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Energy and Resources Working Group

Access information from meetings of the Energy and Resources Working Group.

Energy and Resources Working Group key messages 11 November 2025

Key topics discussed at the Energy and Resources Working Group meeting 11 November 2025.

Energy and Resources Working Group key messages 20 November 2024

Key topics discussed at the Energy and Resources Working Group meeting 20 November 2024.

QC 47858

Energy and Resources Working Group key messages 11 November 2025

Key topics discussed at the Energy and Resources Working Group meeting 11 November 2025.

Last updated 18 March 2026

Findings reports

The ATO highlighted the release of several findings reports on [engaging with large corporates – 2025 insights](#), including:

- The Top 100 findings reports highlight that the assurance ratings for taxpayers in the Mining, Energy and Water (MEW) segment are consistent with those of the broader Top 100 population.
- The Top 1,000 assurance ratings for the Mining, Energy and Water (MIN) are consistent with those of the wider Top 1,000 population.
- The number of requests received in 2024–25 for advice and guidance products was approximately 9% higher than in 2023–24. Private ruling requests have remained relatively stable this year after a substantial increase in 2023–24. Early engagement requests increased after several years of sustained declines.
- Our compliance activities in respect of public and multinational businesses continue to raise significant liabilities, specifically
 - we raised \$4.11 billion in total income tax liabilities during 2024–25, was made up of \$2.62 billion in tax liabilities, \$331 million in interest and \$1.16 billion in penalties.
 - around \$385 million in total GST liabilities raised during 2024–25, made up of \$359 million in tax liabilities, \$14 million in interest and \$12 million in penalties.
 - global profit shifting continues to be a major focus in our disputes. Transfer pricing is the most relevant event attracting our attention, where well understood issues of financing and marketing hub arrangements continue to be in focus.

Association of mining and exploration companies

State of the market shows gold price is up 55% in AUD year on year. Gold total mineral exploration rose last quarter by 36%. Iron ore steady above AUD \$100. Lithium prices are down from USD \$80,000 in 2022 to USD \$9,000 in 2025.

Finance inflows (BDO June quarterly report) shows rebound in financing inflows in June 2025, which rose by 20% to \$1.89 billion. The

key to productivity is unlocking reductions to duplication and cost through the commonwealth environmental reforms:

- bilateral agreements need to work and need to be prioritised to happen soon
- fixing the unacceptable impacts test so that it does not penalise greenfield development.

Minerals Council of Australia

Mining makes an unprecedented contribution to Australia including:

- Gross domestic product contribution – mining industry contributed \$2.6 trillion over the decade 2014–15 to 2023–24.
- Royalties and taxes – mining companies paid \$394.6 billion over the decade 2014–15 to 2023–24.
- Mineral exploration – private expenditure worth \$27 billion over the decade 2014–15 to 2023–24.
- Export earnings – minerals exports worth \$2.9 trillion over the decade 2014–15 to 2023–24.
- Direct employment – people in the mining sector 284,800 average across the financial year 2023–24.
- Mineral exploration – private expenditure worth \$27 billion over the decade 2014–15 to 2023–24.
- Investment – mining industry spent \$242 billion over the decade 2014–15 to 2023–24.

Top 5 investment deterrents facing Australia mining companies in 2024 are regulatory duplication, uncertainty over which areas will be protected, taxation regime, uncertainty over disputed land claims and availability of labour and skills.

The Critical Mineral Production Tax Incentive (CMPTI) is an important step towards both adding value to Australia's existing resource sector and establishing secure supply chains for minerals that will be critical for enabling future technologies and decarbonisation globally. Policy concerns include the requirement to comply with 'community benefit principles' risks creating duplicative and unnecessary hurdles for critical mineral projects.

Under the Junior Minerals Exploration Incentive scheme (JMEI), new equity investors are provided with a tax credit equivalent to the expenditure made by the company. Policy recommendation is to reinstate the JMEI and make it a permanent and ongoing scheme.

