



# Corporate tax transparency report for the 2019–20 income year

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

**Last updated** 10 December 2021

This is the seventh annual report on corporate tax transparency, which informs public debate about the corporate tax system.

This year's report analyses aggregated data from the 2019–20 income tax returns of some of the largest corporations operating in Australia. It describes changes and trends in key headline figures for the population, as well as data by industry segment and ownership group.

The corporate tax transparency population includes:

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

Legislation specifies the type of information we are required to report on. In producing this report, we take the data from three labels in the tax return – total income, taxable income and tax payable – for corporations that meet the population income threshold.

It is important to note that data in the corporate tax transparency report is taken directly from tax returns and does not reflect any intervention or compliance work after lodgment of the returns. Nor does it provide additional detail on recipients of JobKeeper or other COVID-19 stimulus payments.

Corporations can also publish their own reports about their tax positions through the Voluntary Tax Transparency Code, which complements Australia's existing tax transparency measures.

## Highlights



Highlights of the Corporate tax transparency report 2019-20.

---

## Interpreting the results



How to interpret the results from the Corporate tax transparency report 2019-20.

---

## Introduction



An introduction to the Corporate tax transparency report 2019-20.

---

## Population overview



The population covered by the Corporate tax transparency report 2019-20 and our powers to report on this data.

---

## Income segments



How tax transparency applies to the largest corporations, large corporations and medium corporations.

---

## Income tax payable



Data on tax payable by ownership segment and by industry segment.

---

## Five-year trend analysis



Trends in tax payable, total income, taxable income and count of entities.

## Net losses and nil tax payable



Reasons for tax losses, and data on nil tax payable by ownership segment and industry segment.

## Petroleum resource rent tax



Corporate tax transparency report 2019-20 data on petroleum resource rent tax (PRRT).

## Tax returns processed after 1 September



How the Corporate tax transparency report 2019-20 treats lodgments after 1 September.

## Corporate population compliance



A summary of how we work to improve corporate compliance.

QC 67484

# Highlights

Highlights of the Corporate tax transparency report 2019-20.

**Last updated** 10 December 2021

- There are 2,370 entities in this year's population; this represents a net increase of 59 entities (2.6%) on 2018-19.
- Total income increased to \$2,184.5 billion, an increase of 2.6%.
- Taxable income increased to \$208.4 billion, an increase 0.1%.

- Tax payable increased to \$57.2 billion, an increase of 2.0%.
- Foreign-owned entities account for 58.2% of the corporate transparency population in 2019–20 and 28.9% of tax payable.
- Australian public entities account for 21.6% of the population and 62.8% of tax payable.
- Australian private entities account for 20.2% of the population and nearly 8.3% of tax payable.
- Entities with income of more than \$5 billion represent around 2.7% of the corporate transparency population and account for around 57.0% of tax payable (around \$32.6 billion).
- Entities with income of between \$250 million and \$5 billion represent the largest portion 55.7% of the corporate transparency population, and also account for 37.9% of the tax payable (around \$21.7 billion).
- Smaller entities – those with income of less than \$250 million – account for 41.6% of the population but only 5.0% of the tax payable (around \$2.9 billion).
- Tax payable in the corporate tax transparency population was again dominated by the mining, energy and water segment in 2019–20. The share of tax payable attributable to the mining, energy and water segment was again higher than in previous years, primarily due to high iron ore prices.
- 33.0% of the population did not pay any tax (782 entities).
- PRRT payable is down 16.7% this year to \$881.2 million.

QC 67484

## Interpreting the results

How to interpret the results from the Corporate tax transparency report 2019–20.

**Last updated** 10 December 2021

Many large corporate groups consist of smaller 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 thresholds for inclusion in the report.

The complexity and diversity of large corporate groups means that the corporation's income may be distributed and returned by multiple entities within an economic group, this can change the nil tax paid percentages when the entire group is taken into consideration, this is explained in more detail in the nil tax section.

It is important to note that the aggregate figures in this report cannot reflect the:

- complexity of the tax system
- relationships between entities
- calculations behind the numbers
- extent and nature of any ATO activity.

