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Corporate tax transparency report for the 2017–18 income year

This is the fifth annual report on corporate tax transparency, informing public debate about the corporate tax system.

Last updated 12 December 2019

This is the fifth annual report on corporate tax transparency, which informs the public debate about tax policy, particularly in relation to the corporate tax system.

This report is based on the 2017–18 income tax returns of some of the largest corporate entities operating in Australia. It also describes changes that have occurred to key headline figures for the population.

Legislation specifies the type of information we are required to provide in the report. It is important to note the aggregate figures cannot reflect the complexity of the tax system, the relationships between entities, the calculations behind the numbers or the extent and nature of any ATO activity.

The corporate tax transparency population includes:

- Australian public and foreign-owned entities with total income of $100 million or more
- Australian-owned resident private entities with total income of $200 million or more
- entities that have petroleum resource rent tax (PRRT) payable.

Find out about:

- Interpreting the results
- Total income tax payable

- Five-year trend analysis
- Population overview
- Net losses and nil tax payable
- Petroleum resource rent tax
- Prior-year income tax returns processed after 1 September 2018
- Australian-owned resident private entities

See also:

- 2017–18 Report of entity tax information
- Report of entity tax information

Interpreting the results

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Interpreting the results

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Many large corporate groups consist of smaller income tax reporting entities whose aggregated total income meets the transparency population income thresholds. If these entities are not consolidated for tax purposes, some or all of the entities may not individually meet the income threshold for inclusion in the report. The complexity and diversity of large corporate groups means that income may be distributed and returned by multiple entities.

While a number of names listed in the *Report of entity tax information* may be recognisable to the public, and any links to high profile individuals may be the subject of public knowledge, confidentiality provisions of the tax law prevent us from disclosing some information. This means we cannot include details of the income and tax paid by other related entities. Taxpayers are, of course, able to disclose additional information at their own discretion – for example, through the *Board of Taxation's Voluntary Tax Transparency Code*.

Entities subject to the $100 million income threshold include those with a reported foreign shareholding percentage on the company tax return of greater than 50% and those classified as an 'Australian public' entity. The 'Australian private' segment consists of private Australian entities that have total income of $200 million or more.

Figures in this report have generally been rounded, which may result in differences between totals and sums of components in the charts and text.

See also:

- Voluntary Tax Transparency Code

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Total income tax payable

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There are 2,214 corporate entities in the 2017–18 corporate transparency population, with tax payable of $52.3 billion. Compared to 2016–17, this represents a net increase of 105 entities (5.0%) and an increase in tax payable of $6.6 billion (14.5%).

The significant increase in tax payable was primarily driven by the mining, energy and water segment; this is a reflection of strong commodity prices, which were up 15% in Australian dollar terms in 2017–18. The commodity prices were sourced from the Reserve Bank of Australia (XLS 192KB).

Results were relatively steady among other industry segments (Figure 1) and is consistent with the change in the number of entities within each segment.

Figure 1: Change in tax payable, by industry segment, 2017–18

Total tax payable by corporate entities in 2017–18 was $52,323 million, compared with $45,704 million in 2016–17. Tax payable increased in all industry segments in 2017–18 except for Insurance; $713 million for banking, finance and investment, -$53 million for insurance, $556 million for manufacturing, construction and agriculture, $1,374 million for wholesale, retail and services and $4,028 million for mining, energy and water.

Tax payable again increased across all three ownership segments. Foreign-owned entities contributed the most to the increase ($3.8 billion) followed by Australian public entities ($2.4 billion) and Australian private entities ($463 million) (Figure 2).

The significant increase of tax payable by foreign-owned entities was partly attributed to an increase in the number of entities (66) in this ownership segment.

Figure 2: Change in tax payable, by ownership segment, 2017–18

Total tax payable by corporate entities in 2017–18 was $52,323 million, compared with $45,704 million in 2016–17. Tax payable increased in all ownership segments in 2017–18; by $463 million for Australian private entities, $3,803 million for foreign-owned entities and $2,352 million for Australian public entities.

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Five-year trend analysis

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Over the five years to 2018, all industry segments reported growth in total income, taxable income and tax payable. The increase in the number of entities in each industry, with the exception of mining, energy and water, was a key contributing factor to the increase in these figures (see Table 4).

The following figures illustrate the changes by industry segment in tax payable, total income, taxable income, and entity counts over the five years since the first report on corporate tax transparency was released.

Figure 3 and Figure 4 illustrate the trend in tax payable by industry segment in the five years to 2018. Table 1 summarises this data.

