Corporate tax transparency report for the 2016–17 income year

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

Last updated 13 December 2018

This is the fourth 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 2016–17 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

- Four-year trend analysis
- Population overview
- Net losses and nil tax payable
- Petroleum resource rent tax
- Prior-year income tax returns processed after 1 September 2017
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See also:

- 2016–17 Report of entity tax information
- Report of entity tax information

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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.

The industry classifications used in this report are necessarily broad and based on internal ATO criteria. Recent improvements to industry classification methodology, including a comprehensive recalibration in July 2018, have resulted in slight differences to previously published figures. Comparison charts are provided in Appendix A to show the effect of the recalibration on the population. Industry information presented is indicative only.

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
- Appendix A - industry code recalibrations

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Total income tax payable

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There are 2,109 corporate entities in the 2016–17 corporate transparency population, with total income tax payable of $45.7 billion. Compared to 2015–16, this represents a net increase of 68 entities (3.3%) and an increase in tax payable of $7.5 billion (19.6%).

The significant increase in tax payable was primarily driven by the mining, energy and water segment, broadly reflecting the recovery of commodity prices. Results were relatively steady among other industry segments (Figure 1).

Figure 1: Change in tax payable, by industry segment, 2016–17

Total tax payable by corporate entities in 2016–17 was $45,704 million, compared with $38,209 million in 2015–16. Tax payable increased in all industry segments in 2016–17; by $972 million for banking, finance and investment, $220 million for insurance, $238 million for manufacturing, construction and agriculture, $271 million for wholesale, retail and services and $5,793 million for mining, energy and water.

Compared to the previous year, there were increases in tax payable for all three ownership segments. Australian public entities contributed the most to the increase ($6.4 billion), followed by foreign-owned entities ($626 million) and Australian private entities ($429 million) (Figure 2).

Figure 2: Change in tax payable, by ownership segment, 2016–17
Total tax payable by corporate entities in 2016–17 was $45,704 million, compared with $38,209 million in 2015–16. Tax payable increased in all ownership segments in 2016–17; by $429 million for Australian private entities, $626 million for foreign-owned entities and $6,440 million for Australian public entities.

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Four-year trend analysis

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Over the four years to 2017, all industry segments reported growth in total income, taxable income and tax payable – except the mining, energy and water segment. The increase in the count of entities in each industry (excluding the mining, energy and water segment where the number of entities declined) was a key contributing factor to the increase in these figures.

It should be noted the industry in which the entity is categorised as of 2016–17 will be the industry in which it has been categorised in prior years, as we do not maintain a historical industry categorisation.

The following figures illustrate the changes by industry segment in tax payable, total income, taxable income, and entity counts over the four years since the first report on corporate tax transparency was released. The new industry classifications have been applied across the four years.

Figure 3 and Figure 4 illustrate the trend in tax payable by industry segment in the four years to 2017. Table 1 summarises this data.

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

This column graph shows the trend in tax payable across the four years of 2013–14 to 2016–17, by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). 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 remained broadly stable. This graph also shows that across all industry segments for all four years there was an overall decline in tax payable in 2015–16, which has recovered in 2016–1

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

Like in Figure 3, this graph shows the trend in tax payable across the four years of 2013–14 to 2016–17, but in the form of an area graph. The data is broken down by industry segment (banking, finance and investment; mining, energy and water; insurance and superannuation (excluding super funds); manufacturing, construction and agriculture; and wholesale, retail and services).

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

Industry segment	2013–14	2014–15	2015–16	2016–17
BFI	12.6	14.1	14.5	15.5
ISR	2.2	2.3	2.5	2.7
MCA	2.6	3.6	3.3	3.5
WRS	11.3	11.5	11.6	11.9
MIN	13.2	10.3	6.3	12.1

All industry segments	**41.9**	**41.9**	**38.2**	**45.7**

Figures 5 and 6 below illustrate the trend in total income by industry segment in the four years to 2017. Table 2 summarises this data.

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

This column graph shows the trend of total income across the four years of 2013–14 to 2016–17, by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). 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: Four-year trend of total income by industry segment

Like in Figure 5, this graph shows the trend in total income across the four years of 2013–14 to 2016–17, but in the form of an area graph. The data is broken down by industry segment (banking, finance and investment; mining, energy and water; insurance and superannuation (excluding super funds); manufacturing, construction and agriculture; and wholesale, retail and services).

