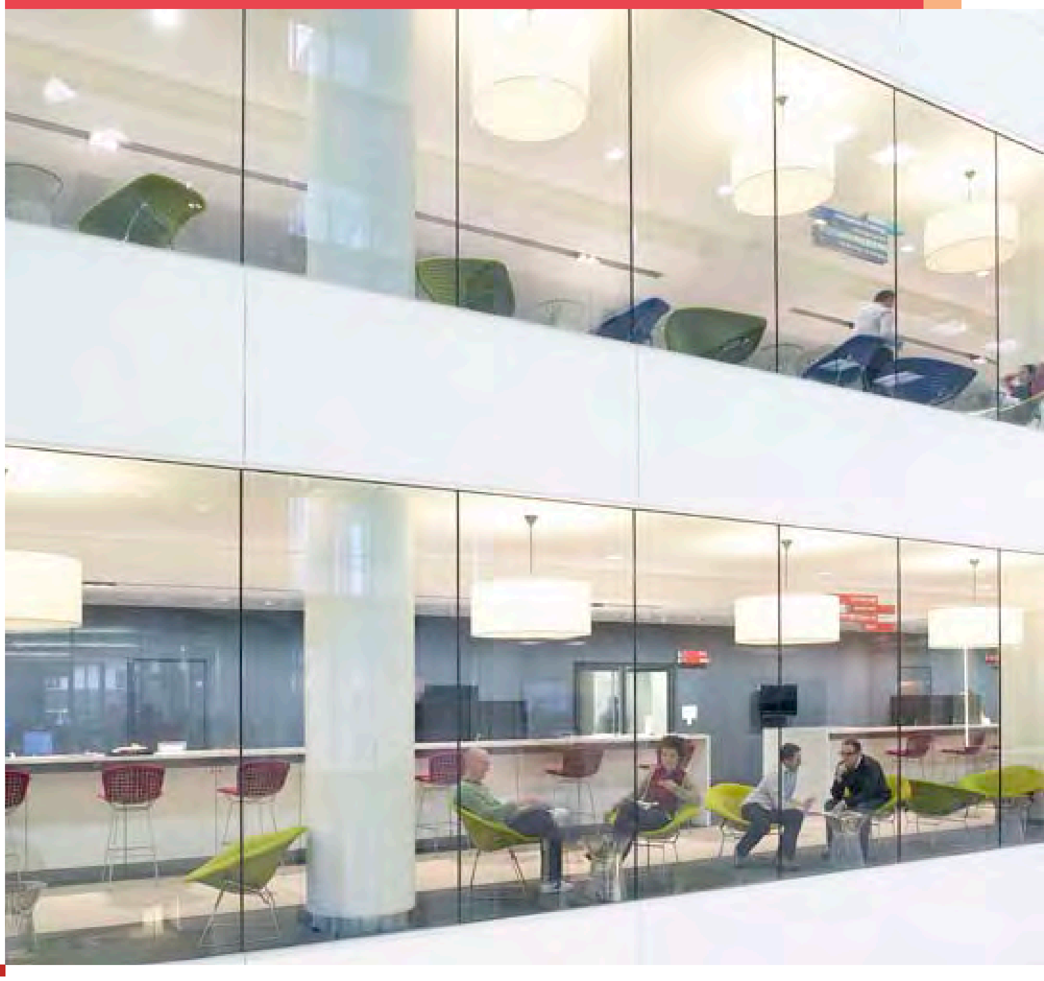
whatwouldyouliketogrow.com.au

2010 Total Tax Contribution
Understanding the economic contribution of business



pwc

What would you like to grow?

Foreword

We are pleased to present the 2010 PwC Total Tax Contribution survey. This was conducted with the assistance and data of large Australian based companies. The study represents an authoritative perspective on the impact of Australia's taxation system on business.

Since the last Australian survey in 2008, the environment has changed significantly. From an economic perspective, Australian businesses generally rebounded strongly from any global financial crisis. To some extent, the crisis impacted profitability and consequently income tax liabilities, although generally the results show participants' economic contribution remains very substantial. In particular large business continues to bear and collect substantial amounts of both income tax and many other taxes.

Over the last two years, the tax reform agenda has also moved ahead. The Australia's Future Tax System review completed its recommendations in December 2009. A small number of these recommendations, notably the resources tax, have been adopted by the Government. The rest of the tax reform agenda is anticipated to take many years, although hopefully the October 2011 Tax Forum will revitalise the debate and provide it with fresh impetus.

The PwC Total Tax Contribution surveys will continue to inform the tax reform debate.

We thank the participant companies for their continued support for the survey, and encourage Australian business community leaders to engage around the tax reform agenda.

Ian Farmer
Tax & Legal Leader

Tim Cox
Partner

Contents

01

Executive summary

The economic downturn has laid bare the complexity of the tax system and the associated high compliance costs.

The fourth PwC Total Tax Contribution (TTC) study reinforces the long-standing need to reform and simplify Australia's corporate tax system.

Australian businesses experienced mixed outcomes from the global financial crisis. Lower corporate profits led to reduced income tax flows, but taxes not linked to profitability remained generally static. However, the economic downturn laid bare the complexity of the tax system and the associated high compliance costs. As businesses seek to stabilise financially in a recovering economy, the impacts of inefficiencies in the tax system on their competitiveness and agility are magnified.

Despite recent reform initiatives such as the Henry Review and the Tax Forum scheduled for October 2011, the Australian corporate tax system remains fragmented and highly complex. Businesses have to comply with over 160 taxation obligations, burdening them with high compliance costs and diverting resources from revenue-generating projects. This impost is exacerbated by the inconsistent tax definitions and administration between states and territories.