Corporate tax transparency reports are our analysis of the tax return data published in the annual *Report of entity tax information* at [data.gov.au](https://data.gov.au). The latest dataset can be accessed at [2019–20 Report of entity tax information](#) [↗](#). Prior year data can be accessed at [data.gov.au](https://data.gov.au) [↗](#). While some names listed in the *Report of entity tax information* may be recognisable to the public and connections 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. Corporations are, of course, able to disclose additional information at their own discretion – for example, through the **Voluntary Tax Transparency Code**. Voluntary Tax Transparency Code reports can be accessed at [data.gov.au](https://data.gov.au) [↗](#).

Entities subject to the \$100 million income threshold include:

- foreign-owned entities – those with a reported foreign shareholding on the company tax return of greater than 50%
- Australian public entities.

Entities subject to the \$200 million threshold include Australian-owned resident private companies. For simplicity, we also refer to these

entities as Australian private entities.

Caution needs to be taken when comparing the ownership cohorts, as they are not directly comparable. For example, Australian private companies will be under-represented in counts because of the different income reporting thresholds.

It should also be noted that if an entity has a tax loss, we cannot publish the amount of the loss in the *Report of entity tax information*. For this reason, the data only includes positive taxable income amounts or a blank field. However, in this report we calculate taxable income at the aggregate level including tax losses. This can create differences in taxable income totals between the two reports.

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

QC 67484

## Introduction

An introduction to the Corporate tax transparency report 2019-20.

**Last updated** 10 December 2021

The data in this year's report covers the income year 2019–20 and includes the impact of COVID-19 in the June 2020 quarter, when GDP fell by a record 7% subduing income growth in some sectors of the economy.

The impact of the early stages of the COVID-19 pandemic can be seen in the data. The June 2020 quarter saw the rapid implementation economic and monetary stimulus such as JobKeeper. These factors and the increase in resource prices means we have seen a differentiated tax performance in the data with mining driving the increases in total income and tax paid in 2019–20.

## Population overview

The population covered by the Corporate tax transparency report 2019-20 and our powers to report on this data.

**Last updated** 10 December 2021

There are 2,370 corporate entities in the 2019–20 corporate transparency population, with tax payable of \$57.2 billion. Compared to 2018–19, this represents a net increase of 59 entities (2.6%) and an increase in tax payable of approximately \$1.1 billion (2.0%).

See Figure 1 for a comparison of population growth over five years. The growth has been relatively consistent over the last five years but has slowed in 2019–20 due to a challenging economy. The growth is caused by more corporations exceeding the reporting income thresholds each year.

### **Figure 1: Corporate tax transparency population, growth over five years**

 This column graph shows the five-year growth in the transparency population to 2019-20. Growth has been relatively consistent over the last five years, from 2,041 entities in 2015-16 to 2,370 entities in 2019-20.

**Ownership**



**Industry segment**



**Exits from the population**



QC 67484

## Ownership

**Last updated** 10 December 2021

Foreign-owned entities accounted for 58.1% of the corporate transparency population in 2019–20, while Australian public entities account for 21.6% of the population and Australian private entities the remaining 20.2% (see Figure 2).

### **Figure 2: Corporate entities by ownership segment, 2019–20**

There were 2,370 entities in the corporate tax transparency population in 2019–20. They include 513 Australian public entities, 479 Australian private entities and 1,378 foreign-owned entities.

QC 67484

## Industry segment

**Last updated** 10 December 2021

Wholesale, retail and services is the largest industry segment by count (53.3%) of the corporate tax transparency population, followed by manufacturing, construction and agriculture (22.8%), mining, energy and water is 10.9%, banking, finance and investment is 10.1% and insurance is 2.9% (see Figure 3).

### **Figure 3: Corporate entities by industry segment, 2019–20**

This graph shows the 2,370 entities in the corporate tax transparency population in 2019–20 by industry segment. There are 69 insurance entities, 239 banking, finance and investment entities, 258 mining, energy and water entities, 541 manufacturing, construction and agriculture entities and 1,263 wholesale, retail and services entities.

## Exits from the population

**Last updated** 10 December 2021

The 2019–20 population includes 2,039 entities that were reported in the 2018–19 population, and 331 that were not.

