



Australian Government

Australian Taxation Office

# *Large Business Bulletin*

**JUNE 2013**

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## Welcome message

### Welcome to the latest edition of the *Large business bulletin*; the last for the 2012–13 financial year.

Our role is to administer the tax and super systems in Australia. Therefore our ongoing involvement and engagement with other tax administrations is important to our work to ensure that obligations in Australia are being met. Our international work varies from ensuring taxpayers with international dealings pay the right amount of tax in Australia, working closely with other tax jurisdictions to share information and our participation in international tax forums.

Our lead article details the involvement of our Commissioner, Chris Jordan, Second Commissioner, Bruce Quigley and Deputy Commissioner, Alison Lendon at one of these forums – the Forum on Tax Administration (FTA) – which met in Moscow last month. The FTA provides an avenue for revenue bodies to get together and discuss global trends and issues impacting on tax administration around the world.

Last month, we hosted a delegation from the State Administration of Taxation, People's Republic of China. The visit focused on strengthening the administration of both of our tax systems for large business

taxpayers. It provided us with a great opportunity to showcase our technical expertise, as well as increase our knowledge of another revenue agency's administration approach for large business.

This edition also features an article about our continued focus on base erosion and profit shifting. We will continue to shine the spotlight on this systemic tax risk to identify and deal with risks to revenue in Australia.

As we head into the new financial year, changes have been made to employer super obligations, fuel tax credit and excise duty rates. Don't miss these articles to read about how the changes might impact you.

The Federal Budget was handed down on Tuesday 14 May and we have been working with the government to implement their announcements. We will have some more information about how we will support and transition large business taxpayers to the new arrangements in our next edition.

**James O'Halloran**  
Deputy Commissioner  
Indirect Tax  
Australian Taxation Office

# Forum on Tax Administration tackles the big issues

Commissioner, Chris Jordan, Second Commissioner, Bruce Quigley and Deputy Commissioner, Alison Lendon recently attended the eighth meeting of the Organisation for Economic Cooperation and Development (OECD) [Forum on Tax Administration](#) (FTA) in Moscow.

The FTA was formed in June 1997 and now has participation of Commissioner-level members from 43 countries. The forum aims to improve taxpayer services and tax compliance by helping revenue bodies to increase the efficiency, effectiveness and fairness of their administrations while reducing the costs of compliance.

‘The FTA meeting was an excellent opportunity to meet my counterparts in other jurisdictions to discuss and influence global trends in tax administration. It also gave all members a chance to develop new ideas to help enhance our own administrations’, the Commissioner said.

Sessions were held under the broad themes of international and small business tax compliance. They provided a valuable insight into how Australia fits within the context of a global economy, rapid technological change and fiscal challenges for government.

One of the key focus areas was base erosion and profit shifting (BEPS), with the release of the OECD report [Addressing Base Erosion and Profit Shifting](#). You can find out more about BEPS in our article [Base erosion and profit shifting](#) – a growing concern.

The Commissioner participated in a panel discussion on the current challenges being faced in securing multinational entity tax compliance. In his panel presentation, the Commissioner outlined his support for the FTA to take a global approach and develop an international tax compliance strategy. The strategy would build capability by providing leadership on global tax matters, setting standards, providing technical support to countries, and monitoring and assessing tax trends.

Deputy Commissioner Lendon, Chair of the FTA’s Taxpayer Services Group, presented the final version of the report [Managing Service Demand: A practical guide to help revenue bodies better meet taxpayers’ service expectations](#). Led by Australia, this joint project between 13 countries provides a whole-of-revenue body approach for managing service demand effectively.

‘I look forward to our continued active participation in the FTA to share how the ATO is tackling emerging administrative challenges and working closely with other tax jurisdictions to address issues on a global level’, said the Commissioner.

For more information about the outcomes of the FTA meeting, visit the OECD’s website and refer to [Tax Commissioners unite to fight tax fraud](#) issued on 17 May 2013.



# Base erosion and profit shifting – a growing concern



Base erosion and profit shifting (BEPS) by multinational enterprises are a key focus for governments and tax agencies around the globe. BEPS also drew the attention of tax commissioners at the recent FTA meeting in Moscow.

The Australian Government is supporting the work against BEPS by taking actions to ensure our corporate tax system is fair, competitive and sustainable. The Federal Budget announced a number of measures to address the exploitation of design flaws, vulnerabilities and unexpected interactions in Australia's corporate tax laws by multinational enterprises and large domestic companies.