The Australian tax system remains out of step with many of its international counterparts. Compared to overseas jurisdictions, Federal corporate income tax raises a disproportionately high share of tax revenues, while the many State and local Government taxes raise relatively little revenue. Survey respondents told us they faced a total of 32 State, Territory and local Government taxes, which raised only about nine per cent of business tax revenue. The remaining 91 per cent of revenue was raised by 21 Federal taxes. In reality, the vast majority of tax on business is raised from a few major taxes: corporate income tax, GST, payroll tax, excise and PAYG on employees.

Australian businesses also incurred high administrative costs when collecting taxes such as GST, excise and PAYG on employee remuneration. For every $1 of taxes survey participants paid, they collected an additional $1.78 on behalf of government. This highlights the Government's deep dependence on big business for administration of the tax system.

It also demonstrates how eliminating the inefficiencies in Australia's tax system could reduce these imposts on companies, enhancing their competitiveness. Overall, the costs of complying with the tax system for responding businesses represented an effective 1.6 per cent surtax on top of their actual taxes – an average cost of $2.1 million per respondent.

In addition, the resources businesses must direct towards complying with taxes are not in proportion with the amount of tax paid. For example, the in-house tax functions at large businesses spent on average 54 per cent of their time on complying with profit taxes such as corporate income tax, whereas these taxes only represented 24 per cent of total taxes borne and collected.

The study also confirms Australian business' growing propensity to shift tax compliance work from in-house tax functions to 'shadow' tax functions and external service providers. This highlights the trend of companies to outsource perceived 'non-core' functions to external experts, allowing internal tax staff to focus on strategic and value added activities. As companies are being asked to achieve more with fewer resources, compliance has become a prime candidate for outsourcing.

The Federal Government's response to the Henry Report and the Tax Forum scheduled for October demonstrate that tax reform is on the political agenda. By consolidating and simplifying the taxes Australian businesses pay, Governments can increase business competitiveness at a time when many companies are struggling to emerge from the global economic downturn. This survey provides a timely review of the impact of the downturn on Australian business taxes and highlights the importance of ongoing reform to the Australian tax system.

As with previous surveys, this year's results also highlight structural problems with Australia's tax system and the burden it imposes on individual businesses.

The Australian tax system is unnecessarily complex and costly. Corporate income tax is just one of 53 separate Federal, State, Territory and local Government taxes and levies imposed upon Australian business. What's more, the number of taxes that apply at each level of Government means that businesses operating in all States and Territories potentially have to comply with over 160 taxation obligations presenting a huge and costly compliance obligation.

Appendix B lists Australian Federal, State and Territory business taxes. In addition to the 21 Federal taxes, 30 State and Territory taxes, there are also two municipal taxes on property imposed by many local Governments throughout Australia.

The business tax landscape is made more complex by the lack of uniformity of rules and jurisdictional overlap of many State taxes. Some similar State taxes continue to apply according to different rules, using different tax bases, thresholds and rates, in each State and Territory. Moreover, these rules are regularly amended. The number of taxing points can significantly impact the ability of companies to manage compliance risk as the company with collection responsibility generally bears the risk of error in relation to taxes that are collected and remitted to revenue authorities (for example, GST and stamp duties).

As companies are being asked to achieve more with fewer resources, compliance has become a prime candidate for outsourcing.

The aim of the survey

Data collected and analysed in this survey will help inform businesses, commentators and public bodies about critical issues involved in corporate taxation and reform, including:

- the amount of revenue raised
- the number and nature of business taxes
- the consistency of taxation across States, and
- the administrative burden on Government and business of individual taxes.

To complete the 2010 TTC survey, 45 large Australian businesses detailed the number of taxes they had to pay, the amount of tax paid, the amount collected on behalf of Government and the cost of tax compliance.

PwC designed the TTC framework to enable companies to collect and report tax information in a consistent format. This enables them to meet stakeholder needs and improve transparency.

The sample encompassed a wide range of industries and included many of Australia's largest listed businesses, large foreign-owned businesses and some privately owned Australian entities. Collectively, survey participants employed almost 450,000 Australians and paid almost $16 billion in business taxes.

The framework can also be used to measure a business' economic contribution in taxes – the direct and indirect taxes it pays as well as those it collects on behalf of the Government. By participating in the TTC study, Australian businesses can provide transparent information about how much tax they are paying to shareholders and the community in financial and social responsibility reporting.

Further details on the TTC framework and key measures can be found in Appendix A.

The survey clearly showed the impact of the global financial crisis... reflecting reduced business profitability.

Global use of framework

PwC practices use the TTC framework to assess and analyse corporate tax. Similar studies are either underway or have been completed in numerous countries including the United Kingdom, United States, Canada, South Africa, Netherlands, Belgium and India. Some comparisons of those surveys are included in section 10 of this report.

The framework was applied by the World Bank in its report ***Paying Taxes 2011: The Global Picture***[1]*. The purpose of the report was a comparison of the taxes imposed on a specified hypothetical business under each of 183 economies and looked at their business tax costs and measures of tax efficiency*[2]*. Australia was ranked 48 on ease of paying taxes in the latest World Bank survey.*

1 World Bank, Paying Taxes 2011: The Global Picture.

2 The World Bank Report calculated the Australian TTR (Total Tax Rate) at 47.9%. In applying the TTR methodology to Australia for global comparison purposes, the World Bank included superannuation obligations and workers' compensation insurance as Taxes Borne by the business. As noted in Appendix A, these contributions are not included in the Taxes Borne, Taxes Collected or any of the key measures in the 2010 Australian survey.