In 2019–20, 272 entities from the 2018–19 corporate transparency population were no longer in scope – comprising 62 Australian public entities, 138 foreign-owned entities and 72 Australian private entities.

We analyse these exits from the transparency population to ensure that they are for legitimate reasons and the tax information reported by these entities is correct.

Entities may exit the population because they:

- restructured and/or joined a tax consolidated group during the year
- reported income below the transparency thresholds
- 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 2021) – these entities may appear in a later year report (following lodgment)
- were not required to lodge a company tax return due to deregistration.

See Figure 4 for the reasons for entities exiting the population in 2019–20.

The number of entities that exited the transparency population in 2019–20 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.

### **Figure 4: Exits from the corporate transparency population – entire population**

66 joined a consolidated group, 24 had not yet lodged, lodged late or were not yet processed and 7 were not required to lodge.

QC 67484

## Income segments

How tax transparency applies to the largest corporations, large corporations and medium corporations.

**Last updated** 10 December 2021

Australia's corporate tax paid is concentrated in the largest taxpayers (see Figure 5 below), which is why we apply a significant degree of scrutiny to these larger corporations. We use the **Action Differentiation Framework** to apply resources efficiently, allocating them to priority focus areas where specific attention is required.

We engage with the large corporations on an ongoing basis to manage their compliance and assure their tax performance. See **Top 100 engagement report** and **Top 1000 engagement program** for more information.

**Largest corporations**



**Large corporations**



**Medium corporations**




QC 67484

## Largest corporations

**Last updated** 10 December 2021

Australia's largest corporate entities tend to operate in segments of the economy characterised by a high degree of capital intensity and economies of scale. There are only 65 entities in the Corporate tax transparency (CTT) population with income of \$5 billion or more. These corporates represent only 2.7% of population but pay the majority of income tax 57% or \$32.6 billion (see Figure 5 below). The majority of these large corporations are Australian public companies and most are covered by our Top 100 program.

### **Figure 5: Largest corporate entities in \$5b and greater income segment**

 In 2019–20, the largest corporate entities in the \$5 billion and greater income segment represent only 2.7% of the population, but reported the majority of income tax payable with \$32.6 billion, or 57.0% of the total.

QC 67484


## **Large corporations**

**Last updated** 10 December 2021

The large corporations account for 55.7% of the CTT population and are the highest population by count and paid 37.9% of total tax payable, see Figure 6 below.

Many corporations in this cohort are covered by the Top 1,000 program, we usually review those taxpayers with turnover above \$250 million. In appropriate circumstances we may review smaller taxpayers within the group. Where we identify areas of concern, these are addressed through our Next Actions Program.

### **Figure 6: Large corporate entities in \$250m to \$5b income segment**

 In 2019-20, the large corporate entities which fall into the \$250 million to \$5 billion income segment, represent 55.7% of the population and reported tax payable of \$21.7 billion, or 37.9% of the total.


QC 67484

## Medium corporations

**Last updated** 10 December 2021

The medium corporations (those who earn less than \$250 million) account for 41.6% of the CTT population but paid only 5.1% of corporate income tax. See Figure 7 below.

### **Figure 7: Medium corporate entities in \$100m to \$250m income segment**

 In 2019-20, the medium corporate entities in the \$100 million to \$250 million income segment account for 41.6% of the population but reported a relatively small amount of tax payable of \$2.9 billion, or 5.1% of the total.

QC 67484

## Income tax payable

Data on tax payable by ownership segment and by industry segment.

**Last updated** 10 December 2021

Over one million entities lodge company income tax returns in Australia. At the time of publication, the 2,370 entities in the transparency report represent approximately 65% of total corporate income tax payable in 2019–20. This population contributed \$57.2 billion in tax payable compared to the prior year, this represents a net increase in tax payable of approximately \$1.1 billion (2.0%).

The increase in tax payable was primarily driven by the mining, energy and water segment, in particular strong iron ore prices and export volumes. There were declines in tax payable in banking, finance and

investment and the insurance segment. Wholesale and retail services marginally increased their tax payable and manufacturing was stable during the period. These numbers reflect challenging economic conditions and the differentiated impact of COVID-19, mainly in the last quarter of 2019–20.