As part of the recent budget, we were allocated \$109 million over the next four years to increase our compliance work targeted at activities that facilitate profit-shifting opportunities.

Multinational enterprises have access to tax arrangements, provided by international tax rules, which may give them an advantage over domestic firms. It is these international tax rules that are a source of growing concern about BEPS. As the global economy evolves; the rules may have not kept pace.

The OECD is addressing this issue as highlighted with the release of their report, [Addressing Base Erosion and Profit Shifting](#). The comprehensive report looks at why BEPS occurs and proposed strategies to tackle it. In July, the OECD will present a BEPS action plan to the G20 Finance Ministers. We encourage and support the work of the OECD in addressing BEPS.

For more information about Australia's proposals for BEPS, refer to the 2013–14 budget overview:

- [Base erosion and profit shifting](#)
- [Protecting the corporate tax base.](#)

# Sharing our expertise

In May we hosted 39 delegates from the State Administration of Taxation (SAT), People's Republic of China as part of a joint program. The SAT approached us in early 2012 to initiate the joint program after receiving advice from the International Monetary Fund's Fiscal Affairs Department.

The delegates spent three weeks discussing case selection systems and compliance methods when working with the large business market. Throughout the visit we exchanged technical assistance and an overview of our respective approaches to administer the tax systems for our large business taxpayers. It provided a valuable opportunity for us to increase our understanding of how their tax administration operates.

The visit was marked with a welcoming address by Commissioner, Chris Jordan, who acknowledged that the visit offered many benefits for the ATO and the SAT.

'Our international visitors program enables visits such as these, allowing us to share and gain knowledge with other revenue collection agencies to jointly improve our processes.'

'This joint program demonstrates that our technical expertise is highly valued on an international scale, and we are respected as international leaders in tax administration', he said.

By the end of the three-week program, the SAT delegates had received information on our end-to-end processes, including modules on:

- our large business risk and compliance management
- planning and managing a case
- identifying tax risks
- information and evidence gathering in an audit.

There were presentations by subject matter experts on specialist topics, including our reportable tax position schedule, alternate dispute resolution and approaches to wealthy Australians.

The Chinese delegates also presented modules to our staff, sharing their knowledge and experiences. They gave presentations on their future compliance activities, their current risk management processes and the emerging challenges they are facing in dealing with cross-border transactions.

This visit allowed us to identify future collaboration opportunities to share our administrative approaches in the management of large business taxpayer compliance.

Find out more about our [International visitors program](#).



# Our new Australian JITSIC representatives

Assistant Commissioner, Mathew Umina and Senior Director, Nada Zec recently started their 12-month postings in London and Washington as part of the [Joint International Tax Shelter Information Centre \(JITSIC\)](#). The JITSIC allows us to facilitate and build collaboration and cooperation amongst tax administrators and to deal with international tax risks.

Mathew and Nada will continue work to improve the relationships that have been developed over a number of years. They will aim to enhance strategic interactions with JITSIC delegates from France, Japan, China, South Korea, Germany, the United Kingdom, the United States and Canada.

The current focus for the ATO delegates includes ensuring all JITSIC members:

- understand the international environment and tax risks
- share and develop strategies to deal with risk
- work to increase collaboration on projects/programs
- work to increase governance around joint audits.

## Mathew Umina

Mathew is based at the London office of Her Majesty's Revenue and Customs (HMRC). He is enjoying building trust and professional working relationships with his JITSIC colleagues and appreciates being able to discuss issues and information with them in real time.

'One major benefit of being based here is the opportunity to regularly liaise with other JITSIC delegates, which has provided significant time benefits for cases', he said.

'The JITSIC global network has assisted in linking ATO teams with their counterparts in other JITSIC countries to discuss not only cases, but better general tax administration practices as well.'

Mathew has worked at the ATO for 14 years, across our large and small business areas. His areas of expertise include taxation of financial arrangements, high-wealth individuals and Division 7A.

'Being exposed to such a diverse range of work, especially OECD forums, has been a highlight,' said Mathew.

'Nada and I look forward to building on the work that our predecessors from the ATO, Brad Edwards and Prashant Singh, achieved working with JITSIC last year.'



# Our new Australian JITSIC representatives (cont)

## Nada Zec

Nada is based in the Washington JITSIC office. She has extensive experience at the ATO and said that international work and tax avoidance have always been the most interesting part of her role, so the JITSIC job was a natural option to pursue.