Survey results

Taxes Borne

The 2010 TTC survey shows that Australia's largest businesses contribute extensively to the nation's State and Federal revenue streams. Collectively, the 45 participants incurred $15.8 billion in business Taxes Borne, of which 63 per cent, or $9.9 billion, was corporate income tax. This proportion of corporate income tax is significantly higher than the global average of approximately 38 per cent[3].

Corporate income tax, payroll tax and irrecoverable GST accounted for $12.7 billion of business taxes borne by survey participants, while the remaining 45 business Taxes Borne raised $3.1 billion. Of all Taxes Borne, Federal taxes comprised 82 per cent, while State, Territory and municipal taxes accounted for the remaining 18 per cent.

The survey clearly showed the impact of the global financial crisis, with corporate income Taxes Borne decreasing from 2008 to 2010, reflecting reduced business profitability.

Taxes Collected

The tax reform debate tends to focus on the amount of tax paid and the complexity of the tax system. What is less recognised is the role business play in supporting the administration of Federal and State taxes. The largest taxpayers were generally also the largest tax collectors.

In addition to taxes borne, the 45 survey participants collected $28.2 billion in taxes from customers and employees. Even though respondents were on average less profitable in 2010 than in 2008 due to the global economic downturn, the taxes they collected increased over the same period.

The picture for individual participants

Drilling down further into the results, the 2010 survey revealed that:

- Taxes Borne by survey participants represented 33 per cent[4] of profit before all business taxes (Total Tax Rate)
- Taxes Borne and Taxes Collected represented 15 per cent[5] of participant companies' turnover, and
- the average number of taxing points per survey participant for Taxes Borne and Taxes Collected was 22 – the maximum number identified was 47.

Industry segment analysis

The survey also revealed significant differences between industries in both Taxes Borne and Taxes Collected. These disparities can be attributed to factors including variations in operating models and profitability across different industries. For example, the food, beverage and tobacco, and oil, gas and energy industries paid vastly more tax than other industries, mainly due to their excise obligations.

These variations highlight the need for reform of the taxation system to account for the economic contribution of specific industries and the impact of taxation on their international competitiveness. The controversy over the new mining profits tax illustrates the importance of this issue.

Tax compliance costs

The 2010 TTC survey reveals that businesses in Australia spent more on tax compliance, relative to the amount of revenue raised, than businesses in other countries, including the United States. The study reveals that the smaller the company, the greater the relative cost of complying with the tax system. PwC believes this provides a disincentive to potential small new businesses.

The results show that participants with a turnover of greater than $5 billion paid up to 3.5 per cent compliance surtax (i.e. compliance costs as a percentage of Taxes Borne). Conversely, participants with a turnover of less than $5 billion paid up to almost 16 per cent compliance surtax. This strongly reflects the relative burden of the cost of compliance on smaller businesses.

39 companies responded to questions about tax compliance costs, differentiating between internal costs (where tax functions are executed in-house) and external costs (where tax functions were partly outsourced). The results showed that:

- the cost of complying with the tax system was equivalent to a 1.6 per cent[6] surtax on the actual taxes these businesses paid, and
- on average, survey participants estimated they incurred total compliance costs of approximately $2.1 million, including internal and external costs.

38 businesses responded to questions about their in-house tax functions. Results showed that:

- on average, respondents employed seven specialist tax personnel for their in-house tax functions
- in most cases, businesses supplemented their in-house resources with external service providers to meet their tax compliance obligations, and
- in-house tax functions spent approximately half their time and external outlays on meeting regulatory requirements, principally compliance and reporting. There is a clear trend towards more tax compliance and accounting activities being shifted to the shadow tax function and external advisers.

3 World Bank, Paying Taxes 2011: The Global Picture.
4 Based on the median result.
5 Based on the median result.
6 Based on the median result.

02

Survey participation

The 2010 TTC survey builds on the findings of similar surveys in previous years. It is intended to inform dialogue with Governments and contribute to ongoing public discussions on the shape and competitiveness of the Australian tax system.

PwC's TTC framework was used as the basis for collecting information on the total business Taxes Borne and Taxes Collected in Australia by members of the BCA, CTA and other large businesses.

The information collected from survey participants only relates to their Australian financial and taxation data. Any foreign taxes have been excluded from information received and analysis of the survey results.

Participation

Respondents were asked to report data for the respective business' 2010 financial year. Accounting year ends between 1 October 2009 and 30 September 2010 were included.

These cut-off dates have facilitated a reasonable comparison of data generated with standard Government information issued by the Australian Bureau of Statistics (ABS) as well as State and Territory Treasuries and the Federal Treasury.

Participants were not required to report those taxes where the estimated amount was "de minimis", defined as less than AUD$100,000.

45 organisations submitted data when the survey closed in December 2010. In total, the four TTC surveys provide a comprehensive view of the taxation burden on 143 companies.

Of the 45 participants in the 2010 survey:

- 26 were listed on the Australian Stock Exchange (ASX)
- five were Australian owned private businesses or partnerships, and
- 14 were foreign owned companies.

The survey population comprises a representative cross-section of Australian businesses across a broad range of industry groups within the Australian economy.

Survey participants reported total aggregate turnover of $304 billion with an average of $7 billion.

The data provided by participants has been collated, aggregated and analysed to produce this report. Individual reports have been provided to each participating organisation. All references to company names were removed for the purposes of processing the data and no list of participants will be published.

Data sensitivity

Survey responses were 'sense checked' by PwC and a number of participants were queried on significant items of discrepant data.