**Tax payable – by ownership segment**



**Tax payable – by industry segment**



QC 67484

## Tax payable – by ownership segment

**Last updated** 10 December 2021

Australian public entities contributed the most tax paid at 62.8%, foreign entities followed at 28.9% and private entities contributed the remaining 8.3%.

Within the corporate transparency population, private entities contributed the most to the growth in tax payable in 2019–20 (\$1.06 billion). This was primarily driven by a small number of private entities that experienced significant profits, rather than being reflective of the private population more broadly. Australian public entities also contributed \$119 million in growth, whilst foreign entities had a small decline in tax paid of \$12 million. These figures are presented in Figure 8 below.

### **Figure 8: Change in tax payable, by ownership segment**

 Total tax payable by corporate entities in 2019–20 was \$57,245 million, compared with \$56,082 million in 2018–19. Tax payable increased in 2019–20 by \$1,056 million for Australian private entities and \$119 million for Australian public entities, but decreased by \$12 million for foreign-owned entities.

## Tax payable – by industry segment

**Last updated** 10 December 2021

The increase in tax payable across the CTT population this year was primarily driven by the mining, energy and water segment (see Figure 9) – in particular, strong commodity prices and export volumes. There were declines in tax payable in banking, finance & investment and in insurance. There was low growth in manufacturing and wholesale retail services, reflecting more challenging economic conditions in 2019–20 and a softening in non-mining sector corporate profits in recent years.

### **Figure 9: Change in tax payable, by industry segment**

 Total tax payable by corporate entities in 2019–20 was \$57,245 million, compared with \$56,082 million in 2018–19. Tax payable decreased in 2019–20 in the banking, finance and investment industry segment by -\$815 million and in the insurance segment by -\$336 million. Manufacturing, construction and agriculture segment had increased tax payable during 2019–20 of \$97 million, wholesale, retail and services increased by \$124 million, and mining, energy and water had increased tax payable of \$2,093 million.

Economic factors can affect the performance of an industry segment in a given year. The insurance segment was affected by a number of natural disasters in 2019–20. The banking, finance and investment segment is facing increased regulatory expenses and reduced revenues. Cyclical factors can affect any business but especially the tax performance of the mining, energy and water segment. Significant project construction costs can result in material deductions during the construction phase, when a project is not yet generating revenue. This can result in the generation of tax losses which can be carried forward for a number of years.

Refer to **Why some corporations pay no tax** for more information.

QC 67484

## Five-year trend analysis

Trends in tax payable, total income, taxable income and count of entities.

**Last updated** 10 December 2021

Over the last five years, increases in the number of entities in each industry has been a key contributing factor to growth in tax paid and income across all segments. The exception is Australia's mining, energy and water segment, where commodity prices and export volumes have been key contributing factors in tax paid and income. Higher iron ore export values have primarily driven strong growth in tax paid for this segment and significantly increased its proportional contribution to the total, from 16.5% to 43.7% over the five years to 2019–20.

Over the five year period, banking, finance and investment and the insurance segments experienced a decline in tax paid. Manufacturing, construction, agriculture and the wholesale retail services segment have experienced small increases in tax paid.

The following figures illustrate the changes by industry segment in tax payable, total income, taxable income, and entity counts.

**Tax payable**



**Total income**



**Taxable income**

## Count of entities




QC 67484

## Tax payable

Last updated 10 December 2021

Figure 10 shows the trend in tax payable by industry segment over the past five years. Table 1 summarises this data.

### Figure 10: Tax payable by industry segment over five years

 This column graph shows the trend in tax payable over five years from 2015–16 to 2019–20, 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 banking, finance and investment and insurance segments which dropped in 2019–20, the tax payable across all other industry segments steadily increased. This graph also shows that aggregate tax payable has increased over the five years.

