

As the ATO signals again its intention to pursue tax evasion via offshore tax havens, it continues to develop its capabilities in data matching.

The establishment of the Australian tax avoidance taskforce comes after the Australian Tax Office announced that it had received data in relation to the Mossack Fonseca leaks in April 2016, information that was released as part of the so-called Panama Papers.

Mossack Fonseca, a Panamanian law firm, was the subject of a series of news reports as a firm responsible for creating offshore shell companies on an industrial scale.

The ATO stated that the Panama Papers contained names of a significant number of Australian residents, identifying some 800 individual taxpayers, with more than 120 associated with an offshore service provider in Hong Kong and a further 80 names that were matched with the Australian Crime Commission's intelligence database.

Budget Measures

The 2016-17 Budget allocated \$679 million over four years to establish a tax evasion taskforce, enhancing its capabilities to target tax evasion and recover up to \$3.7 billion in tax liabilities in that time. The intent of the task force is also to deter taxpayers from attempting to avoid or evade their tax obligations.

It is the latest in a number of tax evasion and avoidance programs, with previous successes in the form of Project Wickenby, Project DO IT and the Serious Financial Crime Taskforce.

Continuous improvement on data-matching activity

With its new capabilities, the ATO will also enhance the ATO's activities to include targeting multinationals, private groups and high-wealth individuals up to 30 June 2020.

The OECD Common Reporting Standard (CRS) is the global standard for collecting, reporting and sharing of financial information on foreign tax residents, for example from banks



and other financial institutions.

The ATO uses the standard to exchange information with foreign tax authorities and ensures that Australian residents with financial interests in other countries comply with Australian law.

Other measures include strengthening transfer pricing rules to OECD best practice and tightening thin capitalisation rules.

Do you have significant offshore interests?

The ATO has made every effort to make it known that it is actively targeting tax evasion and ensuring that Australian residents with overseas financial interests are reporting their assets correctly.

If you do not declare income you receive from overseas assets that you should be paying tax on in Australia and the ATO audits you, then you can expect very little sympathy.

Now is not the time to assume that just because your foreign income is genuinely not subject to tax overseas that it's not taxable here. This is an area where expertise is warranted.

For more information, please contact us on 02 9957 4033 to talk to an expert International Tax consultant.

Contact Us

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