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

Industry segment	2013–14	2014–15	2015–16	2016–17
BFI	287.3	265.0	277.1	270.6
ISR	110.9	119.6	122.5	116.1
MCA	270.6	281.4	302.1	302.2
WRS	743.5	770.6	795.7	824.7

MIN	362.1	344.5	310.3	334.5
All industry segments	**1,774.4**	**1,781.0**	**1,807.7**	**1,848.1**

Figures 7 and 8 below illustrate the trend in taxable income by industry segment in the four years to 2017. Table 3 summarises this data.

Figure 7: Four-year trend of taxable income by industry segment
This column graph shows the trend of taxable income across the four years of 2013–14 to 2016–17, by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). 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 four years there had been an overall decline in taxable income, which recovered in 2016–17.

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

Like in Figure 7, this graph shows the trend in taxable income across the four years of 2013–14 to 2016–17, but in the form of an area graph. The data is broken down by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services).

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

Industry segment	2013–14	2014–15	2015–16	2016–17
BFI	60.4	55.6	70.9	63.3
ISR	11.5	12.3	13.1	14.5
MCA	10.0	13.1	12.3	12.5

WRS	34.7	36.8	34.8	35.4
MIN	40.0	27.2	10.9	30.4
All industry segments	**156.5**	**145.1**	**142.0**	**156.2**

Figures 9 and 10 below illustrate the count of entities by industry segment in the four years to 2017. Table 4 summarises this data.

Figure 9: Count of entities by industry segment

This column graph shows the trend in the number of entities in the population across the four years of 2013–14 to 2016–17, by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). 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 four years there had been an overall increase in the entity count.

Figure 10: Count of entities by industry segment

Like in Figure 9, this graph shows the trend in the number of entities in the population across the four years of 2013–14 to 2016–17, but in the form of an area graph. It is broken down by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services).

Table 4: Count of entities by industry segment

Industry segment	2013–14	2014–15	2015–16	2016–17
BFI	181	182	193	203
ISR	53	59	60	61

MCA	435	433	474	493
WRS	942	986	1,079	1,121
MIN	248	244	235	231
All industry segments	**1,859**	**1,904**	**2,041**	**2,109**

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Population overview

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The 2016–17 corporate transparency population consists of 2,109 entities, which reflects a net increase of 68 entities from the previous year. The 2016–17 population includes 1,770 entities that were reported in the 2015–16 population, and 339 that were not (Figure 11).

Figure 11: Entities in scope for the 2016–17 corporate transparency report[1]

In 2016–17, 2,109 entities were in scope for the transparency report. Of these, 1,770 carried over from the previous year and 339 were new to the transparency population.

[1]The 2015-16 report was corrected post its publication in December 2017. Two entities have been removed from the report and the figures for one entity were revised. These changes have been reflected in the data.

Exits

Income segment

Industry segment

Ownership

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Exits

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In 2016–17, 271 entities from the 2015–16 corporate transparency population (including 61 Australian private, 82 Australian public and 128 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:

- 163 reported income levels below the transparency thresholds
- 80 joined a consolidated group during the year (income earned after joining was reported by their head company)
- 11 were not required to lodge a company tax return due to various other reasons - for example, deregistration
- 17 had not yet lodged or had lodged a company tax return that was not processed by the cut-off date for this report (1 September 2018).

The number of entities that exited the transparency population in 2016–17 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 2016–17, 271 entities from 2015–16 were no longer in scope for the transparency report. Of these, 163 reported income below the income thresholds, 80 joined a consolidated group, 11 were not required to lodge for other known reasons, and 17 had not yet lodged, lodged late or were not yet processed.

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

In 2016–17, 61 Australian private entities from 2015–16 were no longer in scope for the transparency report. Of these, 39 reported income below the income thresholds, 15 joined a consolidated group, two were not required to lodge for other known reasons, and five had not yet lodged, lodged late or were not yet processed.

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

In 2016–17, 82 Australian public entities from 2015–16 were no longer in scope for the transparency report. Of these, 45 reported income below the income thresholds, 24 joined a consolidated group, three were not required to lodge for other known reasons, and 10 had not yet lodged, lodged late or were not yet processed.