**Table 1: Five-year trend of tax payable by industry segment (\$b)**

Industry segment	2015–16	2016–17	2017–18	2018–19	2019–20
BFI	14.5	15.5	16.2	14.9	14.1
ISR	2.5	2.7	2.7	2.2	1.9
MCA	3.3	3.5	4.1	3.7	3.7
WRS	11.6	11.9	13.2	12.4	12.5

<b>MIN</b>	6.3	12.1	16.1	22.9	25.0
<b>All industry segments</b>	38.2	45.7	52.3	56.1	57.2

QC 67484

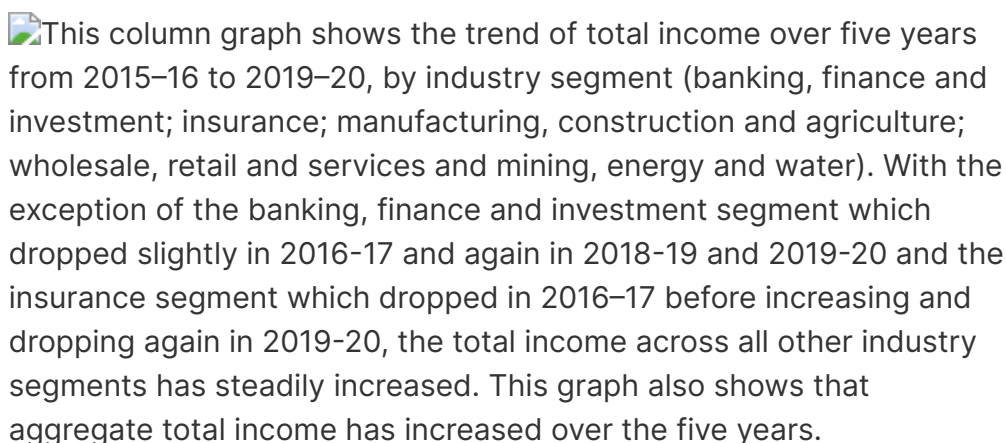
## Total income

**Last updated** 10 December 2021

Figure 11 shows the trend in total income by industry segment over the past five years. Table 2 summarises this data. Total income was \$2,184.5 billion in 2019–20, an increase of 2.6% on the prior year.

Banking, finance and investment and the insurance segments have seen declines in total income over the last two year, whilst the other sectors have experienced moderate growth.

### Figure 11: Total income by industry segment over five years

 This column graph shows the trend of total income over five years from 2015–16 to 2019–20, 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 banking, finance and investment segment which dropped slightly in 2016–17 and again in 2018–19 and 2019–20 and the insurance segment which dropped in 2016–17 before increasing and dropping again in 2019–20, the total income across all other industry segments has steadily increased. This graph also shows that aggregate total income has increased over the five years.

**Table 2: Five-year trend of total income by industry segment (\$b)**

<b>Industry segment</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>	<b>2018–19</b>	<b>2019–20</b>
-------------------------	----------------	----------------	----------------	----------------	----------------

<b>BFI</b>	312.9	269.7	292.0	284.6	283.0
<b>ISR</b>	122.6	116.2	122.3	132.7	130.0
<b>MCA</b>	300.8	301.1	332.2	336.1	345.0
<b>WRS</b>	795.1	824.2	881.7	932.9	955.0
<b>MIN</b>	312.4	336.8	371.1	442.4	468.0
<b>All industry segments</b>	1,843.8	1,848.1	1,999.3	2,128.7	2,184.0

QC 67484


## Taxable income

**Last updated** 10 December 2021

Taxable income is a company's total income minus expenses, which is therefore affected by revenue growth and market conditions impacting deductions (for example, interest rate changes will affect a company's borrowing expenses). Non-mining segments have experienced either declines or low growth in taxable income over the past five years. The mining, energy and water segment is the biggest contributor to the overall increase in taxable income, with steady and consistent growth over the past five years.

Figure 12 shows the trend in taxable income by industry segment over the past five years, Table 3 summarises this data. Taxable income was \$208.4 billion in 2019–20, an increase of \$0.2 billion (0.1%) on the prior year. All non-mining sectors have seen declines in taxable income this year due to rising costs and challenging market conditions.