Australian Energy Producers

The ATO's corporate transparency data is invaluable to promoting informed debates about industry tax contributions.

Capital deepening is vital to lifting Australia's sluggish productivity performance.

Stable and internationally competitive tax settings are essential to attracting investment in capital-intensive, long-lived projects.

Australian Energy Producers (AEP) members have nominated policy uncertainty and approval delays, and unmeritorious post-approval challenges as significant barriers to additional investment.

AEP has proposed that the Australian Government adopt a 'regulation for growth' approach like that of the United Kingdom.

In our submission to the Gas Market Review, AEP recommended establishing a prospective east-coast reservation policy linked to new supply.

Pillar Two and Domestic Minimum Tax

Legislation passed December 2024. The global and domestic minimum tax comprises of the Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR).

Reporting obligations commence 30 June 2026. There are 4 new lodgment requirements that have been introduced as part of the global anti-base erosion model (GloBE) rules. These are:

- GloBE Information Return (GIR).
- Foreign lodgment notification.
- Australian IIR/UTPR tax return.
- Australian domestic minimum tax, tax return.

The ATO released 2 public advice guidance products:

- Taxation Ruling [TR 2006/11](#) *Private rulings*
- Practical Compliance Guideline [PCG 2025/D3](#) *Global and domestic minimum tax lodgment obligations transitional approach*

There are 4 safe harbours offering different degrees of compliance simplification for taxpayers:

- Transitional country by country reporting safe harbour.
- The transitional UTPR safe harbour.
- The qualified domestic minimum top up tax safe harbour.
- Non-material constituent entity simplified calculation safe harbour.

Australia's existing penalty regime will apply to Pillar Two obligations. Failure to lodge penalties may apply, and these could have a significant financial impact. Application of penalties will be consistent with the Organisation for Economic co-operation and Development transitional penalty relief approach. Record keeping obligations under the Assessment Bill require constituent entities to keep records for 8 years.

Our compliance approach seeks to ensure that taxpayers understand their obligations. We will be taking a risk-based approach during the transition period, until 30 June 2027. This means engaging with taxpayers to understand their tax affairs. We will not be applying a justified trust or assurance-based approach during the transition period.

For more information about our Pillar Two project, visit www.ato.gov.au/pillar2 or email Pillar2Project@ato.gov.au for the project team.

Petroleum resources rent tax

Due to the commencement of the deductions cap in the 2024 year, the number of entities paying petroleum resource rent tax (PRRT) has increased from 11 to 16. PRRT payable though decreased from \$1,867.1 million to \$1,483.3 million for 2023–24. Our latest published estimates show a PRRT gap of 2.7% or \$51 million. This means that we expect to collect around 97% of PRRT that should be paid.

The introduction of the PRRT deductions cap has raised several practical issues for industry. The main one being the difficulty

obtaining timely cost information for calculating the residual price method under the Regulation. Under the tax laws the Commissioner of Taxation has a discretion to defer lodgment of a return but not the payment of tax. To assist the PRRT taxpayers subject to this measure, we have done the following:

- On application we have permitted lodgment deferrals of annual returns.
- Through consultation, provided guidance on the calculation of an estimate of the annual tax payable to facilitate taxpayers' payment obligations.
- Clarified the application of the administrative penalty and interest regime to this situation, including our approach to non-operator project members.
- Clarified that the instalment statements lodged by deductions cap taxpayers does not require all cost information labels to be populated, only the 'augmented denied deductible expenditure' at Label 16Z.

Reportable tax position

This is the sixth year we are publishing insights from the [Reportable tax position](#) (RTP) schedule – category C disclosures.

Public and multinational business lodgments

The following highlights consider disclosures for the public and multinational business (PMB) market that includes all public and multinational businesses and exclude:

- disclosures for private companies
- disclosures against questions not active in the 2023–24 RTP schedule.