In preparing this report, PwC has relied on the accuracy of the information provided and has not independently verified or audited this data. PwC therefore makes no representations or warranties with respect to the accuracy of the source information supplied by participants and any consequential inaccuracies, omissions or errors.

Given the significant number of taxes impacting most businesses, many survey participants reported that they found it difficult to identify the precise amount and, in some cases, number of Taxes Borne and Taxes Collected.

In many cases, taxes embedded in the cost of products (e.g. excise), transaction based taxes (e.g. stamp duty) and a range of smaller State and Territory taxes were difficult for survey participants to separately identify and quantify. Where no amount has been provided by survey participants in relation to a tax, the tax has not been treated as Borne or Collected by that participant.

This is particularly the case for stamp duty (whether Borne or Collected) which proved difficult for most participants to accurately quantify. As a result, we believe the stamp duty information provided in this survey is materially understated.

Accordingly, it is likely the data presented in this survey report understates the actual amounts of Taxes Borne and Taxes Collected by survey participants.

Given the significant number of taxes impacting most businesses, many survey participants reported that they found it difficult to identify the precise amount and, in some cases, number of Taxes Borne and Taxes Collected.

03

Survey results: tax burden

Corporate income tax represented 63 per cent of total Taxes Borne by the survey population. This is significantly higher than the ratio of corporate income tax to other business taxes in comparable countries.

Total Taxes Borne and Taxes Collected

The survey results reinforce the importance of large Australian companies to Government finances. The total of Taxes Borne and Taxes Collected in Australia by survey participants in 2010 was $44 billion[7].

Taxes Borne

In 2010, survey participants incurred $15.8 billion in Australian taxes.

Corporate income tax, totalling $9.9 billion, represented the most significant proportion of Taxes Borne by survey participants, comprising 63 per cent of all taxes reported.

The other business Taxes Borne by participants, which totalled $5.9 billion, represented 37 per cent of total Taxes Borne. The other major business Taxes Borne by survey participants were payroll tax and irrecoverable GST, as shown in Figure 3.1. Together with corporate income tax, these three taxes represented 80 per cent of total Taxes Borne by survey participants.

Compared to 2008, corporate income tax as a proportion of Total Taxes Borne has reduced by two per cent. This is reflective of a reduced level of income tax as a result of reduced profits during the Global Financial Crisis. Accordingly, other business taxes, such as payroll taxes, have increased by four per cent as a proportion of total taxes. This is because payroll and other business taxes generally do not directly relate to profitability, and have largely remained the same despite the Global Financial Crisis.

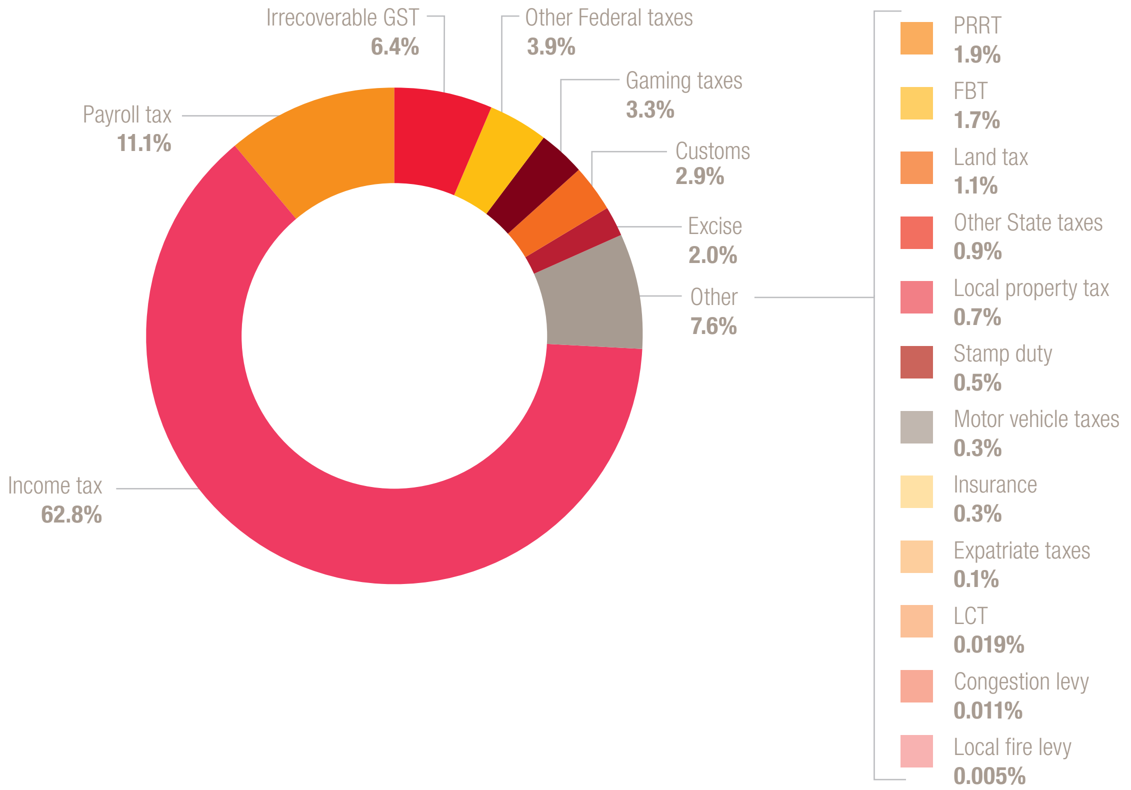
It should be noted that due to their legal structure, several survey participants do not bear corporate income tax at the entity level. For example, some organisations operate through partnerships and trusts, and their income tax liability is generally borne by shareholders or partners directly. In these cases, no corporate income tax is included in the results.

