

Australia examines multinationals' tax structuring strategies

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The Australian Taxation Office (ATO) is launching its four-year International Structuring and Profit Shifting (ISAPS) project this month to enhance information gathering and sharpen the focus on the international restructuring activities of multinational companies that operate in Australia.

As a first step, the ATO plans to issue 120 risk review questionnaires to selected taxpayers to obtain information about their international tax strategies and get a clearer picture of how multinationals use offshore jurisdictions to reduce their tax liability in Australia.

"We are focusing on a large number of companies that have undertaken international restructures," ATO Deputy Commissioner Mark Konza said in a 26 November 2013 speech. "To focus on this work, we are establishing teams that will work in supporting our operational sites: tracking typologies, identifying patterns, trends and drivers, and developing stronger risk treatment strategies across the ISAPS programme."

Australia has indicated that it plans to use its G-20 leadership position to influence the OECD's BEPS action plan, which was endorsed by the G-20 finance ministers at the conclusion of their 19-20 July meeting in Moscow.

The initial risk review questionnaires, which will target both tax-resident multinationals and foreign multinationals operating in Australia, will be sent out in three steps, with the first 30 to 40 distributed before Christmas. The second and third waves will be released in February and June 2014.

The questionnaires will be delivered within the ATO's standard risk review structure, so it is possible that recipient companies may not realise that their operations are being scrutinised under the lens of ISAPS. However, companies with knowledge of standard risk review questionnaires will probably notice some differences.

Expanding the quantity and quality of information held by the ATO about multinationals' international dealings is one of four recommendations in the Australian Treasury's scoping paper "[Risks to the Sustainability of Australia's Corporate Tax Base](#)," released on 24 July.

(This is an abbreviated version of the Tax Analysts article.)

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