**Figure 12: Taxable income by industry segment over five years**

 This column graph shows the trend of taxable income over five years from 2015–16 to 2019–20, 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 shows growth in all five years, the remaining industry segments show both growth and decline at various times over the five years. This graph also shows that aggregate taxable income has increased over the five years.

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

Industry segment	2015–16	2016–17	2017–18	2018–19	2019–20
<b>BFI</b>	70.8	63.3	74.9	63.9	60.2
<b>ISR</b>	13.1	14.5	14.4	12.7	10.1
<b>MCA</b>	12.4	12.7	14.9	15.4	13.3
<b>WRS</b>	34.7	35.2	40.0	37.1	34.8
<b>MIN</b>	11.0	30.4	49.3	79.1	90.0
<b>All industry segments</b>	142.0	156.2	193.6	208.2	208.4

QC 67484

## Count of entities

Last updated 10 December 2021

Over the five years, increases in the number of entities in each industry has been a contributing factor to tax paid and income across all segments. The exception is the mining, energy and water segment, where commodity prices and export volumes have been key contributing factors to growth in this sector. Figure 13 shows the trend in count of entities by industry segment over the past five years, Table 4 summarises this data.

**Figure 13: Count of entities by industry segment over five years**

 This column graph shows the trend in the number of entities in the population over the five years from 2015-16 to 2019-20, 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 mining, energy and water which decreased in 2016-17. This graph also shows that over the five years there had been an overall increase in the entity count.

**Table 4: Count of entities by industry segment**

Industry segment	2015-16	2016-17	2017-18	2018-19	2019-20
<b>BFI</b>	193	204	217	220	239
<b>ISR</b>	61	62	62	67	69
<b>MCA</b>	467	485	503	530	541
<b>WRS</b>	1,084	1,126	1,190	1,238	1,263
<b>MIN</b>	236	232	242	256	258
<b>All industry segments</b>	2,041	2,109	2,214	2,311	2,370

QC 67484

## Net losses and nil tax payable

Reasons for tax losses, and data on nil tax payable by ownership segment and industry segment.

**Last updated** 10 December 2021

Where a corporate entity has tax deductions that exceed its income, it can incur a tax loss and pay no tax for that year. Companies with losses in one year can carry these losses forward and deduct them from their profits in future years.

Corporate entities may also be able to use features in the Australian tax law (such as tax offsets) to reduce the amount of tax they pay, sometimes to zero. Eligibility criteria for each offset can be different and are used to stimulate investment in areas given special concessions in the tax law (for example, the research and development offset).

We examine tax loss making companies very carefully to understand why they are making a loss and whether this represents a compliance risk. We can use our strong information-gathering powers to obtain documents and information from corporates, and exchange information with other jurisdictions on the operation of corporations (see [country-by-country reporting](#)).

We can examine Australian Securities Exchange (ASX) data, an annual report to shareholders and other third-party information to determine the overall performance of an entity in comparison to the information reported on its tax return.

The corporate tax transparency data this year has 33% of entities reporting nil tax paid. This proportion is similar to ASX data which shows around 20–30% of ASX 500 companies reporting a net loss to their shareholders in any given year. The ASX data shows that even extremely large companies will sometimes not make a profit in a year when they expand or face challenging market conditions.

**Reasons for tax losses**



**Nil tax payable – by ownership segment**



**Nil tax payable – by industry segment**



QC 67484

## Reasons for tax losses

**Last updated** 10 December 2021

There are numerous commercial reasons why corporations can make a loss. Main reasons include, but are not limited to:

- sensitivity to economic and environmental conditions which may impact income and expenses
- capital investment decisions, including reinvesting capital assets or business expansion that can lead to increased tax deductions.

Although taxable income or loss is calculated differently to accounting profit or loss, it is useful to compare levels. We can gain confidence when we examine a corporate entity and find loss-making levels are broadly comparable between accounting and tax.

We often look at the 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 or loss).

An entity may not pay tax in an income year where it reports:


- an accounting loss
- an accounting profit but reconciliation items (for example, tax deductions allowed at higher rates than accounting permits)

resulted in a tax loss

- a taxable income but was also entitled to offsets (such as the research and development incentive) at least equal to the tax otherwise payable
- a taxable income but prior-year losses were available to deduct against that profit, so no tax was payable.