The survey population included a diverse range of industries from banking, insurance, oil, gas and energy. As discussed in Section 6 of this report, there were significant variances in the tax contribution from key industry groups.

A relatively small number of companies contribute a large proportion of the Total Tax Borne by the survey population. The results show that the ten and 20 largest taxpayers participating in the survey accounted for approximately 81 per cent and 93 per cent respectively of the Total Taxes Borne.

7 By adding Taxes Borne and Taxes Collected by survey participants, it is recognised that there is minimal overlap in relation to excise duties.

Figure 3.1: Taxes Borne by survey participant



Non-tax contributions

Survey participants were asked to provide data on a number of compulsory contributions that have not been treated as a tax for the purposes of the survey. For 2010, survey participants reported:

- extraction royalties of $417 million, and
- superannuation guarantee obligations of $2.1 billion.

The impact of the Global Financial Crisis is clearly reflected in the reduction in Total Taxes Borne by participants when compared with the last study.

Taxes Collected

In addition to Taxes Borne directly, business makes a further significant contribution to Government revenue through its obligation to collect a range of taxes from customers and employees on behalf of the various Governments. For example:

- Survey participants collected taxes of $28.2 billion in 2010 on behalf of all Australian Governments
- For every $1 of Taxes Borne by the survey participants, Taxes Collected was $1.78.

The major Taxes Collected in Australia, as identified by survey participants, were excise duties, PAYG on employees' remuneration and GST, as shown in Figure 3.2.

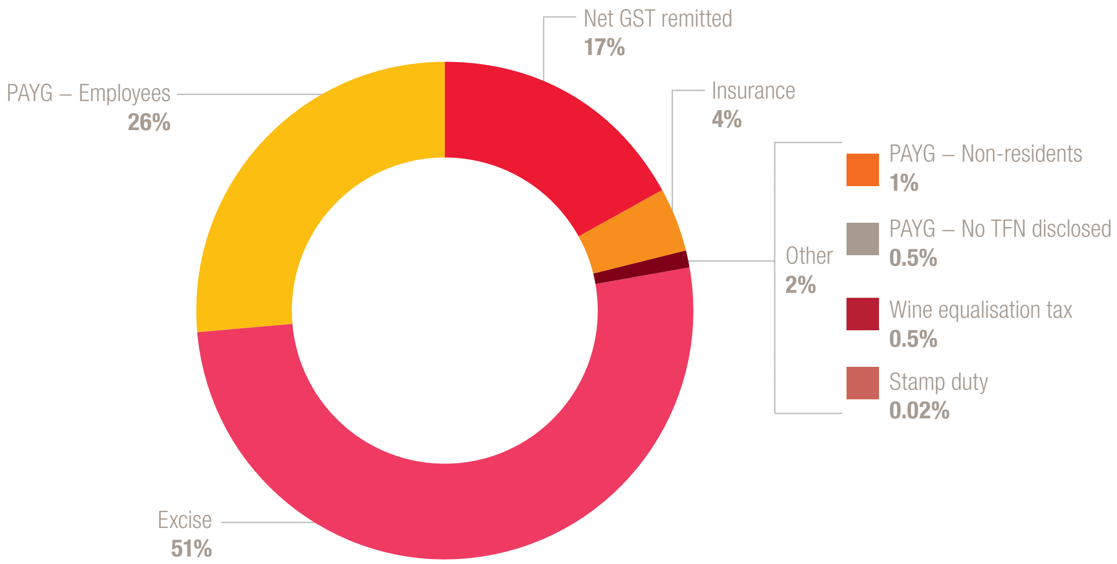
Excise duties collected by survey participants represented over 50 per cent of Taxes Collected. The large proportion of excise taxes collected compared to other taxes collected may be reflective of the industry types of survey participants. Analysis by industry is reported in more detail in Section 6.

PAYG in relation to employees has decreased by five per cent compared to 2008, which reflects the reduced staff levels as a result of redundancies during the Global Financial Crisis.

The 2010 survey discloses GST collected of $4.7 billion, which is the amount of GST that was remitted to Government by survey participants. This represents gross GST collected net of GST input tax credits. Arguably, gross collections of $17.4 billion are a better representation of a business' obligation under the tax system and the risk that they assume[8].

Not surprisingly, the survey participants who bore the most tax, generally, were also the largest collectors of tax.

Figure 3.2: Taxes Collected by survey participant



PAYG in relation to employees has decreased by five per cent in two years, which reflects the reduced staff levels as a result of redundancies during the Global Financial Crisis.

8 Taxpayers have the responsibility to ensure that the full amount of GST is collected and remitted to the ATO.

Figure 3.3: Trend in tax burden

Trend analysis: 2005-2010

We have used the results of the 19 businesses that participated in each of the 2006, 2007, 2008 and 2010 surveys, for the purposes of trend analysis. Businesses that participated in 2006 provided data for the 2005 tax year, giving us data for the analysis of five years between 2005 and 2010.

Interestingly, the full impact of the Global Financial Crisis is clearly shown in Figure 3.3, with the decline in Total Taxes Borne, particularly income tax, from 2008 to 2010.

Total Taxes Collected has continued to remain relatively constant, but rose between 2008 and 2010 despite the Global Financial Crisis and its impact on Taxes Borne.

Total Taxes Collected has risen moderately from 2008 to 2010 despite the decreases in Total Taxes Borne.

04

Survey results: tax mix

Reduced corporate income tax due to lower profits means a greater proportion of taxes on consumption compared to pre Global Financial Crisis studies.