In 2024 there were over 1,450 lodgments made by PMB entities with disclosures made, and a further 580 lodgments with no disclosures made or category A/B disclosures only.

There was a 38% increase in lodgments with a category C disclosure made over the 4 years from 2021 to 2024.

Disclosures

There were over 4,800 disclosures made by PMB entities in 2024. This has more than doubled over the 4 years from 2,294 disclosures in 2021.

Corporate tax transparency

Following a change in the tax law in 2022, this is the second year that the [tax payable – by industry segment](#) in the corporate tax transparency report 2023–24 (CTT) has data on Australian-owned private companies with total income between \$100 million and \$200 million published.

As in previous reports, MEW outperformed other segments of the economy. The MEW industry segment make up only 8.3% of the CTT population, but account for the:

- highest taxable income – 49.2% of the total
- highest tax payable – 50.7% of the total
- largest proportion of nil tax paid.

The introduction of the PRRT deductions cap has resulted in more taxpayers paying PRRT, but overall collections are down.

For 2023–24 the total PRRT payable was \$1,483.3 million. The number of entities paying PRRT increased by 5 from the previous year and PRRT payable decreased from \$1,867.1 million in 2022–23.

The decrease in PRRT payable reflects the lower profitability of PRRT-liable companies in 2023–24, with oil prices, decreasing production in longstanding projects and increased costs being the key drivers.

Production tax incentives

Department of Industry, Science and Resources (DISR), Clean Energy Regulator (CER), ATO and Treasury provided updates on the current state of the production tax incentives.

DISR

The Critical Minerals Production Tax Incentive (CMPTI) provides a 10% refundable tax offset on eligible processing expenditure for critical

minerals processed in Australia. The CMPTI offset is claimable for up to 10 years from 1 July 2027 to 30 June 2040. Policy objective is to incentivise processing and refining critical minerals in Australia.

The CMPTI is co-administered between the ATO and DISR. Companies will register their eligible processing activities with DISR and provide annual reports to DISR to maintain registration. Companies will claim the incentive in their tax returns, which are assessed by the ATO.

DISR will develop public-facing guidance materials in 2026. More information refer to [Critical Minerals Production Tax Incentive](#)  or email DISR CMPTI@industry.gov.au.

CER

Hydrogen Production Tax Incentive (HPTI) is a refundable tax offset of \$2 per kilogram of eligible hydrogen produced. CER and ATO will jointly administer the HPTI. The HPTI will be underpinned by the Guarantee of Origin (GO) scheme, which provides the trusted emissions data needed to support the tax offset.

The Product Guarantee of Origin (PGO) certificates will show the emissions associated with the production, storage and transport of the product, and will be publicly available on the GO register.

The GO register promotes transparency by publishing detailed information about participants, their profile and facility data, and their certificates. This information helps build trust in the integrity of the scheme and supports informed decision-making across domestic and international markets. The GO scheme and the GO register will be administered by the CER. The ATO will be responsible for processing HPTI claims.

Treasury

Treasury updated the group of the CMPTI draft regulations having closed, regulations are yet to be finalised. The government announced consultation on the Community Benefit Principles (CBPs) work, prior to the election, the timing and nature of any consultation is a decision for government. The responsibility for the non-tax CBPs was transferred to DISR under the Administrative Arrangement Orders in May 2025.

Future made in Australia subcommittee

The primary objective is to work collaboratively to identify areas that present challenges for industry and may warrant the development of guidance material. The aim is to increase certainty and make compliance easier for industry participants.

The subcommittee plans to meet early next year to initiate dialogue, establish a work program, and discuss expectations around participation and input, ensuring the subcommittee operates as effectively as possible.

Decommissioning

Australia's offshore oil and gas industry faces a significant decommissioning liability over the next 50 years, with approximately half of the decommissioning liability occurring in the next 10 years.

AEP has been working with the DISR and other government agencies to establish a sustainable decommissioning framework for Australia, including a national decommissioning Financial Assurance Framework.