Of the 2,370 entities in scope for the 2019–20 transparency report, 1,588 (67%) paid tax; however, due to some of the reasons outlined above, 782 (33%) did not pay tax (see Figure 14).

#### **Figure 14: Reasons for nil tax at the entity level**


 In 2019-20, 2,370 entities are in the corporate tax transparency population. Of these, 1,588 (67%) groups did pay tax and 782 (33%) entities did not have a tax liability for 2019-20. Of these, 371 (16%) incurred an accounting loss, 122 (5%) incurred tax losses, 52 (2%) utilised offsets and 237 (10%) utilised losses from prior year.

#### **Economic group level analysis**

Many single entities that did not pay tax are members of a tax paying corporate group. An economic group includes all entities (companies, trusts and partnerships etc.) that lodge an Australian tax return under a direct or indirect Australian or foreign ultimate holding company or other majority controlling interest. This includes all entities under a single ultimate holding company or under the ownership of a single individual, trust or partnership.


When we look at a corporate entity, we look at the entire economic group structure and which entities are paying tax. At the economic group level, a total of 2,061 economic groups or standalone entities were to some degree in scope for the transparency report. When we analyse this population at the group level, the percentage with nil tax payable drops from 33% to 22% because at least one entity in the group did pay tax, see Figure 15 below.

#### **Figure 15: Reasons for nil tax at the economic group level**

 In 2019-20, 2,061 economic groups and standalone entities were in the corporation tax transparency population. Of these, 1,601 (78%) groups did pay tax and 460 (22%) economic groups and standalone entities did not have a tax liability for 2019-20. Of these, 215 (10%) incurred an accounting loss, 67 (3%) incurred tax losses, 20 (1%) utilised offsets and 158 (8%) utilised losses from prior year.

The utilisation of tax losses has remained relatively stable over the three years to 2019-20. However, accounting losses has grown in 2019-20 as corporations made lower accounting profits due to more challenging economic conditions over the period see Figure 16 below.

**Figure 16: Proportion of economic groups with nil tax payable, by tax outcome over three years**

 This graph shows the proportion of economic groups with nil tax payable in 2019-20 as compared to 2018-19 and 2017-18, by tax outcome (incurred an accounting loss, utilised losses from prior year, incurred tax loss, utilised offsets). There was an increase in the proportion of groups incurring an accounting loss and a slight decrease in groups utilising losses from prior years or incurring tax losses over the three years. The proportion of groups or standalone entities utilising offsets has remained low, at around 1% during this time.

QC 67484

## Nil tax payable – by ownership segment

**Last updated** 10 December 2021


The proportion of entities with nil tax payable has decreased over the production of this report down from 36% in 2013-14 to 33% in 2019-20. However, there was an increase in 2019-20, which was not unexpected due to the effects of COVID-19 related lock-downs on GDP growth and economic activity.

There was a significant increase in the proportion of public companies which paid nil tax in 2019-20 (see Figure 17). This was associated with

service industries, transport and financial asset investing; which were affected by COVID-19.

The ownership cohorts are not directly comparable, as smaller Australian private entities with total income less than \$200 million are not represented in the data (see [Interpreting the results](#)).

**Figure 17: Proportion of entities with nil tax payable, by ownership segment, over 3 years**

 This graph shows the proportion of entities with nil tax payable over three years by ownership segment (private, foreign-owned and Australian public). The percentages have remained broadly stable, with the exception of Australian public entities which showed a significant increase in 2019-20.

QC 67484


## Nil tax payable – by industry segment

**Last updated** 10 December 2021

The proportion of entities with nil tax payable differs across the industry segments. Nil tax payable can also depend on macroeconomic factors such as economic downturns or conditions that affect industry segments in different ways – for example, COVID-19 has affected mining differently to the international travel industry.

Some cyclical factors which show a higher percentage of nil tax payable entities in the mining segment compared to other segments. Similarly, corporate entities in the banking, finance and investment segments have experience greater costs in 2019–20 because of the effect of natural disasters and challenging economic conditions. This has resulted in those segments also having a higher proportion of nil tax payable entities than other segments, see Figure 18.