Federal/State/Local tax mix

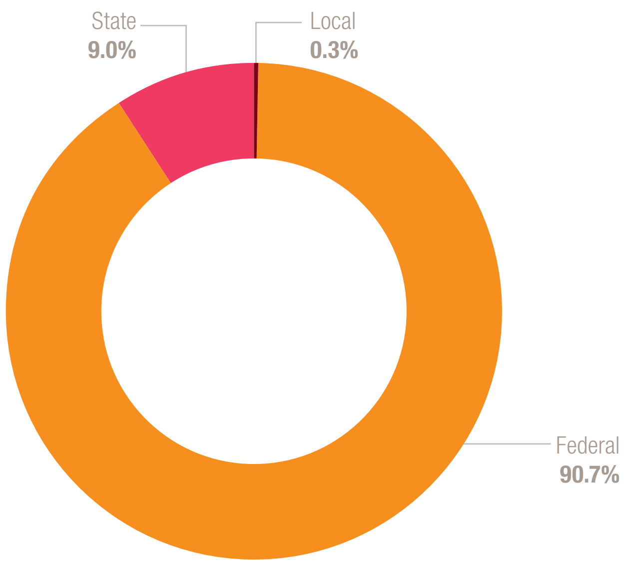
In 2010, 21 Federal Government taxes comprised 90.7 per cent of total Taxes Borne and Taxes Collected for all levels of Government as reported by survey participants. The 30 State and Territory Government taxes comprised nine per cent, while local Government taxes comprised only 0.3 per cent of Total Taxes Borne and Taxes Collected for all levels of Government.

Figure 4.1 shows the proportion of Taxes Borne and Taxes Collected for each level of Government.

PwC believes Federal taxes are reasonably accurately reported, whereas, due to reasons noted in Section 2, State, Territory and local taxes are more difficult to identify and quantify precisely. As a result, we believe the State and Territory tax contribution to the mix is slightly understated.

Although GST is passed on from the Federal Government to State and Territory Governments, GST is imposed by the Federal Government and has therefore been treated as a Federal tax.

Figure 4.1: Taxes Borne and Taxes Collected by level of Government



Tax mix by category of tax

For the purposes of the survey the 53 Taxes Borne and/or Taxes Collected (this includes 21 Federal Government taxes, 30 State and Territory taxes, and two municipal taxes), have been grouped into the following five categories:

- **Profit (income) taxes (six taxes)**

  Income taxes are based on profits. For example, Federal corporate income tax and petroleum resource rent tax.

- **Product (goods and services) taxes (25 taxes)**

  Goods and Services Taxes (GST) are imposed on goods and services at different stages within the value chain. They are typically collected and passed on to consumers as part of the cost of a good or service. For example, GST, customs duties and excise duties.

- **People (employment) taxes (four taxes)**

  Employment taxes are imposed on or collected by the employer in relation to the employment of people. For example, PAYG, payroll tax and FBT.

- **Property taxes (ten taxes)**

  Property taxes relate to the acquisition, disposal, use and ownership of land and other assets (tangible and intangible). For example, stamp duty and land tax.

  In addition to the nine State property taxes, there are two local Government property taxes.

- **Planet (Environmental) taxes (eight taxes)**

  Environmental taxes relate to the use of natural resources or the environmental impact of doing business. For example, aircraft noise levy and waste and environment levy.

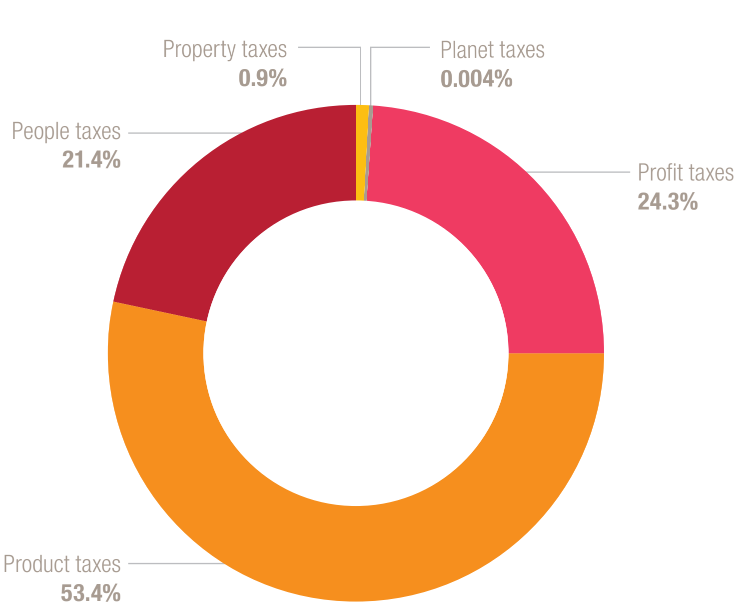
The detailed allocation of taxes to these categories is provided in Appendix B. These categories and the tax classifications closely align with the classification of taxes under the Australian System of Government Finance Statistics[9].

Figure 4.2 shows the proportion of Taxes Borne and Taxes Collected by different categories of taxation.

Compared to 2008, there are a greater proportion of product taxes in this year's survey (34.5 per cent in 2008 compared to 24.3 per cent in 2010). This is partly a result of less profit taxes being paid post Global Financial Crisis. Consequently, businesses are making a proportionately higher contribution to Government revenue through its role as collector of taxes compared to prior years.

It is noteworthy that five taxes (corporate income tax, excise duties, PAYG on employees, GST and payroll tax) raise 90 per cent of all Taxes Borne and Taxes Collected.