Figure 3: Five-year trend of tax payable by industry segment

This column graph shows the trend in tax payable across the five years of 2013–14 to 2017–18, by industry segment (banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water). With the exception of the mining, energy and water segment which dropped in 2015–16 before increasing again in 2016–17, the tax payable across industry segments has steadily increased. This graph also shows that in aggregate tax payable has increased across the 5 years except for 2015-16 where it was affected by the mining industry.

Figure 4: Five-year trend of tax payable by industry segment

Like in Figure 3, this graph shows the trend in tax payable across the five years of 2013–14 to 2017–18, but in the form of an area graph. The data is broken down by industry segment (banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water).

Table 1: Five-year trend of tax payable by industry segmen ($ billion)

Industry segment	2013–14	2014–15	2015–16	2016–17	2017–18
BFI	12.4	14.1	14.5	15.5	16.2
ISR	2.1	2.4	2.5	2.7	2.7
MCA	2.0	3.6	3.3	3.5	4.1
WRS	10.7	11.5	11.7	11.9	13.3
MIN	12.7	10.3	6.3	12.1	16.1
All industry segments	39.9	41.9	38.2	45.7	52.3

Figures 5 and 6 below illustrate the trend in total income by industry segment in the five years to 2018. Table 2 summarises this data.

Figure 5: Five-year trend of total income by industry segment

This column graph shows the trend of total income across the five years of 2013–14 to 2017–18, by industry segment (banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water). With the exception of the mining, energy and water segment which dropped in 2015–16 before increasing again in 2016–17, the total income across industry segments has remained broadly stable. This graph also shows that across all industry segments there was an overall increase in total income each year.

Figure 6: Five-year trend of total income by industry segment

Like in Figure 5, this graph shows the trend in total income across the five years of 2013–14 to 2017–18, but in the form of an area graph. The data is broken down by industry segment (banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water).

Table 2: Five-year trend of total income by industry segme ($ billion)

Industry segment	2013–14	2014–15	2015–16	2016–17	2017–18
BFI	271.6	263.6	275.9	269.4	290.8
ISR	107.2	119.8	122.6	116.2	121.5
MCA	224.2	281.7	301.8	301.6	332.8
WRS	675.4	771.8	797.2	826.2	885.4
MIN	350.4	344.0	310.1	334.7	369.5
All industry segments	1,628.9	1,781.0	1,807.7	1,848.1	2,000.0

Figures 7 and 8 below illustrate the trend in taxable income by industry segment in the five years to 2018. Table 3 summarises this data.

Figure 7: Five-year trend of taxable income by industry segment

This column graph shows the trend of taxable income across the five years of 2013–14 to 2017–18, by industry segment (banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water). With the exceptions of the mining, energy and water segment which dropped in 2015–16 before increasing again in 2016–17, and the banking, finance and investment segment which increased in 2015–16 before dropping slightly in 2016–17, the taxable income across industry segments has remained broadly stable. This graph also shows that across all industry segments for all five years there had been an overall decline in taxable income, which recovered in 2016–17.

Figure 8: Five-year trend of taxable income by industry segment

Like in Figure 7, this graph shows the trend in taxable income across the five years of 2013–14 to 2017–18, but in the form of an area graph. The data is broken down by industry segment (banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water).

Table 3: Five-year trend of taxable income by industry segment ($ billion)

Industry segment	2013–14	2014–15	2015–16	2016–17	2017–18
BFI	60.1	55.5	70.8	63.3	74.8
ISR	10.9	12.3	13.1	14.5	14.4
MCA	7.7	13.1	12.4	12.7	14.8
WRS	33.0	36.8	34.7	35.3	40.3
MIN	39.1	27.3	11.0	30.3	49.2

All industry segments	150.8	145.1	142.0	156.2	193.5

Figures 9 and 10 below illustrate the count of entities by industry segment in the five years to 2018. Table 4 summarises this data.

Figure 9: Count of entities by industry segment over five years

This column graph shows the trend in the number of entities in the population across the five years of 2013–14 to 2017–18, by industry segment(banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water). The entity count across industry segments has remained broadly stable, with the exception of wholesale, retail and services which has shown a year-on-year increase. This graph also shows that across all industry segments for all five years there had been an overall increase in the entity count.

Figure 10: Count of entities by industry segment over five years

Like in Figure 9, this graph shows the trend in the number of entities in the population across the five years of 2013–14 to 2017–18, but in the form of an area graph. It is broken down by industry segment (banking, finance and investment; insurance; manufacturing, construction and agriculture; wholesale, retail and services and mining, energy and water).