Nada has also enjoyed working closely with delegates from other countries.

‘Working with eight other delegates to find common ground, build trust and look for opportunities to work together in the bilateral and multilateral environment for the greater good is definitely a highlight’, she said.

Nada said that seeing how other tax jurisdictions operate has been a real eye-opener to how lucky Australians are.

‘Working in this environment has made me appreciate where the ATO is as a tax jurisdiction on the international level. The systems, practices and processes we have in place and the open and transparent nature in which we administer the tax system are things that we often take for granted’, said Nada.

Despite the many challenges involved with relocating, she loves the experience and the positive outcomes she has been able to achieve to date.



## About JITSIC

JITSIC aims to deter the promotion of, and investment in, abusive tax schemes by:

- increasing the community’s awareness of the potential risks of promoting and investing in tax schemes
- sharing ideas on how to identify and address abusive tax schemes
- enhancing compliance and enforcement efforts through coordinated real-time exchanges of information
- developing new internet searches and other techniques for the early identification of promoters and investors involved in abusive tax schemes
- identifying emerging trends and patterns to anticipate new abusive tax schemes
- improving knowledge of techniques used to promote cross-border abusive tax schemes.



For more information, refer to [Joint International Tax Shelter Information Centre \(JITSIC\)](#).

# Working across borders

Building on existing international cooperation and intelligence sharing, Australia, the United States and the United Kingdom have formed a joint international operation known as Zero Latitude. This operation focuses on thousands of taxpayers who have recently been identified in an offshore secrecy arrangement.

Together with the US Internal Revenue Service and HMRC service in the UK, we have launched criminal and civil investigations to make these tax evaders accountable for their actions. Zero Latitude is now fully underway, focusing not only on tax evaders but also the promoters of tax evasion, including intermediaries such as accountants and lawyers, or international advisers.

Since the operation was made public in May, letters have been sent to identified taxpayers giving them the opportunity to clarify their offshore financial transactions. At this time, investigations are ongoing.

Information sharing, international cooperation and information from third parties are some of the ways we identify and stop tax evaders. Technological advancements such as compliance tools, data mining, data matching and risk-profiling techniques allow us to accurately analyse information. These, combined with legislative reforms and court rulings, all come together to form a strong, cohesive force to stop tax evasion.

Although there are some taxpayers who do the wrong thing, most see the value of paying the right amount of tax. It's important to remember that taxpayers involved in international structures have nothing to worry about, as long as they are following the law and paying the correct amount of tax.

With our improved systems and increased international cooperation, we expect more of these joint operations in the future.



For more information about:

- Project Wickenby, visit [Tax crime](#)
- making a voluntary disclosure, refer to [Voluntary disclosures – approved form](#).





## Important information for consolidated groups

If you are a consolidated group, you need to review any rights to future income (RTFI) and residual tax cost setting (RTCS) claims as a result of the law changes from the 2012 retrospective legislation.

We are undertaking compliance assurance within the specially extended legislative amendment period ending on 29 June 2014.

We encourage you to:

- 1 review your RTFI and RTCS claims
- 2 complete an amendment request if those RTFI or RTCS claims made on your tax return or amendment request are no longer allowable.



For more information about:

- how to review your claim, refer to [Rights to future income](#)
- the law changes, refer to [Consolidation: Changes to the residual tax cost setting and rights to future income rules](#).

For general enquiries, email us at [ConsolidationIntelligence@ato.gov.au](mailto:ConsolidationIntelligence@ato.gov.au)

## Extended petroleum resource rent tax – what it means for you

If you have an interest in the North West Shelf project or an onshore petroleum project that is in commercial production, you will be affected by the extended petroleum resource rent tax (PRRT).

If affected, you will enter the standard lodgment and payment system for instalments in the 2013–14 financial year. This means you will need to prepare and lodge separate annual returns for each petroleum project interest.

You will also need to lodge an annual return for the 2012–13 financial year, even if your taxable profit is nil. The due date for lodgment is on or before 29 August 2013, or within a period allowed by us.

If you register your current details with us we can send you a PRRT payment reference number. Once registered, we can also send you up-to-date information.



To register, download the [Application to register for petroleum resource rent tax](#).

For more information, refer to [Lodging, reporting and paying](#).

## We need your help!

Work is currently underway to improve the accuracy of the data available in the Australian Business Register (ABR). This includes recording multiple business locations for businesses in the ABR.