Figure 4.2: Taxes Borne and Taxes Collected by tax mix category



9 Australian Bureau of Statistics, Australian System of Government Finance Statistics: Concepts, Sources and Methods (Cat. No. 5514.0), September 2005.

05

Survey results: the picture for individual participants

Most businesses collect more tax on behalf of the Government from customers and employees than they pay in their own right.

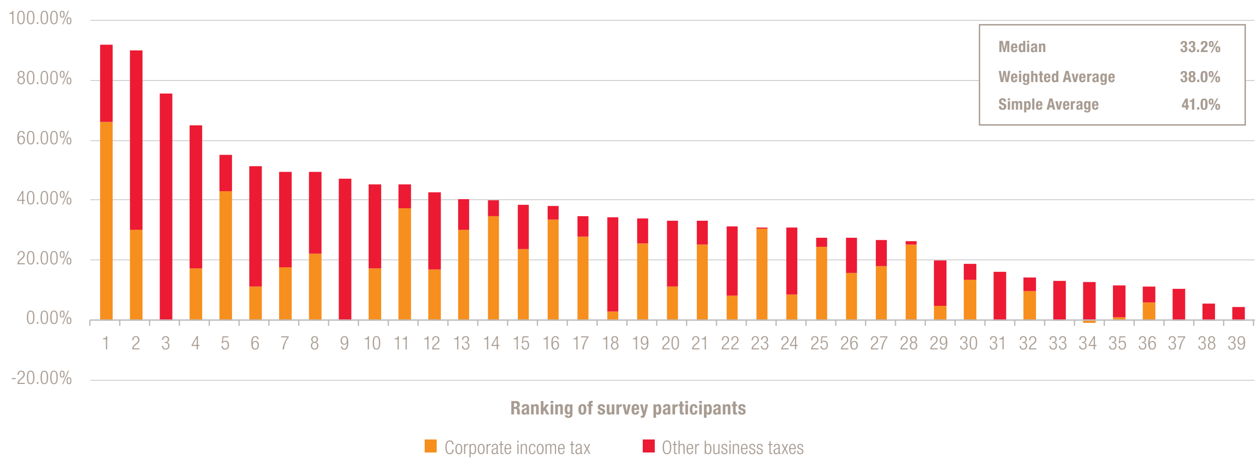
The Total Tax Contribution (TTC) methodology is designed to examine the impact of tax on business. In addition to data on Taxes Borne and Taxes Collected, survey participants were asked to provide information to indicate the size of their Australian business in order to put their tax payments into context and assist benchmarking. We used this information to calculate the:

- Total Tax Rate (TTR)
- Taxes Borne and Taxes Collected as a percentage of turnover, and
- employment taxes per employee.

Total Tax Rate (TTR)

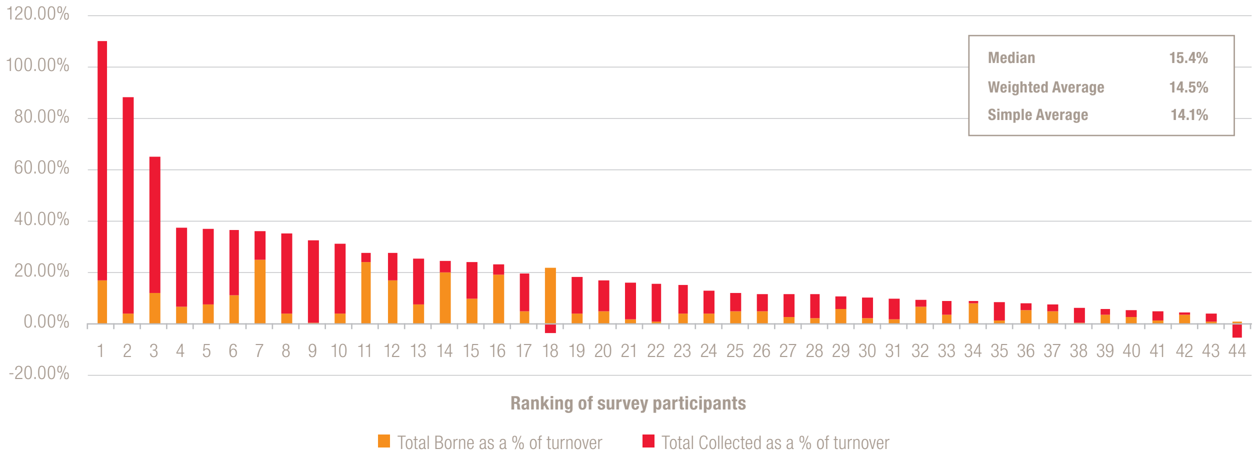
The TTR is all business Taxes Borne as a percentage of profits before all tax. The median[10] TTR for survey participants was 33.2 per cent in 2010; a small decrease from 2008 when it was 33.8 per cent. We do not consider this to be a significant result or indicative of any change in the underlying business tax impost. Rather, the small decrease is a likely reflection on the different population of respondents.

Figure 5.1: Total tax rate for survey participants[11]



10 The median is the middle value of data ordered from lowest to highest (i.e. the middle observation).
11 The weighted average excludes survey participants who did not provide profit before tax.

Figure 5.2: Total Taxes Borne and Taxes Collected to turnover by participant[12 13]



The TTR measure shows that, on average, for every $3 of profit made by the survey participants, $1 was paid in tax. Figure 5.1 shows the individual TTR for each of the survey participants.

There is no apparent pattern across survey participants and the TTR varies substantially from business to business. The TTR is impacted by two key factors:

- the profitability of the business, and
- the extent to which the business is subject to taxes irrespective of profitability.