Table 4: Count of entities by industry segment

Industry segment	2013–14	2014–15	2015–16	2016–17	2017–18
BFI	151	180	191	202	212
ISR	52	60	61	62	61
MCA	329	432	472	489	505

WRS	776	990	1,083	1,124	1,193
MIN	230	242	234	232	243
All industry segments	1,538	1,904	2,041	2,109	2,214

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Population overview

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The 2017–18 corporate transparency population consists of 2,214 entities, which reflects a net increase of 105 entities from the previous year. The 2017–18 population includes 1,877 entities that were reported in the 2016–17 population, and 337 that were not (Figure 11).

Figure 11: Entities in scope for the 2017–18 corporate transparency report

In 2017–178, 2,214 entities were in scope for the transparency report. Of these, 1,877 carried over from the previous year and 337 were new to the transparency population.

Exits

In 2017–18, 232 entities from the 2016–17 corporate transparency population (including 62 Australian private, 68 Australian public and 102 foreign-owned entities) were no longer in scope. We analyse these entities to ensure that exits are for legitimate reasons and entities are not manipulating their income tax returns to fall outside the corporate transparency measure. Of these exits from the transparency population:

- 136 reported income levels below the transparency thresholds

- 65 joined a consolidated group during the year (income earned after joining was reported by their head company)
- 25 had not yet lodged or had lodged a company tax return that was not processed by the cut-off date for the report (1 September 2019)
- six were not required to lodge a company tax return due to various other reasons (for example, deregistration).

The number of entities that exited the transparency population in 2017–18 due to a drop in income is consistent with a normal level of churn in the population over recent years, including years prior to the first corporate tax transparency report.

The headline results are summarised in Figure 12. Exits by reason are also shown in Figure 13 for Australian private groups, Figure 14 for Australian public entities and Figure 15 for foreign-owned entities.

Figure 12: Exits from the corporate transparency population – entire population

In 2017–18, 232 entities from 2016–17 were no longer in scope for the transparency report. Of these, 136 reported income below the income thresholds, 65 joined a consolidated group, 25 had not yet lodged, lodged late or were not yet processed and six were not required to lodge for other known reasons.

Figure 13: Exits from the corporate transparency population – Australian private entities

In 2017–18, 62 Australian private entities from 2016–17 were no longer in scope for the transparency report. Of these, 40 reported income below the income thresholds, 12 joined a consolidated group, eight had not yet lodged, lodged late or were not yet processed and two were not required to lodge for other known reasons.

Figure 14: Exits from the corporate transparency population – Australian public entities

In 2017–18, 68 Australian public entities from 2016–17 were no longer in scope for the transparency report. Of these, 33 reported income below the income thresholds, 24 joined a consolidated group, and 11 had not yet lodged, lodged late or were not yet processed.

Figure 15: Exits from the corporate transparency population – foreign-owned entities

In 2017–18, 102 foreign-owned entities from 2016-17 were no longer in scope for the transparency report. Of these, 63 reported income below the income thresholds, 29 joined a consolidated group, six had not yet lodged, lodged late or were not yet processed and four were not required to lodge for other known reasons.

Income segment

Ownership

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Income segment

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While the corporate transparency population represents the largest entities operating in Australia, the majority of tax payable is accounted for by a small number of very large entities.

Corporate entities with income of more than $5 billion represent only 2% of the corporate transparency population, but are liable for 53% ($27.9 billion) of the tax payable for the population (Figure 16). This share of tax payable has decreased slightly from 57% in the previous year. This represents a significant share of tax payable for an extremely small number of entities.

The entities with income between $250 million and $5 billion represent the largest portion (56%) of the corporate transparency population by count and also account for 41% of the tax payable.

Figure 16: Corporate entities by income segment, 2017–18

Entities in the population are grouped into three income range segments. This figure shows the number of entities with taxable income greater than zero, tax payable greater than zero, and the total about of tax paid in dollar terms. In 2017–18, a small number of entities – representing about 2% of the population – were in the $5 billion or more income segment, and reported $27.9 billion of tax payable, or 53% of the total. The majority of corporate entities fell into the $0.25 billion to $4.99 billion income segment, and these entities reported tax payable of $21.7 billion, or 41% of the total. The remainder of the population fell within the lower income segment (of between $0.1 billion and $0.249 billion) but reported a relatively small amount of tax payable.