AEP has recently developed an industry-endorsed framework based on the well-established and well-tested United Kingdom approach.

In June 2025, the ATO circulated a decommissioning discussion paper to facilitate a technical discussion between the ATO and the decommissioning subcommittee. The paper considers:

- the tax treatment of the financial assurance regime, including asking for details of the types of structures or instruments that the external parties thought would be relevant to that process
- the effect of the trailing liability regime, on tax outcomes.

The ATO's current focus is on analysing each submission received in response to the paper. We intend to initiate contact with the subcommittee early in the new year and where necessary directly with those who provided a submission, regarding points needing clarifications within their submission.

Attendees

Attendees list

Organisation	Attendee
ATO	Michelle Sams (Chair), Public Groups
ATO	Adam Peel, Internation Support and Programs
ATO	Antony Faisandier, Office of the Chief Tax Counsel
ATO	David Stevenson, Public Groups
ATO	Jane Snowden, Public Groups
ATO	Louise Andolfatto, International Support and Programs
ATO	Matthew Persse, Public Groups
ATO	Michael Ingersoll, Public Groups
ATO	Nat Chirathamjaree, Public Groups
ATO	Shilam Singh, Public Groups
ATO	Suzie Emery, Public Groups
Association of Mining and Exploration Companies	David Ocello
Association of Mining and Exploration Companies	Neil van Drunen
Australian Energy Producers	Jeremy Hams
Australian Energy Producers	Matthew Steen
Australian Energy Producers	Michael Fenner
Clean Energy Regulator	Casey Broughton

Clean Energy Regulator	Jane Wardlaw
Department of Industry, Science and Energy	David Bennett
Department of Industry, Science and Resources	Brenda Wee
DLA Piper	June Au
Energy and Resources Law	Nick Heggart
EY	Jaime Hayes
KPMG	Carlo Franchina
Minerals Council of Australia	Greg Singh
Minerals Council of Australia	Premila Roe
Minerals Council of Australia	Ross Lyons
Minerals Council of Australia	Will Lawrence
The Tax Institute	Catherine Dean
Treasury	Matthew Mcrae

Apologies

Apologies list

Organisation	Member
ATO	Stan Spasojevic, Public Groups
Association of Mining and Exploration Companies	Warren Pearce
Deloitte	Jonahtan Schneider

Department of Industry, Science and Resources	Joshua Reakes
Institute of Public Accountants	Lance Cunningham
Treasury	Simon Winckler

QC 106255

Energy and Resources Working Group key messages 20 November 2024

Key topics discussed at the Energy and Resources Working Group meeting 20 November 2024.

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Findings reports

Top 100 income tax and GST assurance programs

The Australian Taxation Office (ATO) has published the findings report for the [Top 100 income tax and GST assurance programs](#) for income tax for the sixth year. This is the fourth year the ATO has included insights from the Top 100 GST assurance program. The findings report highlights that the assurance ratings for taxpayers in the Mining, Energy and Water (MEW) segment are consistent with those of the broader Top 100 population.

This year the Top 100 program has been enhanced to focus on working in real time with taxpayers, providing greater certainty for both the ATO and taxpayers. Taxpayers are encouraged to make pre-judgment disclosures to enable early engagement on significant matters in real time.

Top 1,000 income tax and GST assurance programs

The [Top 1,000 income tax and GST assurance programs](#) findings report highlights that the assurance ratings for taxpayers in the MEW segment over the past 12 months are consistent with those of the broader Top 1,000 population.

As of 30 June 2024, the ATO undertook around 250 second time reviews, providing insights into the ongoing behaviours of the population with respect to both improvements to governance and overall assurance ratings. The work in bringing together last year's findings report revealed the increase in the number of taxpayers in the Top 1,000 population.

Based on these observations, the ATO designed and implemented program improvements which were announced earlier this year.