Starting September 2013, the Registrar of the ABR will be in contact to discuss the assistance available to help you update your business location information.

This information will enhance the profile of business demographics in your local area. It will help guide government planning, service delivery, management of infrastructure and provide disaster recovery for you and your community.

Remember, Australian business number (ABN) holders must notify the Registrar of changes to their registration details, such as their name, address or email address, within 28 days of becoming aware of the changes.



For more information about how to view or update your ABN details, visit [abr.gov.au](http://abr.gov.au) and select 'Keep your details up to date' in the *Top tips* menu on the right.

## File transfer added to our Business Portal

A new 'file transfer' function was recently added to our Business Portal. If you use compatible business management software, you will be able to send three types of reports via the portal. These are the:

- *Payment summary annual report*
- *Tax file number declaration report*
- *Taxable payments annual report* – for testing now and lodging in July 2013.

You will be able to lodge additional reports from July 2013.

As a result of this change, a new portal menu item *File Transfer* now appears on the bottom of the left-hand menu bar. This has two sub-menu options – *Lodge File* and *File Status*.

You can now send larger files without splitting them, and compress multiple files into a single file to reduce the upload time.

We encourage you to use the portal to manage your business tax affairs online.



For more information, refer to:

- [File transfer](#) for details about the new functions, the benefits, frequently asked questions and compatible file formats
- [Product register](#) for a list of the compatible business management software products
- [Taxable payments reporting – building and construction industry](#).

## Changes to fuel tax credit and excise duty rates

Fuel tax credit and excise duty rates are changing from 1 July 2013.

### Fuel tax credit rate changes

From 1 July 2013, you may be affected by:

- changes to some rates due to an increase in carbon charge amounts
- rate changes for transport and non-transport gaseous fuels
- a possible rate change for fuels used in heavy vehicles for travelling on public roads.

In addition, fuel tax credit rates for some fuels are changing for entities declared by the Clean Energy Regulator to be a designated opt-in person under the opt-in scheme.

### Excise duty rate changes

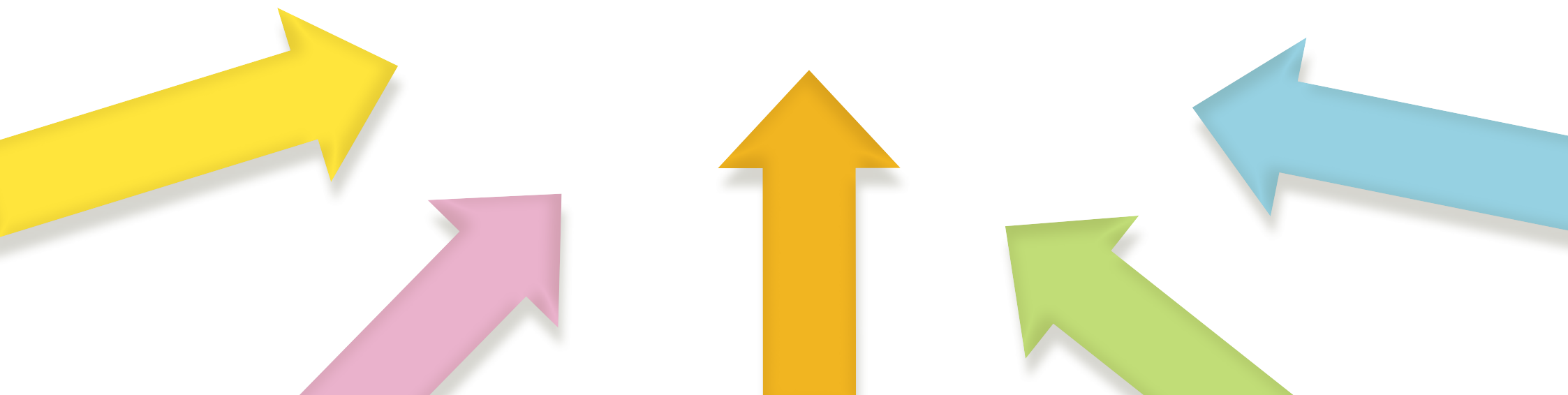
From 1 July 2013, you may be affected by:

- increased duty rates for transport gaseous fuels
- reinstatement of the full automatic remission of duty for non-transport liquefied petroleum gas and liquefied natural gas
- increased duty rates for domestic aviation fuels.