Industry segment

Australia's largest corporate entities tend to operate in sectors of the economy that are characterised by a high degree of capital intensity and economies of scale. Different economic performance factors affect particular sectors of the economy at different points in the economic cycle. In particular, these cyclical factors have influenced the tax performance of the mining, energy and water segment in recent years.

Tax payable was dominated by the banking, finance and investment segment in 2017–18, followed very closely by the mining, energy and water segment. The share of tax payable attributable to the mining, energy and water segment was again higher than in previous years, primarily due to higher iron ore prices. The manufacturing, construction and agriculture segment had a low share of tax payable relative to the number of entities operating in this industry.

Figure 17: Corporate entities, by industry segment, 2017–18

Entities in the population are grouped into five industry segments. This figure shows the number of corporate entities in each industry segment, the number with positive taxable income and tax payable amounts, and the amount of tax payable. In 2017–18, the banking, finance and investment segment contributed the highest amount of tax payable with only a small number of entities, and also performed well in terms of the proportion of entities that had taxable income and tax payable amounts. This was followed by the mining, energy and water segment with the second largest amount of tax payable, with a small number of entities. The wholesale, retail and services segment represented the largest segment of the population by count, and contributed the third largest share of tax payable. This was followed by manufacturing, construction and agriculture, then insurance in terms of tax payable.

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Ownership

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The 1,197 foreign-owned entities make up over half (54%) of the corporate transparency population in 2017–18 and account for around a quarter (26%) of tax payable. Australian public entities account for 27% (594) of the population and 67% of tax payable, while Australian private entities account for 19% (423) of the population and 6% of tax payable.

Figure 18: Corporate entities, by ownership segment, 2017–18

There were 2,214 entities in scope for the transparency report in 2017–18. They include 594 Australian public entities, 423 Australian private entities and 1,197 foreign-owned entities.

Figure 19: Tax payable – corporate entities, by ownership segment, 2017–18

Entities in the population are grouped into three ownership segments. This figure shows the number of corporate entities in each ownership segment, the number with positive taxable income and tax payable amounts, and the amount of tax payable. In 2017–18, there were 1,197 foreign-owned entities (54% of the corporate transparency population accounting for 26% of tax payable); 594 Australian public entities (27% of the population accounting for 67% of the tax payable); and 423 Australian private entities (19% of the population accounting for 6% of tax payable).

Corporate entities and groups

Around one million entities lodge company income tax returns in Australia. At the time of publication, the 2,214 corporate tax entities reported in the transparency report represent approximately 63% of total company income tax payable in 2017–18.

However, these entities are not necessarily standalone entities and are sometimes part of a group of entities.

As shown in Figure 20, the 2017–18 corporate transparency population consists of entities that belong to 1,740 unique economic groups, as well as 208 standalone entities. The majority of economic groups in the corporate transparency population have linked entities outside the scope of this measure.

Figure 20: Corporate transparency population groups and entities, 2017–18

1,948 economic groups and standalone entities were to some degree in scope for the transparency report in 2017–18, comprising 1,740 economic groups and 208 standalone entities.

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Net losses and nil tax payable

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Generally, around 20–30% of Australian Securities Exchange (ASX) 500 companies report a current-year net loss to their shareholders in any given year (see Figure 21). Importantly, this shows even extremely large companies will sometimes make a loss in a particular year.

Figure 21: Proportion of companies with reported loss, by ASX population, 2009–2018

This figure demonstrates that even Australia’s largest companies can report losses from year to year, and that the observed rates of loss-making are broadly consistent over time. The proportion of ASX 500 companies reporting a current-year net loss has ranged between 20–30% over the past ten years (2009–2018).

ATTRIBUTION

This chart was compiled using Morningstar DatAnalysis Premium and contains listed companies only (including trading and suspended companies). The sectors are classified according to the Global Industry Classification Standard and the search query was PreTax Profit from Annual Profit & Loss. The search results were refined to exclude blank or zero results. As such, the population of companies included in the analysis varies on a yearly basis depending on the number of results returned in the search, which may not match the number of companies listed on the ASX. The companies included in the analysis were allocated to ASX indices based on current data, and this allocation remains constant for the entire 2009 to 2018 period.

While the majority of entities in the corporate transparency population made profits and paid tax in 2017–18, factors that can affect the amount of taxable income and tax payable include:

- sensitivity to economic conditions
- reinvestment back into the business
- distribution of profits to other entities within the broader group
- tax deductions and tax offsets.

Although taxable income or loss (effectively a taxable profit or loss) is calculated differently to accounting profits or losses, it is useful to compare levels. Confidence can be obtained if loss-making levels are broadly comparable between accounting and tax.

