

The ATO in the United Stance Against Tax Crime

Tax Havens & Project Wickenby

1. After the Global Financial Crisis

- ♦ Countries that were previously highly secretive with their banking and financial practices are committing to greater transparency and exchange of information.¹
- ♦ G20 meeting focussed on stronger initiatives to combat tax crime, including sanctions against 'uncooperative' nations; such as reducing the flow of aid money to them.²

“clean up one of the more controversial sides of a globalised economy”

2. Tax Havens' Impact on Australia

- ♦ Deprives the community of money that could provide funding for health services and welfare support.³
- ♦ Seven trillion in global assets are held 'offshore' in tax havens.⁴
- ♦ Threat to government revenues and the integrity of the international financial system.⁵



“international tax evasion”

3. The Challenges

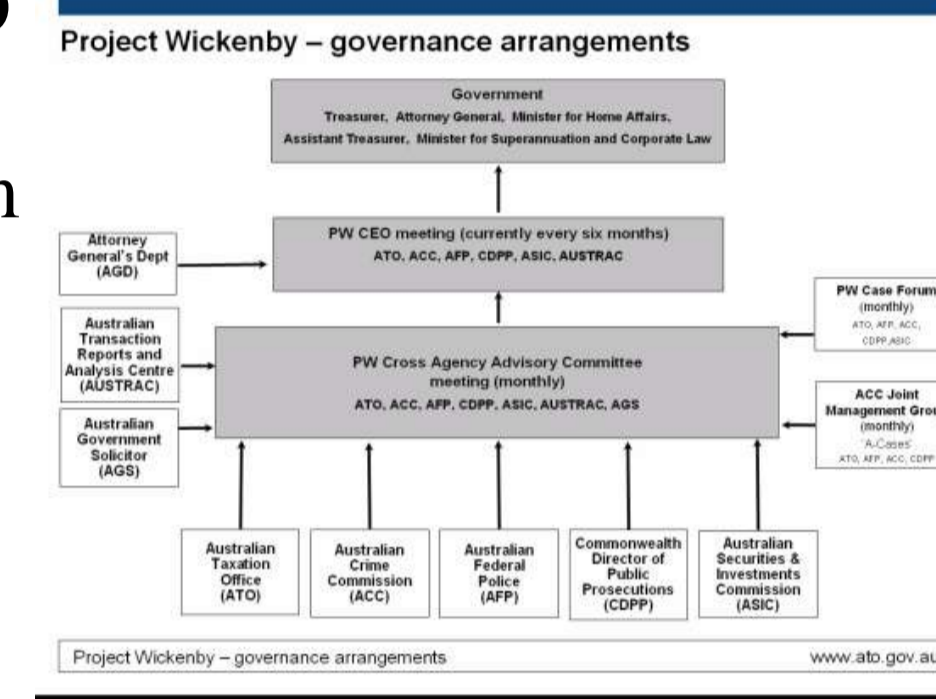
- ♦ Expanded international trade, enhanced communications and increased travel have resulted in a large increase in the movements of money overseas in the past decade.⁷
- ♦ Organised crime networks are often difficult to distinguish from normal business and social activity.⁸
- ♦ Evidence can be well hidden or disguised and one case may provide information on existing or new cases.⁹

4. Australia is Taking Action Locally and Abroad

- ♦ A whole-of-government approach at local, national and international level is necessary. Australia is increasingly engaged in the global economy and the scale of global tax evasion is growing.¹⁰

Project Wickenby

- ♦ Multi-agency task force led by the ATO
- ♦ Purpose includes to protect Australian financial systems and deter people from participating in the abusive use of secrecy havens.¹¹
- ♦ \$122 million budget allocation over 3 years to investigate and prosecute tax haven abuse.¹²



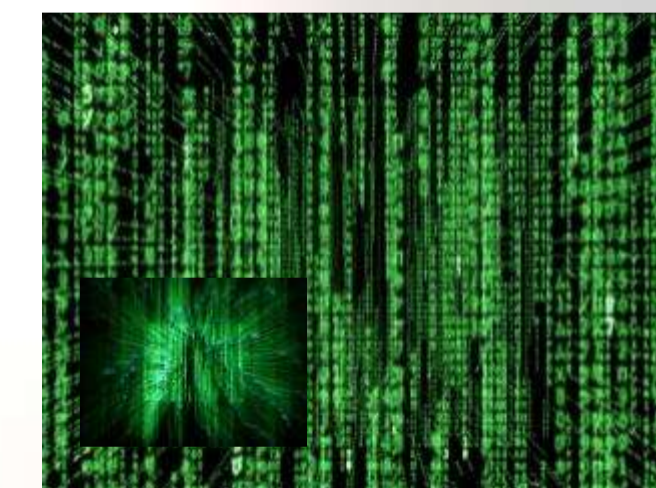
Voluntary Disclosure

- ♦ The ATO encourages taxpayers who have made a mistake or omissions in relation to their tax affairs to make voluntary disclosure.¹³
- ♦ If voluntary disclosure to the ATO is made prior to being audited, penalties may be reduced.¹⁴

