

TAX-BLUDGERS: RICHEST FIRMS PAY ZERO

by Don Pagé, www.woronoravalley.com 22 February 2018

As the Federal Turnbull Government inches towards a lower corporate tax rate, our richest companies have paid nothing for years while PAYE workers continue to do the heavy lifting.

The money of ordinary citizens keeps the Government solvent, while high-flying CEOs skim the cream off their companies with mega-salaries and big bonuses, according to latest revelations. The corporate giants which have paid nothing for years in tax include big airlines like Qantas, big banks, Energy Australia, and Rupert Murdoch's News Corp (article below). Wage-earners pay tax on income, while companies pay tax on profit. Creative accountants then use a vanishing act to turn something into nothing. Qantas paid no tax on \$106 billion in earnings since 2009, not the 30% due.

TREASURER'S "TRICKLE " DUE SOON

Federal Treasurer Scott Morrison (a shire MP for Cook) is the prime mover, and copies the example of American President Donald Trump, who cut US corporate tax recently as a favour for donors to his expensive election campaign.

In essence, "trickle-down economics" means that more French champagne consumed by executives will then shower benefits on ordinary staff below, as it works through the system.

The high-flying Qantas boss Alan Joyce (photo) is leading the push on Treasurer Morrison to reduce corporate tax to 25pc. His argument rings hollow while Australia's biggest firms pay no tax at all on massive incomes, despite the theoretical percentage owed.



The real effect is to allow lesser companies into the no-tax club. By using complex laws, generously crafted by our Federal MPs, the big fish swim through giant holes in the tax net. Payment becomes optional.

Companies shift Australian earnings to offshore havens, launder them vigorously and claim that no tax is due here because it was paid at a bargain rate in Ireland, Bermuda or Virgin Islands. The Qantas boss happens to be Irish.

A simple solution is that if income earned in Australia was taxed in Australia instead of overseas, then Treasurer Morrison would have a bonanza in Canberra's coffers.

Despite Mr Joyce's claims that Qantas has paid no tax for a decade because of losses suffered, the company's share price continues to rise. Dividends are deducted before tax.

Despite a decade of technical losses, Qantas has boasted of its "best financial performance in its 96-year history in 2016" under Mr Joyce.

<https://www.theguardian.com/australia-news/2017/dec/21/scott-morrison-says-australia-needs-tax-cuts-to-offset-hit-from-us-cuts>

Our Federal MP Craig Kelly is on email at Craig.Kelly.MP@aph.gov.au

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<https://thenewdaily.com.au/money/finance-news/2018/02/14/australias-largest-companies-corporate-tax-10-years/>

Australia's largest companies paid no corporate tax in 10 years

By Emma Alberici, Feb 14, 2018

Qantas CEO Alan Joyce, one of the most prominent supporters of the Turnbull government's proposed big-business tax cut, presides over a company that has not paid corporate tax for almost 10 years.

The decade roughly coincides with Mr Joyce's tenure at the helm of Australia's flag carrier.

Despite generating income of \$106.4 billion, the flying kangaroo has [avoided paying tax on that bounty since 2009](#), thanks to Australia's generous tax concessions, depreciation provisions and the ability to offset company losses against past and future profits.

New analysis by the ABC reveals Qantas is not alone – its tax behaviour is consistent with about 380 of Australia's largest companies.

ATO corporate tax data – confirmed in email exchanges with company representatives – reveal about one in five of the country's biggest companies have paid no tax for at least the past three years.

High-flyers land no tax

Not one of Australia's biggest airlines has paid corporate tax since at least 2013, including Virgin and its subsidiary Tigerair, Etihad, Emirates and Qatar.

Each one of those companies has sold billions of dollars worth of tickets in Australia.

When asked for an explanation, both Qantas and Virgin pointed the ABC to their historical losses and the entirely legitimate use of Australia's tax laws that allow them to offset those losses against future profits indefinitely.

Both companies were at pains to point out that, notwithstanding their zero corporate tax liabilities, they had continued to collect and pay departure taxes, fuel and alcohol excises, payroll tax, GST and FBT.

Presumably that's what the Etihad spokesman was alluding to in his statement to the ABC.

"Etihad is fully compliant with all Australian tax requirements, and has paid all the taxes it is obligated to do so under Australian law."

Energy Australia's tax-free decade

At a time when Australian households have seen their electricity prices soar, the country's leading energy retailer, Energy Australia hasn't been paying corporate tax. Energy Australia paid no corporate tax for the decade to 2016.

For the three years to June 2016, Energy Australia's 1.7 million as customers across eastern Australia helped it record \$24 billion worth of income on which no tax was paid.

A spokesperson said the company's performance, "reflects how the power-generation sector is underpinned by assets that were built last century".

"Since 2006, Energy Australia has written down the value of its assets by \$1.9 billion."

How much tax did the big banks pay?

Ten years after the global financial crisis – which the banks were largely responsible for – some of the world's most prominent investment banks are collecting large incomes in Australia and not paying corporate tax.

Among them is Malcolm Turnbull's old employer, Goldman Sachs, which recently won a lucrative contract with the NSW government.

It was described by *Rolling Stone* Magazine as "the great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money". Goldman will be paid \$16.5 million as the state's financial adviser on the sale of the \$16.8 billion WestConnex motorway in NSW.

The investment bank generated revenue of \$1.84 billion over three years but paid no corporate tax.

Ditto for JPMorgan Chase which raked in \$2.2 billion and has not paid corporate tax since at least 2013.

In one of the most audacious explanations advanced to the ABC for the non-payment of corporate tax, a spokesman for America's biggest bank said JPMorgan was still suffering the aftershocks of the financial crisis which meant its Australian operations continued to operate at a loss.

But late last year, it emerged JPMorgan Chase agreed to pay a record \$13 billion fine to US federal and state authorities in 2013.

The fine was to settle claims that it had misled investors in the years leading up to 2008. Could the bank be writing that fine off against its Australian income? The spokesman would not elaborate.

News Corp pays no tax on \$71m profit

All the focus on the tax shenanigans of foreign companies has diverted attention from the taxpaying habits of some of their home-grown rivals.

The most obvious is Rupert Murdoch's News Corp, which [hasn't paid corporate tax in Australia for at least four years](#).

The media colossus reported total income of \$8.5 billion and even boasted a \$71 million profit in 2014/15, but no corporate tax was paid.

The company's corporate-affairs boss, Liz Deegan, wrote to the ABC to clarify that: "News Corp Australia has deductible operating costs and certain tax incentives and allowable credits, like R&D and franking credits, that offset the revenue disclosed."

Its partly owned pay-TV company, Foxtel, received a \$30 million gift from the federal government in the last budget, ostensibly to provide better coverage of female sports.

In the three years prior, Foxtel had also not paid corporate tax.

Fairfax, News Corp's newspaper rival in Australia, paid \$53.1 million in corporate tax over the same period.