We look to understand the reason for tax losses or nil tax payable. For example, there would often be alignment between the reporting of an accounting or economic loss in a company tax return with a consequential tax loss, given the close relationship between the accounting and tax systems (the company tax return asks for information to reconcile the calculation of taxable income from accounting profit).

Of the 2,214 entities in scope for the 2017–18 transparency report, 1,504 (68%) paid tax; however, due to features of the tax system, the remainder did not. At an entity level, those that didn't pay tax are grouped in Figure 22 by the primary feature of the tax system that resulted in nil tax being payable in the income year. Of these:

- 269 entities (12%) reported a taxable income but prior-year losses were available to deduct against that profit, so no tax was payable
- 242 entities (11%) reported an accounting loss
- 146 entities (7%) reported an accounting profit but reconciliation items (for example, tax deductions allowed at higher rates than accounting permits) resulted in a tax loss
- 53 entities (2%) reported a taxable income but were also entitled to offsets (such as the research and development incentive) at least equal to the tax otherwise payable.

Figure 22: Entity tax outcomes 2017–18

Of the 2,214 entities in scope for the transparency report in 2017–18, 1,504 (68%) had a tax liability and 710 (32%) did not. Among those that did not have a tax liability in 2017–18,242 (11%) incurred an accounting loss, 146 (7%) incurred a tax loss, 53 (2%) utilised offsets and 269 (12%) utilised losses from prior years.

The proportion of companies paying tax at an economic group level is significantly higher at 79% (Figure 23). This is because entities without a tax liability for a given year may have been part of a broader economic group that did have a tax liability.

At the economic group level, a total of 1,948 economic groups or standalone entities were to some degree in scope for the transparency report. Of these, 79% had a tax liability through one or more member entities (noting some of these entities may not be included in the reported entity list in their own right), while 21% did not (Figure 23).

Figure 23: Economic group level tax outcomes, 2017–18

Of the 1,948 economic groups and standalone entities that were to some degree in scope for the transparency report in 2017–18, 1,530 (79%) had a tax liability and 418 (21%) did not. Among those that did not have a tax liability in 2017–18,132 (7%) incurred an accounting loss, 90 (5%) incurred a tax loss, 22 (1%) utilised offsets and 174 (9%) utilised losses from prior years.

Among the groups and standalone entities that have not paid tax there has been a shift in the reason why. Between 2015–16 and 2017–18 there has been a decline in those entities incurring an accounting loss and an increase in those that have utilised losses from prior years or incurred tax losses. The proportion of groups or standalone entities utilising offsets has remained low at 1% to 2% during this time.

Figure 24: Proportion of economic groups with nil tax payable, by tax outcome, 2015–16 to 2017–18

This graph shows the reasons why economic groups paid nil tax over the last three years. The graph shows a decline in the proportion of groups incurring an accounting loss over the three years and an increase in the proportion utilising prior year losses or incurring tax losses. The proportion of groups or standalone entities utilising offsets remained low at 1% to 2% during this time.

Nil tax payable by ownership type

Nil tax payable by industry segment

Nil tax payable by ownership and industry segment

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Nil tax payable by ownership type

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The proportion of entities with nil tax payable has decreased over the past three years, from 36% in 2015–16 to 34% in 2016–17 and 32% in 2017–18. The largest decline in the proportion of nil tax payable by ownership type over this period was in Australian public entities, although the proportion fell across all ownership groups.

Australian public and foreign-owned entities have a higher proportion of entities with nil tax payable when compared to Australian private entities (Figure 25).

Figure 25: Proportion of entities with nil tax payable, by ownership segment, 2015–16 to 2017–18

This graph shows the proportion of entities with nil tax payable in 2017–18 as compared to 2016–17 and 2015–16 by ownership segment (private, foreign-owned and Australian public). The percentages have remained broadly stable, with the exception of Australian public entities showing larger declines than the rest over this 3 year period.

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Nil tax payable by industry segment

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The proportion of entities with nil tax payable differs across industry segment, with the mining, energy and water segment experiencing the highest rates (Figure 25). This segment has reported the largest decline in the proportion of nil tax payable over the last three years.

Figure 26: Proportion of entities with nil tax payable, by industry segment, 2015–16 to 2017–18

This graph shows the proportion of entities with nil tax payable in 2017–18 as compared to 2016–17 and 2015–16, by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). In 2017–18, the mining, energy and water segment had the highest proportion of entities with nil tax payable at around 51%, while the insurance segment had the lowest at around 20%.