“contact us, before we contact you”

Data Matching and New Technology

- ♦ Real-time data is analysed and compared with historical patterns to detect risks.¹⁵
- ♦ Data matching programs analyse indicators of lifestyle and wealth such as the ownership of luxury vehicles and marine vessels.¹⁶



Global Forum on Transparency and Exchange of Information for Tax Purposes

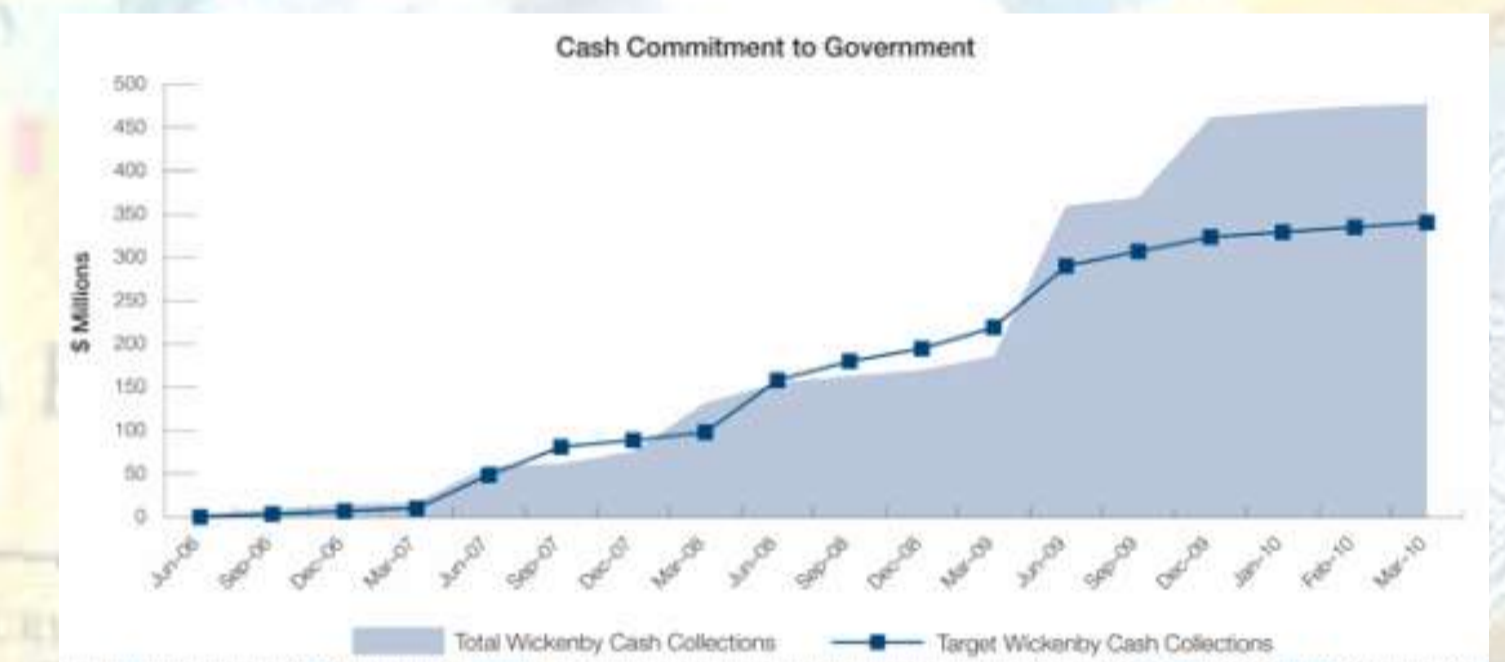
- ♦ Australia is the chair of the Global Forum.¹⁷
- ♦ Australia has substantially implemented the *The Internationally Agreed Tax Standard*, developed by OECD and endorsed by the UN and G20 ministers: countries share tax information, regardless of bank secrecy.¹⁸



“transparency and effective international cooperation through information exchange”

5. Dollars and Sense

- ♦ Project Wickenby investigations have resulted in:¹⁹
 - ♦ 57 people charged on indictable offences
 - ♦ 1167 completed tax audits
 - ♦ \$573.46 million in tax liabilities raised
 - ♦ \$174.27 million in tax collected
 - ♦ \$75.7 million in assets from the proceeds of criminal activity restrained
- ♦ AUSTRAC analysis concerning international fund flows from Australia to 12 high risk regions show a declining trend of 5% for the 08/09 year.²⁰
- ♦ Project Wickenby interventions are improving taxpayer compliance. Taxpayers who have been the subject of Wickenby Interventions have voluntarily lodged more accurate tax returns.²¹



6. The Road Ahead

- ♦ Better communication to Wickenby targets of the penalties of not taking investigation seriously.²²
- ♦ More effective publication of the benefits for a potential Wickenby target to choose to mitigate their non-compliance risks.²³
- ♦ More effective deterrence through convincing potentially non-compliant taxpayers of the chances of being caught.²⁴

IT'S TRUE



Paul Hogan is accused of tax evasion from channeling millions of dollars into offshore tax havens.²⁵