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

In 2016–17, 128 foreign-owned entities from 2015–16 were no longer in scope for the transparency report. Of these, 79 reported income below the income thresholds, 41 joined a consolidated group, six were not required to lodge for other known reasons, and two had not yet lodged, lodged late or were not yet processed

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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 57% ($26 billion) of the tax payable for the population (Figure 16). This share of tax payable has increased from 53% in the previous year, largely due to the recovery of commodity prices supporting an increase in tax payable in the mining, energy and water segment. This represents a significant share of tax payable for an extremely small number of companies.

Figure 16: Corporate entities by income segment, 2016–17

Entities in the population are grouped into three income range segments. This figure shows the number of corporate entities in each income range segment, the number with positive taxable income and tax payable amounts, and the amount of tax payable. In 2016–17, a small number of entities – representing about 2% of the population – were in the $5 billion or more income segment, and reported $26.1 billion of tax payable, or 57% 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 $16.9 billion, or 37% 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.

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Industry segment

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Australia's largest corporations 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 again dominated by the banking, finance and investment segment in 2016–17. The mining, energy and water segment had the second largest share of tax payable, followed closely by the wholesale, retail and services segment. The share of tax payable attributable to the mining, energy and water segment was higher than in previous years due to the recovery in commodity prices. The manufacturing, construction and agriculture segment had a low share of tax payable relative to the number of companies operating in this industry.

Figure 17: Corporate entities, by industry segment, 2016–17

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 2016–17, 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 1,131 foreign-owned entities in 2016–17 make up over half (54%) of the corporate transparency population and account for around one-fifth (22%) of tax payable. Australian public entities account for 28% of the population (590) and 72% of tax payable, while Australian private entities account for 18% of the population (388) and 6% of tax payable.

Figure 18: Corporate entities, by ownership segment, 2016–17

There were 2,109 entities in scope for the transparency report in 2016–17. They include 590 Australian public entities, 388 Australian private entities and 1,131 foreign-owned entities.

Figure 19: Tax payable – corporate entities, by ownership segment, 2016–17

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 2016–17, there were 1,131 foreign-owned entities (54% of the corporate transparency population accounting for 22% of tax payable); 590 Australian public entities (28% of the population accounting for 72% of the tax payable); and 388 Australian private entities (18% of the population accounting for 6% of tax payable).

Corporate sector entities and groups

There are approximately 1.3 million companies operating in Australia and they reported total income tax payable of $74 billion in 2016–17. The 2,109 corporate tax entities reported in the transparency report represent over 62% of total corporate income tax payable.

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

As shown in Figure 20, the 2016–17 corporate transparency population consists of entities that belong to 1,645 unique economic groups, as well as 209 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, 2016–17

1,854 economic groups and standalone entities were to some degree in scope for the transparency report in 2016–17, comprising 1,645 economic groups and 209 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, 2008–2017

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 (2008–2017).

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 2008 to 2017 period.

DISCLAIMER

While the majority of entities in the corporate transparency population made profits and paid tax in relation to the 2016–17 income year, some do not pay tax. Sensitivity to economic conditions, reinvestment back into the business, distribution of profits to other entities within the broader group, tax deductions and tax offsets can all affect the amount of taxable income and tax payable.

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 2,109 entities in the 2016–17 transparency report, 66% 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:

- 251 entities reported a taxable income but prior-year losses were available to deduct against that profit, so no tax was payable
- 59 entities 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
- 117 entities reported an accounting profit but reconciliation items (e.g. tax deductions allowed at higher rates than accounting permits) resulted in a tax loss
- 295 entities reported an accounting loss.

Figure 22: Entity tax outcomes, 2016–17

Of the 2,109 entities in scope for the transparency report in 2016–17, 1,387 (66%) had a tax liability and 722 (34%) did not. Among those that did not have a tax liability in 2016–17, 251 (12%) utilised losses from prior years, 59 (3%) utilised offsets, 117 (6%) incurred a tax loss and 295 (14%) incurred an accounting loss.

The proportion of companies paying tax at an economic group level is significantly higher at 77% (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 1,854 economic groups or standalone entities were to some degree in scope for the transparency report. Of these, 77% 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 23% did not (Figure 23).

Figure 23: Economic group level tax outcomes, 2016–17

Of the 1,854 economic groups and standalone entities that were to some degree in scope for the transparency report in 2016–17, 1,436 (77%) had a tax liability and 418 (23%) did not. Among those that did not have a tax liability in 2016–17, 157 (8%) utilised losses from prior years, 30 (2%) utilised offsets, 71 (4%) incurred a tax loss and 160 (9%) incurred an accounting loss.