Of note, over a third of the Top 1,000 taxpayers exceed \$1 billion in turnover and are now classed as 'significant taxpayers' for the purpose of the Top 1,000 program. The remainder are classified as 'general taxpayers'. The approach to assurance for these entities will differ based on whether the taxpayer is in the 'significant' or 'general' pool, and the assurance level previously obtained.

Public and multinational business advice and guidance program

The [Public and multinational business advice and guidance program](#) findings report highlights key findings about the nature of advice sought and offers insights into how taxpayers and their advisers can most effectively engage with the ATO when seeking advice. In the 2023–24 financial year, the proportion of favourable rulings issued remained consistent at around 80%.

Public and multinational business disputes and settlements 2023–24

This is the second year the ATO has published insights on settlements with public and multinational businesses. See, [Public and multinational business disputes and settlements 2023–24](#).

The information in this report has been broadened to include information on disputes and expand on the information included in the ATO annual report. It outlines key findings and observations on income tax and GST disputes completed or undertaken in 2023–24 in relation to the:

- audit program (audit data reflects compliance activity conducted by Public Groups)
- independent reviews
- objections
- mutual agreement procedures
- litigation
- settlements.

The ATO continues to see a consistent number of audits each year. Around 65 to 70% of current income tax audits involve global profit shifting issues. Throughout the year, income tax assessments were issued to 124 public and multinational businesses raising \$2.76 billion in liabilities. Of this, \$2.5 billion was raised in respect of 24 different taxpayers following intensive audit and review activities. Separately, total liabilities for GST raised were approximately \$363 million.

Transfer mispricing, mischaracterisation of business activities and capital flows and withholding tax avoidance issues are among some of the key profit shifting risks currently being investigated.

Thin capitalisation

The draft Practical Compliance Guideline [PCG2024/D3](#) *Restructures and the new thin capitalisation and debt deduction creation rules – ATO compliance approach* generally focuses on risks with restructuring in response to the new thin capitalisation rules including the debt deduction creation rules. It responds to feedback provided during the consultation process that taxpayers need guidance on what restructuring is acceptable the ATO to facilitate the transition of taxpayers into the new rules.

PCG 2024/D3 includes a risk assessment framework for taxpayers to assess the overall level of risk associated with their restructuring. It is intended to be practical and to assist taxpayers who restructure to get into the low-risk zone. It also includes examples provided during consultation.

Reportable tax position schedule Category C disclosures

The reportable tax position (RTP) schedule gathers information on uncertain tax positions and arrangements of concern from the largest public and multinational companies. See, [Findings report RTP – Public and multinational businesses](#).

Public and multinational business entities made over 4,200 disclosures in 2023. This has more than doubled over the 4 years from 1,940 disclosures in 2020. Lodgments with a Category C disclosure increased by 35% over the 4 years from 2020 to 2023.

Corporate tax transparency report 2022–23

Following a change in tax law in 2022, this is the first year that data on Australian-owned private companies with a total income between \$100 million and \$200 million is being published. See, [Corporate tax transparency report 2022–23](#).

From the 2022–23 financial year, due to changes in legislation, the income thresholds and reporting requirements are now:

- any corporate tax entity that has total income equal to or exceeding \$100 million
- entities reporting petroleum resource rent tax payable.

MEW outperformed other segments of the economy. This industry segment makes up only 8.6% of the corporate tax transparency (CTT) population and has:

- highest taxable income, with 52.7% of the total and has had the highest taxable income reported for all industry segments for the last 5 years
- highest tax payable, with 55.9% of the total and has been the highest tax payable industry, with consistent growth yearly.

This year reported the highest recorded tax payable since CTT began reporting. The increase was primarily driven by the MEW segment with growth of \$12.5 billion. In addition:

- this growth was driven by the strong growth in some commodity prices and earlier interventions in the oil and gas sector resulting in additional collections flowing through the system

- MEW has the highest reported tax payable of all industry segments, \$54.7 billion, making up 56% of tax payable.