**Figure 18: Proportion of entities with nil tax payable, by industry segment, over three years**

 This graph shows the proportion of entities with nil tax payable in 2019–20 as compared to 2018–19 and 2017–18, by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). In 2019–20, the mining, energy and water segment had the highest proportion of entities with nil tax payable at around 50%, while the banking, finance and investment segment had the lowest at around 28%.

QC 67484

## Petroleum resource rent tax

Corporate tax transparency report 2019-20 data on petroleum resource rent tax (PRRT).

**Last updated** 10 December 2021

The petroleum resource rent tax (PRRT) is a profits-based tax that taxes profits generated from the sale of marketable petroleum commodities (MPCs) above a specified rate of return.

PRRT is paid when a petroleum project's total assessable receipts exceed total eligible expenditure. Due to their nature, petroleum projects experience periods of significant negative cash flow during the exploration and construction phases before a project becomes cash flow positive. All deductible expenditure for PRRT purposes is immediately deductible, whether capital or revenue and carried forward if unutilised. This carried forward expenditure is also uplifted annually to offset future positive cash-flow periods.

These factors and the long lead times before production commences typically delay the time when projects become PRRT payable.

**Total petroleum resource rent tax payable** 

QC 67484


## Total petroleum resource rent tax payable

**Last updated** 10 December 2021

There are 12 entities in the 2019–20 PRRT transparency population, with total PRRT payable of \$881.2 million. The number of entities paying PRRT increased from 11 in the previous year, and PRRT payable decreased from \$1.06 billion.

The decrease in PRRT payable reflects the decreased profitability of PRRT-liable companies in 2019–20; oil prices were a key driver (see [World Bank commodity prices data](#)). Figure 19 shows the trend in PRRT payable over the past five years.

### Figure 19: Number of PRRT entities and PRRT payable over five years

 This graph shows the number of petroleum resource rent tax (PRRT) entities and the amount of PRRT payable from 2015-16 to 2019-20. Since 2017-18 the number of PRRT entities has increased slightly to 12 entities in 2019-20. Over this time, PRRT payable has decreased slightly to \$881.2 million in 2019-20.

QC 67484

## Tax returns processed after 1 September

How the Corporate tax transparency report 2019-20 treats lodgments after 1 September.

**Last updated** 10 December 2021

To be included in the corporate transparency population, tax returns must be lodged and processed by 1 September of the following income year. Any tax returns that are lodged late or processed after that date are included in the next available report.

This corporate tax transparency report includes the 2017–18 tax returns of 9 entities and the 2018–19 tax returns of 57 entities that were lodged or processed after 1 September 2020.

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

QC 67484

## Corporate population compliance

A summary of how we work to improve corporate compliance.

**Last updated** 10 December 2021

The ATO is a world leader in combating tax avoidance. The **Tax Avoidance Taskforce** bolsters our efforts to ensure multinational enterprises, large public and private businesses (and associated individuals) pay the right amount of tax in Australia.

Through our **justified trust** program, we assure the tax compliance of large corporate groups and privately owned and wealthy groups. Where we identify areas of concern, these are escalated for further investigation by our compliance teams. Refer to **Tax performance programs for privately owned and wealthy groups**.

Justified trust builds and maintains community confidence that taxpayers are paying the right amount of tax. It also allows us to focus our resources in the right areas. As the corporate tax transparency population has some of our largest taxpayers, we invest significant resources to ensure they are paying the correct amount of tax.

Our **Population-wide approaches to preventing non-compliance** explains how we monitor large corporates and the large amount of

resources applied to educating and preventing non-compliance.

We engage with the top 1,100 public and multinational businesses and superannuation funds, and the top 500 privately owned and wealthy groups to obtain assurance that these businesses pay the correct amount of tax. Refer to our findings reports:

- Findings report Top 100 (income tax) program
- Findings report Top 1,000 (income tax) program

Our **Tax and corporate Australia** report, explains in more detail how we maintain assurance over large corporate taxpayers.

QC 67484

## **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.

## **Copyright notice**

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).