Nil tax payable by ownership segment

Nil tax payable by industry segment

Nil tax payable by ownership and industry segment

Nil tax payable by ownership segment

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Australian public and foreign-owned entities have a higher proportion of entities with nil tax payable when compared to Australian private entities (Figure 24). The proportion of entities with nil tax payable was broadly stable for foreign-owned and Australian private entities, whilst there was a noticeable decline in the portion of Australian public entities that had nil tax payable in the 2016–17 income year.

Figure 24: Proportion of entities with nil tax payable, by ownership segment, 2014–15 to 2016–17

This graph shows the proportion of entities with nil tax payable in 2016–17 as compared to 2015–16 and 2014–15, by ownership segment (private, foreign-owned and Australian public). The percentages have remained broadly stable, with the exception of Australian public entities having fallen in 2016–17.

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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 and the manufacturing, construction and agriculture segment experiencing the highest rates (Figure 25).

Figure 25: Proportion of entities with nil tax payable, by industry segment, 2014–15 to 2016–17

This graph shows the proportion of entities with nil tax payable in 2016–17 as compared to 2015–16 and 2014–15, by industry segment (banking, finance and investment; mining, energy and water; insurance; manufacturing, construction and agriculture; and wholesale, retail and services). In 2016–17, the mining, energy and water segment had the highest proportion of entities with nil tax payable at around 55%, while the banking, finance and investment and insurance segments had the lowest at around 25%.

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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 segment, as shown in Figure 26.

Figure 26: Proportion of entities with nil tax payable, by ownership and industry segment, 2016–17

This graph shows the proportion of entities with nil tax payable in 2016–17, 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 large proportion, with an average of 53% of nil tax entities across the ownership segments.

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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 14 corporate entities in the 2016–17 PRRT transparency population, with total PRRT payable of $946 million. The number of entities paying PRRT increased from nine in the previous year and PRRT payable increased from $845 million.

The increase in PRRT payable reflects the increased profitability of PRRT liable companies in 2016–17, of which oil prices (up 16%)[2] were a key driver.

The Australian dollar was nearly 4%[3] higher on average over 2016–17, which would generally have a negative impact on the profitability of PRRT liable companies.

[2] The World Bank, http://www.worldbank.org/en/research/commodity-markets, 2018

[3] The Reserve Bank of Australia, https://www.rba.gov.au/, 2018

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Prior-year income tax returns processed after 1 September 2017

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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 seven entities not previously published because their 2014–15 income tax returns were lodged and processed after 1 September 2017. Of these seven entities, three reported nil tax payable and the remaining four had aggregate tax payable of $10 million, 100% of which was paid on time. These entities are now published as part of the 2016–17 report.

There were 43 entities not previously published because their 2015–16 income tax returns were lodged and processed after 1 September 2017. Of these 43 entities, 26 reported nil tax payable and the remaining 17 had aggregate tax payable of $75 million, 81% of which was paid on time, while 97% has been paid to date. These entities are now published as part of the 2016–17 report.

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 2016–17 data being reported may, therefore, have met all of their lodgment requirements prior to 1 September 2017.

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, reporting being delayed due to structural changes (such as mergers, acquisitions and consolidation), as well as circumstances where 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.

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Australian-owned resident private entities

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Approximately 81% 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 superannuation funds.

Figure 27: Share of entities by tax payable category, 2016–17

Of the 388 Australian private corporate entities in scope for the transparency report in 2016–17, 279 (72%) had a tax liability and 109 (28%) did not. Among those that did not have a tax liability, 36 (9%) utilised losses from prior years, nine (2%) utilised offsets, 18 (5%) incurred a tax loss and 46 (12%) incurred an accounting loss.

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Appendix A - industry code recalibrations

Last updated 13 December 2018

Recent improvements to our industry classification methodology, including a comprehensive recalibration in July 2018, have resulted in slight differences to previously published figures within the corporate tax transparency reports.

To provide context to these changes and to show the effect of the recalibration on the population, we have included a range of comparison charts.

It should be noted the industry in which the entity is categorised as of 2016–17 will be the industry in which it has been categorised in prior years, as we do not maintain a historical industry categorisation.

Note also the 2015–16 report was corrected post its publication in December 2017. Two entities were removed from the report and the figures for one entity were revised. These changes have been reflected in the data.