Looking at zero tax payable, over the last 3 years, MEW has had the highest proportion of entities with zero tax payable. However, this is declining, moving from 55% in 2021 to 46% in 2023.

Industry updates

Minerals Council of Australia

Cost escalations and immigration issues are affecting the industry. Mining is no longer as attractive to school leavers as it once was. The industry needs to focus on targeting school leavers.

Fuel tax credits remain vital to the industry. Often misrepresented in the media, the strong policy rationale that underpins the fuel tax credit scheme is also misunderstood by groups advocating for its abolition.

Australia's total mineral exports are at a record high. It is expected that they will decrease in 2025. However, volumes will still be significant even with the reduction in exports.

Mining capital stock has plateaued. Australia's capital stock is now growing at its lowest rate in 60 years, taking Australia from one of the best performing Organisation for Economic Co-operation and Development countries for annual private sector capital investment to one of the poorest over the last decade.

The length of time to gain government approvals continues to be an issue. There is some concern that Trump 2.0 could facilitate faster approvals in the United States leading to Australia being less competitive.

Australian Energy Producers

Global gas markets have stabilised following the disruptions caused by ongoing conflict in Ukraine. However, they remain fragile given ongoing geopolitical events and concerns about the security of supply.

Liquefied natural gas (LNG) prices are expected to decline in coming years as high levels of investment in new supply from the United States and Qatar come on stream and outpace the growth in demand.

Off the back of softening LNG prices, Australia's export earnings are forecast to fall to \$69 billion in 2023–24 (from \$92 billion in 2022–23) and to \$60 billion in 2025–26 (Bureau of Energy and Resource Economics).

Domestically, gas supply shortfalls will emerge from 2025 in southern Australia, with supply gaps from 2028 in the absence of investment in new gas supply (Australian Energy Market Operator). This is primarily driven by the depletion of east coast gas supplies with the supply of gas falling more rapidly than demand.

Compensation payments for coal seam gas

Members discussed the application of Taxation Ruling [TR 93/35](#) *Income tax: capital gains: treatment of compensation receipts* to payments in the hands of recipients paid to landowners for coal seam gas (CSG) access.

The ATO is currently considering the correct tax treatment for payments to landowners from resource companies for accessing land and or conducting CSG activities and broader guidance to the market on the tax treatment of CSG compensation payments.

Post meeting update: The ATO continues to work with internal technical experts to progress consideration of the correct tax treatment for payments to landowners from resource companies for accessing land and/or conducting CSG activities and the approach for providing broader guidance to the market.

Pillar Two

The Global Anti-Base Erosion (GloBE) and Domestic Minimum Tax (DMT) measure was announced as part of the 2023–24 Budget. It is effective from 1 January 2024 for both the Income Inclusion Rule and the DMT, and from 1 January 2025 for the Undertaxed Profits Rule.

Multinationals with annual reviews, as per their consolidated financial statements, of greater than EUR 750 million are in-scope of the measure.

Since the project commenced, implementation has focused on:

- developing systems and data analytics capabilities to onboard data from the GloBE Information Return
- developing domestic forms for the measure
- establishing client engagement, verification, and assurance processes
- information and communications to support the measure
- consultation with the market
- supporting Treasury with law design and passage of legislation.

Primary legislation was introduced to the House of Representatives on 4 July 2024 and to the Senate on 22 August 2024. Royal assent is pending. Subordinate legislation will follow, after the enactment of the primary legislation.

Post-meeting update: On 10 December 2024, primary legislation implementing the framework of the GloBE rules in Australia received royal assent. The primary legislation also makes consequential amendments. These amendments include provisions necessary for the administration of top-up tax within the existing tax administration framework, consistent with the GloBE rules.

On 23 December 2024, subordinate legislation containing the detailed computational rules was registered as a legislative instrument. This means the subordinate legislation is now in force, noting it is subject to the standard parliamentary process for legislative instruments, including a disallowance period. For more information, see [Global and domestic minimum tax](#).