For more information about:

- fuel tax credit rate changes, refer to [Fuel tax credits – changes from 1 July 2013](#)
- excise duty for gaseous fuels, refer to [Taxation of alternative fuels](#)
- excise duty for aviation fuels, refer to [Clean energy – changes fuel tax credits and excise duty](#).



## Fuel tax credits – Fuel Tax Ruling FTR 2008/1 updated

Fuel Tax Ruling [FTR 2008/1](#) *Fuel tax: vehicle's travel on a public road that is incidental to the vehicle's main use and the road user charge* has been updated.

Fuel you use to power auxiliary equipment of a heavy vehicle (such as powering the refrigeration unit of a refrigerated vehicle) travelling on a public road is not reduced by the road user charge or the carbon charge. You can claim fuel tax credits at 38.143 cents per litre for liquid fuels (for example, petrol or diesel). You may be able to correct previous claims as a result of this change.

For transport gaseous fuel rates, refer to [Fuel tax credit rates and eligible fuels](#).

Our two online tools will be updated from 1 July 2013 with a number of changes, including changes to the fuel tax credit rate:

- The [Fuel tax credit eligibility tool](#) helps you determine which of your activities are eligible and what rate applies.
- The [Fuel tax credit calculator](#) helps you work out how much you can claim.

For more information about:

- fuel tax credits, refer to [Fuel tax credits – changes from 1 July 2013](#)
- correcting past claims on your business activity statement, refer to [Fuel tax credits – correction of credits relating to the road user charge for certain fuel uses in heavy vehicles](#).

## Changes to employer super obligations

A series of super reforms are progressively being introduced from 1 July 2013, and large business employers need to make sure they start preparing.

Here is a snapshot of the changes employers need to be aware of and prepared for:

- [Changes to the super guarantee rate](#). Employers will need to increase super guarantee payments on behalf of employees to a minimum of 9.25% from 1 July 2013. This rate will gradually increase to 12% by 1 July 2019.
- [The removal of the super guarantee upper age limit](#). From 1 July 2013, employers will need to make super payments for eligible employees 70 years old or over.

- The introduction of the [MySuper](#) product; a new, simple and cost-effective super product replacing existing default products. For employees who have not chosen a super fund, employers must make their super guarantee payments to a fund that offers a *MySuper* product from 1 January 2014. For most employers, it is expected that their existing default fund will offer a *MySuper* product.
- A new [data and e-commerce standard](#) for making super contributions. Employers with 20 or more employees will need to start making contributions in line with this standard from 1 July 2014. Some employers will need to update their software or systems and should start preparing now to be ready on time.

What does your business need to do to implement the new changes?

For more information about each of the reforms, refer to [Introducing your super – Employers](#).



## Final GST tax invoice ruling published

Goods and Services Tax Ruling [GSTR 2013/1](#) *Goods and services tax: tax invoices* was published on 27 March 2013 and applies retrospectively from 1 July 2010. GSTR 2013/1 replaces GSTR 2012/D3. It sets out the minimum information requirements for a tax invoice and explains when a document is in the approved form for a tax invoice.

The Commissioner has also made 10 legislative instruments (LIs) that waive the requirement to hold a tax invoice before attributing an input tax credit in certain circumstances.

You can find these instruments on our [legal database](#) by selecting 'Legislative Determinations and Declarations' – then 'Good and Services Tax' – 'Tax invoices – wavers – 29-10(3)' – '2013'.  
A full list of all related LIs can be found in Appendix 2 of the ruling [GSTR 2013/1](#).

If you complied with the previous requirements for a tax invoice, you will continue to meet the new requirements. This means you should not have to change software or accounting systems to comply with the new ruling and instruments.



## More information

### Subscribing

Don't miss out on what the ATO is doing in the large business market; subscribe to our [Large business alert](#) service and our quarterly e-magazine, the [Large business bulletin](#).

### Visit our website

- Find out how we work with large business; check out the [Large business and tax compliance](#) publication.
- Find the latest [public rulings](#) relevant to large businesses.
- Read the latest [speeches](#) by the Commissioner and other ATO leaders.

If you have any questions about tax matters for large business, phone us on **1300 137 286** Monday to Friday, 8.00am to 6.00pm.

### Your feedback is important to us

The *Large business bulletin* is issued quarterly. If you have any suggestions or feedback, email [Large business bulletin](#).

#### 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 in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at [ato.gov.au](#) or contact us.

This publication was current at **June 2013**.

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