Change in tax payable by industry segment

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Change in tax payable by industry segment

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Figures 1 and 2 below illustrate the change in tax payable under the new and old industry classifications for the 2015–16 and 2016–17 income years.

Figure 1: Change in tax payable, by industry segment (New industry)

Figure 1 shows the change in tax payable, by new industry segment. Total tax payable by corporate entities in 2015–16 was $38,209 million, compared with $41,856 million in 2014–15. Tax payable increased by $424 million for banking, finance and investment, by $137 million for insurance and $183 million for wholesale, retail and services in 2015–16. Over the same period, tax payable decreased by $359 million for the manufacturing, construction and agriculture segment, and $4,032 million for mining, energy and water. Total tax payable by corporate entities in 2016–17 was $45,704 million, compared with $38,209 million in 2015–16. Tax payable increased in all industry segments in 2016–17. By $972 million for banking, finance and investment, $220 million for insurance, $238 million for manufacturing, construction and agriculture, $271 million for wholesale, retail and services and $5,793 million for mining, energy and water.

Figure 2: Change in tax payable, by industry segment (Old industry)

Figure 2 shows the change in tax payable, by old industry segment. Total tax payable by corporate entities in 2015–16 was $38,209 million, compared with $41,856 million in 2014–15. Tax payable increased by $412 million for banking and finance, and $112 million for insurance in 2015–16. Over the same period, tax payable decreased by $38 million for the manufacturing segment, $131 million for sales and service and $4,002 million for energy and resources. Total tax payable by corporate entities in 2016–17 was $45,704 million, compared with $38,209 million in 2015–16. Tax payable increased in all industry segments in 2016–17; by $1,155 million for banking and finance, $372 million for insurance and superannuation (excluding super funds), $108 million for manufacturing, $243 million for sales and services and by $5,618 million for energy and resources.

Table 1 below summarises the change in the count of entities and tax payable under the new and old industry classifications for the 2016–17 income year.

Table 1: Change in count of entities and tax payable (Old vs New industry)

Old industry	Count	Tax payable ($b)	New industry	Count	Tax paya ($b)
BF	202	15.5	**BFI**	203	
ISR	69	3.0	**ISR**	61	
MFG	731	5.5	**MCA**	493	
S&S	836	9.3	**WRS**	1,121	
ER	271	12.4	**MIN**	231	
Total	**2,109**	**45.7**	**Total**	**2,109**	**4**

Corporate entities by industry segment

Figures 3 and 4 below illustrate the total count of entities, the number of entities with taxable income and tax payable greater than zero, and total tax payable (by industry segment) under the new and old industry classifications for the 2016–17 income year.

Figure 3: Corporate entities, by industry segment (New industry)

Entities in the population are grouped into five industry segments. This figure shows the number of corporate entities in each of the new industry segments, as well as the number with positive taxable income and tax payable amounts, and the amount of tax payable. In 2016–17, the banking, finance and investment segment contributed by far the most 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 number 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.

Figure 4: Corporate entities, by industry segment (Old industry)

Figure 4 provides the same industry breakdown as Figure 3; however it is shown as per the old industry classifications. 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 2016–17, the banking and finance segment contributed by far the most 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. As under the new classifications, mining, energy and resources contributed the second largest number of tax payable with a small number of entities. The old sales and services segment represented the largest segment of the population by count, and contributed the third largest share of tax payable. This was followed closely on entity count by manufacturing, then insurance and superannuation (excluding super funds).

Proportion of entities with nil tax payable

Figures 5 and 6 below illustrate the proportion of entities with nil tax payable (by ownership and industry segment) under the new and old industry classifications for the 2016–17 income year.

Figure 5: Proportion of entities with nil tax payable, by ownership and industry segment (New industry)

This graph shows the proportion of entities with nil tax payable in 2016–17, by ownership and the new 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 large proportion, with an average of 53% of nil tax entities across each ownership segment.

Figure 6: Proportion of entities with nil tax payable, by ownership and industry segment (Old industry)

This graph shows the proportion of entities with nil tax payable in 2016–17, by ownership and the old industry segment (banking and finance; energy and resources; insurance and superannuation (excluding super funds); manufacturing; and sales and services). Entities with nil tax payable vary across ownership and old industry segments; however the mining, energy and resources segment makes up a large proportion, with an average of 54% of nil tax entities across each ownership segment.

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