Through consultation, the ATO understands that:

- taxpayers are at varying stages of readiness
- the main issues for taxpayers are penalties, joint ventures and operations, and the new decline to rule provision.

The ATO is consulting and collaborating with digital service providers on the development of external software solutions to ensure products offered can adequately support those in-scope with their obligations. A risk-based approach is anticipated in the early years, with a focus on lodgments where Australia has taxing rights. Updates will be provided at key forums and events to encourage taxpayers' readiness for Pillar Two.

Members are encouraged to direct any queries to the Pillar Two team at Pillar2Project@ato.gov.au

Petroleum resource rent tax

The *Petroleum resource rent tax gap 2021–22* report provides the petroleum resource rent tax (PRRT) gap population and an overview of the [latest estimates and trends](#). For 2021–22, there is an estimated PRRT gap of 2.1% or \$43 million. This means the ATO expects to collect around 98% of PRRT that should be paid for 2021–22.

The [PRRT data in the Corporate tax transparency report 2022–23](#) shows 11 entities in the 2022–23 PRRT transparency population, with total PRRT payable of \$1,867.1 million. The decrease in PRRT payable reflects lower profitability with oil prices being the key driver.

PRRT deductions cap

The PRRT deductions cap is now law and applies from the later of 1 July 2023 or 7 years after the year of first production to PRRT projects that produce LNG, derive assessable petroleum receipts, or assessable tolling receipts and have no taxable profits. The calculation of PRRT payable can be complicated.

Taxpayers can apply to the ATO for a lodgment deferral for PRRT returns and instalment statements. Under the law, the ATO cannot defer due dates for payment. Where a PRRT lodgment is deferred, taxpayers still need to make payment by the due date.

PRRT anti-avoidance

Applicable from 1 July 2023, the government updated the PRRT general anti-avoidance rules to be in line with the income tax anti-avoidance rules, ensuring the anti-avoidance provisions operate consistently across PRRT and income tax.

Exploration for PRRT purposes

The government amended the PRRT legislation to clarify that 'exploration for petroleum' is limited to the 'discovery and identification of the existence, extent and nature of the petroleum resource' and does not extend to 'activities and feasibility studies directed at evaluating whether the resource is commercially recoverable'. This amendment is effective from 21 August 2013.

The ATO's view is set out in Taxation Ruling [TR 2014/9](#) *Petroleum resource rent tax: what does 'involved in or in connection with exploration for petroleum' mean?*

Regulations 2024

Applicable from 1 July 2024, the *Petroleum Resource Rent Tax Assessment Regulations 2024* (the 2024 regulations) reform the methodology used in the 2015 regulation to calculate the price of sales gas that is processed into LNG, including the following:

- changes to advanced pricing arrangement rules
- changes to comparable uncontrolled price rules
- insertion of provisions for backfilling
- making asset life formula elections irrevocable
- equalising the upstream/downstream treatment in profit and loss situations
- ensuring that tolling arrangements are expressly captured in the regulations.

The ATO is considering what guidance may be required in relation to the changes to the regulations. Members were invited to share their thoughts on what guidance may be required including topics, priorities, and preferred products.

PRRT compliance activity

The ATO takes a risk-based approach to PRRT compliance, engaging the largest taxpayers and operators to understand potential areas of risk. Work done in prior years is leveraged to build understanding and increase confidence that taxpayers are complying with their PRRT obligations.

The PRRT population will increase following introduction of the deductions cap. The ATO will apply a tailored program going forward due to limited resources.

Members discussed whether there will be any additional guidance to anti avoidance rules. The ATO confirms it intends to update Practice Statement Law Administration [PS LA 2005/24](#) *Application of General Anti-Avoidance Rules* .

Members discussed time for lodgment and payment. They noted that there are several unenacted measures relating to PRRT, one of which includes substituted accounting periods.

Decommissioning

The ATO provided an update on the decommissioning discussion consultation paper in development. The paper covers:

- the tax treatment of financial assurance fees
- general deductibility of decommissioning costs
- trailing liability – tax treatment.