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Nil tax payable by ownership and industry segment

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The proportion of entities with nil tax payable varies significantly across industry and ownership type, as shown in Figure 26.

Figure 27: Proportion of entities with nil tax payable, by ownership and industry segment, 2017–18

This graph shows the proportion of entities with nil tax payable in 2017–18, by ownership and industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). Entities with nil tax payable vary across ownership and industry segments; however, the mining, energy and water segment makes up a largest proportion.

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Petroleum resource rent tax

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The petroleum resource rent tax (PRRT) is a profits-based tax that only taxes profits above a specified rate of return.

PRRT revenues are also affected by key design features of the PRRT. PRRT will only arise when a project has recovered all eligible outlays associated with the project (after deducting eligible exploration expenditure transferred from other projects), including the achievement of a threshold rate of return on the outlays. This means projects tend to pay no PRRT for some years even after production has commenced.

Unlike income tax, where many capital costs are deductible over a defined life, all deductible expenditure for PRRT purposes is immediately deductible, whether capital or revenue.

Total petroleum resource rent tax payable

There are nine corporate entities in the 2017–18 PRRT transparency population, with total PRRT payable of $1.16 billion. The number of entities paying PRRT decreased from 14 in the previous year and PRRT payable increased from $946 million.

The increase in PRRT payable reflects the increased profitability of PRRT liable companies in 2017–18, of which oil prices (up 21%) were a key driver (World Bank Commodity Price Data – The Pink Sheet).

The Australian dollar was 2.6% higher on average over 2017–18, which would generally have a negative impact on the profitability of PRRT liable companies (RBA Commodity Prices Table I2).

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Prior-year income tax returns processed after 1 September 2018

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For inclusion in the corporate transparency population, income tax returns must be lodged and processed by 1 September of the following income year.

There were 32 entities not previously published because their 2016–17 income tax returns were lodged and processed after 1 September 2018. Of these 32 entities, four amended their original return.

Of the 28 entities that did not amend their return:

- 14 reported nil tax payable
- 14 reported tax payable of $53.4 million (in total)
  - six with tax payable of $9.6 million had a refund on assessment – deemed to be tax paid on time
  - four with tax payable of $37.9 million had a debit on assessment and this debit was paid on time and in full – deemed to be tax paid on time
  - three with tax payable of $1.8 million had a debit on assessment and this debit was paid late but in full – deemed to be tax paid to date
  - one with tax payable of $4.1 million had a debit on assessment and this debit is unpaid in full – deemed to be tax not paid to date.

Of the four that amended their returns:

- three reported nil tax payable

- one with tax payable of $3.2 million had a debit on assessment in the initial lodgment which was paid late but in full – deemed to be tax paid to date.

Of the $56.6 million in tax payable, $47.5 million (84.0%) is deemed to be paid on time and $52.4 million (92.7%) is deemed to be paid to date.

Corporate entities' income tax return lodgment and payment dates are fixed based on the date their year of income ends. We apply a risk-based approach to ensuring lodgment and payment where these obligations are not met, including the application of penalties and interest.

Priority is given to processing different return types and demands and the time taken for the ATO to process returns can vary during the year. A few corporate entities with 2017–18 data being reported may, therefore, have met all of their lodgment requirements prior to 1 September 2018.

Through engagement with companies who haven’t lodged on time, we find a number of reasons for their behaviour. This includes information from third parties:

- being unavailable
- having reporting delayed due to structural changes (such as mergers, acquisitions and consolidation)
- where circumstances of the registered entity did not in fact have a legal obligation to lodge (such as those that ceased operating in all aspects except name).

There are also a number of companies identified as being in, or about to enter liquidation, which prevents them from being able to prepare and lodge a return.

Where companies still have outstanding lodgments, this may include escalation to default assessments or criminal prosecution for non-lodgment.

Australian-owned resident private entities

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Approximately 72% of Australian private entities in the transparency population are linked to groups controlled by wealthy individuals, including high wealth individuals. The groups consist of close to 11,000 linked entities, including companies, trusts, partnerships and super funds.

Figure 28: Share of entities by tax payable category, 2017–18

Of the 423 Australian private corporate entities in scope for the transparency report in 2017–18, 314 (74%) had a tax liability and 109 (26%) did not. Among those that did not have a tax liability, 46 (11%) incurred an accounting loss, 23 (5%) incurred a tax loss, five (1%) utilised offsets and 35 (8%) utilised losses from prior years.

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