies contributed tax revenue of \$4.4 billion which was secured from public and multinational businesses for the 2022–23 financial year. Some oil and gas companies are now among the biggest taxpayers in Australia.
- *The Treasury Laws Amendment (Making Multinationals Pay Their Fair Share – Integrity and Transparency) Act 2024*, containing the thin capitalisation amendments, received royal assent in April 2024. The taskforce will support the implementation of this legislation.
- We succeeded in *Merchant v Commissioner of Taxation* [2024]. The court ruled that there was an additional \$40 million in tax owed in relation to dividend stripping in 2015.

## Media releases

See our recent media releases:

- ATO lodges application in Federal Court against former EY tax partner
- ATO secures additional \$6.4 billion from large corporates
- ATO settles dispute over Singapore hub
- Report reveals record tax paid by large corporates
- ATO successful in SingTel case
- ATO welcomes SGSP (Australia) Assets Pty Ltd (Jemena) settlement
- Advisers setting the standard for integrity

QC 103331

## Shadow economy

Explains what the shadow economy is and how it affects all Australians.

**Last updated** 8 October 2024

The shadow economy affects all Australians. It refers to legal and illegal economic activity that is not reported or taxed.

Although most people do the right thing, some people and businesses deliberately avoid paying the right amount of tax. Those who participate in the shadow economy reduce the funds available for essential community services, such as:

- health care, including Medicare and hospitals
- disaster response, for example, during bushfires, floods, droughts, public health emergencies
- education, including schools and teachers
- transport and infrastructure, including airports, roads and railways.

For details on how this affects everyone, see [The shadow economy explained](#).

The ATO is committed to tackling the shadow economy and creating a level playing field – see [The whole-of-government shadow economy action plan](#).

Those participating in the shadow economy continue to fuel it – regardless of the monetary value of the activity or whether they're a consumer, business or employee.

By doing the right thing, you can help protect Australia from the shadow economy and keep the system fair for everyone – see [What you can do](#).

## **The shadow economy explained**



What the shadow economy is and how it undermines Australian society.

## The whole-of-government shadow economy action plan



The ATO is part of a whole-of-government response to the shadow economy.

## What you can do



How you can help protect Australia from the shadow economy.

## In detail



Detailed information about the shadow economy.

QC 58310

# The shadow economy explained

What the shadow economy is and how it undermines Australian society.

**Last updated** 8 October 2024

The shadow economy refers to legal and illegal economic activity that is not reported or taxed.

Shadow economy activities are not victimless crimes. They have harmful consequences such as:

- workers missing out on their entitlements (for example, proper wages, leave or employee protection)
- honest businesses being undercut by dishonest businesses that don't pay the tax or superannuation they're supposed to
- criminals operating business models outside regulatory systems, and funding organised crime.

The shadow economy puts pressure on Australians who are doing the right thing. It also has broader impacts on our community by reducing

funds for essential services such as health, education, transport and infrastructure, and funding for disaster response and other community services.

Shadow economy behaviours include:

- demanding or paying for work cash-in-hand to avoid obligations
- not reporting or under-reporting income
- underpayment of wages
- visa fraud and bypassing visa restrictions
- identity fraud
- ABN, GST, and duty fraud
- dealing in illegal drugs and tobacco
- sham contracting – presenting an employment relationship as a contracting arrangement
- illegal phoenixing – liquidating and re-forming a business to avoid obligations
- excise evasion
- money laundering
- unregulated gambling
- dealing in counterfeit goods.

QC 58364

## **Whole-of-government shadow economy action plan**

The ATO is part of a whole-of-government response to the shadow economy.

**Last updated** 8 October 2024

In December 2016, the government established a taskforce to develop an innovative, multi-pronged policy response to combat the shadow

economy in Australia.

At the time, the taskforce estimated the economic impact of the shadow economy could be as large as 3% of GDP or approximately \$50 billion. In 2018–19, the overall tax gap was estimated to be around \$33.5 billion or 7.3%. In response to the recommendations of the [Taskforce final report – October 2017 \(PDF, 7.7MB\)](#), the government announced a whole-of-government package for tackling the shadow economy. We have an important role in implementing many of these recommendations.

By 30 June 2024 (6 years after the program started), we had raised an additional \$7.9 billion from new and enhanced enforcement strategies and implemented several new measures. These include:

- removing tax deductibility of non-compliant payments
- expanding the Taxable payments annual report requirements into new industries
- increasing the integrity of the Commonwealth procurement process
- collecting tobacco duties and taxes at the Australian border
- establishing the cross-agency Shadow Economy Taskforce addressing shadow economy activities.
- establishing the new Tax Integrity Centre (making it easier to make a tip-off) – a single point of contact to report suspected or known illegal activity or behaviour of concern.

For information on how we estimate and reduce the small business income tax gap, see [Small business income tax gap](#).

QC 58365

## What you can do

How you can help protect Australia from the shadow economy.

**Last updated** 27 March 2019

Most Australians are honest and compete fairly. They also believe it's unfair for others to gain a competitive advantage by intentionally doing the wrong thing.

The everyday choices and actions of all Australians make a dramatic difference to the growth and resilience of the shadow economy. The following behaviours fuel the shadow economy:

- asking for or accepting a cash discount
- not getting or providing receipts for services
- incorrectly claiming deductions
- not keeping proper tax records.

The community can have confidence that we will actively deal with those intentionally doing the wrong thing.

If you suspect tax evasion or shadow economy behaviour, we encourage you to report it by calling **1800 060 062** or online at [ato.gov.au/tipoff](https://ato.gov.au/tipoff). Reporting is strictly confidential and can be anonymous.

Remember, it's everyone's responsibility to keep the system fair.

QC 58367

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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