It is anticipated that the paper, accompanied with a timeline and consultation plan, will be provided to subcommittee members for comment in the new year.

Members queried the ATO's focus on types of decommissioning costs and evidence taxpayers can provide to satisfy the deductibility criteria. The ATO noted it depends on the specific facts and circumstances and nature of the expenditure. Generally, the ATO wants to understand the costs incurred and the specific provisions under which costs have been deducted including an explanation and evidentiary support regarding why the activities conducted satisfy the legislative provisions. Supporting evidence requested may include:

- a list of any decommissioning works conducted to satisfy state or Commonwealth environmental legislation and the relevant legislative provision
- project reports or other source documentation, for example, project proposal or project plan, that will support how the decommissioning work fits into broader business activities
- consideration will be given to amendments to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act).

From a PRRT perspective, Taxation Ruling [TR 2018/1](#) *Petroleum resource rent tax: character of expenditure incurred in relation to abandonment, decommissioning and rehabilitation activities undertaken on a part of a petroleum project* sets out the Commissioner of Taxation's view on the characterisation of abandonment, decommissioning and rehabilitation expenditure incurred on a part of a petroleum project being completely closed down.

Future made in Australia

The ATO referred to the consultation papers released by Treasury in summarising the key features of the [Critical Minerals Production Tax Incentive PDF 389KB](#) [↗](#) and [Hydrogen Production Tax Incentive PDF 419KB](#) [↗](#); both part of the Future Made in Australia (FMIA) Bill 2024. If passed by parliament, each measure will be subject to co-administration by the ATO and another agency.

Noting the legislation is subject to passage by parliament, the ATO will consider forming a FMIA sub-committee of the Energy and Resources Working Group (ERWG) to engage collaboratively with relevant members to gain industry insights in designing the administration of the proposed measures.

Integrity declarations

Membership on ATO stakeholder relationships groups, such as the ERWG, is voluntary, and members are appointed without a procurement process. Integrity declarations are intended to ensure appropriate due diligence by the ATO.

The integrity declarations ask that members declare that they have complied with their personal tax obligations, maintained their entity's obligations, and raise any conflicts of interest. The ATO advised that the integrity declarations will be circulated with the key messages and invited feedback from members.

Attendees

Attendees list

Organisation	Members
ATO	Rebecca Saint (Chair), Public Groups
ATO	David Stevenson, Public Groups
ATO	Stan Spasojevic, Public Groups

ATO	Suzie Emery, Public Groups
Association of Mining and Exploration Companies	David Ocello
Association of Mining and Exploration Companies	Neil van Drunen
Australian Energy Producers	Wayne Calder
Deloitte	Jonathan Schneider
DLA Piper	Jun Au
EY	Jaime Hayes
KPMG	Carlo Franchina
Law Council of Australia	Craig Bowie
Minerals Council of Australia	Dominic Smith
Minerals Council of Australia	Premila Roe
Minerals Council of Australia	Ross Lyons
PwC	Mark Crossman
The Tax Institute	Catherine Dean
Treasury	Simon Winckler

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Harjit Singh, Tax Counsel Network

ATO	Jane Snowden, Public Groups
ATO	Louise Andolfatto, International Support and Programs
ATO	Matthew Persse, Public Groups
ATO	Michael Ingersoll, Public Groups
Department of Industry Science and Resources	Jen Simpson
Santos	Robyn Murphy
Treasury	Craig Merry
Treasury	Pianca Mulcahy

Apologies

Apologies list

Organisation	Member
Association of Mining and Exploration Companies	Warren Pearce
Australian Energy Producers	Janelle O'Hare
Australian Energy Producers	Marc Lewis
Australian Energy Producers	Therese Stephenson
Department of Industry, Science and Resources	Joshua Reakes
Energy and Resources Law	Nick Heggart
Institute of Public Accountants	Lance Cunningham

QC 104012

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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