Taxes Borne and Taxes Collected as a percentage of turnover

Taxes Borne and Taxes Collected as a percentage of turnover is a useful measure of what a business contributes to Government tax receipts, with respect to their size as measured by turnover.

The median of total taxes as a percentage of turnover of the survey participants was 15.4 per cent. Figure 5.2 shows the range of total Taxes Borne and Taxes Collected across survey participants. Most businesses, in fact, collect more tax on behalf of the Government from customers and employees than they pay in their own right.

Employment taxes per employee

The final measure is employment Taxes Borne and Taxes Collected per employee. Survey participants reported a median of employment taxes per employee of $28,292. This is a measure of the taxes directly generated thorugh jobs created by survey participants.

12 Figure 5.2 excludes survey participants who did not report turnover.

13 Some companies show negative Taxes Collected because, as major exporters, they receive a GST refund that more than offset other Taxes Collected.

06

Survey results: an industry perspective

An industry perspective reveals significant differences in the impact of the tax system on different industries. This needs to be recognised in the tax reform process.

The 45 participants represented a cross-section of Australian industries. To provide an industry perspective on the survey results, participants have been grouped into the ten industries shown in Table 6.1. Industry groups have only been included when there are three or more participants in a sector.

Some participants operate in more than one industry, and in these cases businesses have been allocated to their most dominant industry[14].

Table 6.1: Industry profile of survey participants

Industry Group
Banking (5)
Diversified financials[15] (4)
Food, Beverage and Tobacco (3)
Insurance (4)
Materials (4)
Oil, gas and energy[16] (6)
Real estate and construction (5)
Retail (4)
Transportation (3)
Other (7)

14 Based on ASX classifications (if listed) or Global Industry Classification Standard (GICS) guidelines.
15 Diversified financial services includes participants either specialising in either consumer finance or investment banking.
16 Oil and gas includes participants engaged in drilling, refining, marketing, distributing etc, of oil, gas, coal and/or consumable fuels.

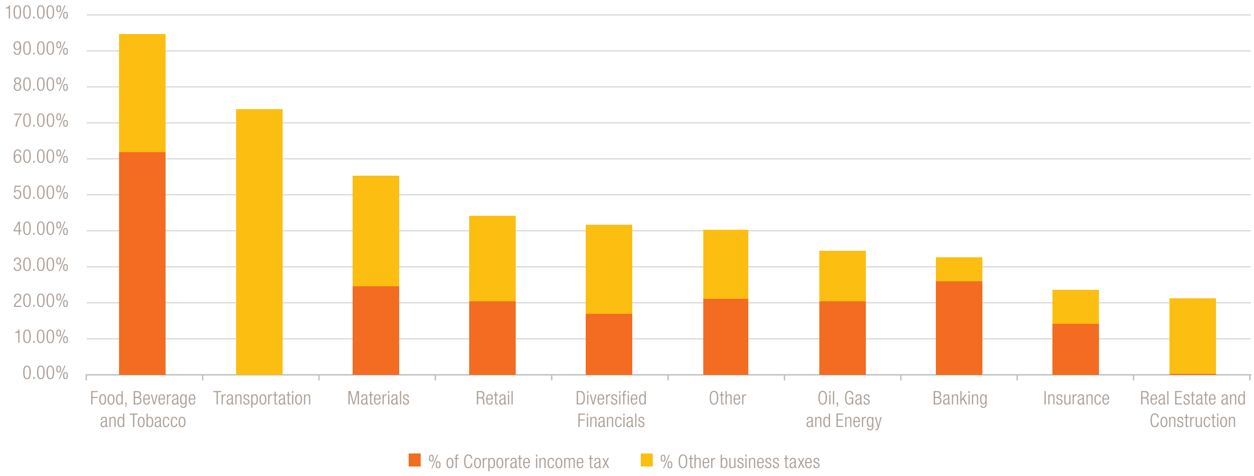
Total Tax Rate (TTR)

The TTR is all business Taxes Borne as a percentage of profits before all tax. The wide range of TTRs reported by survey participants is reflected in the differing TTRs of the survey industry groups. Figure 6.1 shows TTR and the mix of corporate income tax and other business taxes (Taxes Borne) by industry.

The insurance and real estate and construction industries show a relatively low TTR.

The impact of excise on the food, beverage and tobacco industries, as well as the transportation industry, explains its much higher TTR. The food, beverage and tobacco industries' TTR is 20 per cent higher than any other sector.

Figure 6.1: Total Tax Rate by industry of mix of income and other business taxes



Not only does the amount of certain Taxes Borne differ markedly between industries, but collection obligations often apply selectively to certain sectors.

Taxes Borne and Taxes Collected as a percentage of turnover

As discussed, Taxes Borne and Taxes Collected as a percentage of turnover measures contributions to Government tax receipts. The median of total taxes to turnover of the survey participants was 15.4 per cent. Figure 6.2 shows the range of total Taxes Borne and Taxes Collected consolidated by industry.

The ratio of Taxes Borne and Collected to turnover was noticeably high in the food, beverage and tobacco and oil, gas and energy groupings principally because of significant excise collections.

Tax obligations

The survey identified a wide range of taxes across Federal, State and Territory Governments which translate to a significant number of separate 'taxing points' for Australian businesses. A number of State taxes are imposed by many, if not all, States and Territories and each of these is treated as an individual taxing point. Stamp duties, payroll tax and land tax are the main examples.

Figure 6.3 shows how the number of taxing points varies between survey participants in different industries. The survey shows that the retail, food, beverage and tobacco, and bank industries face the largest number of taxes compared to other industries.

Figure 6.2: Taxes Borne and Taxes Collected to turnover by industry

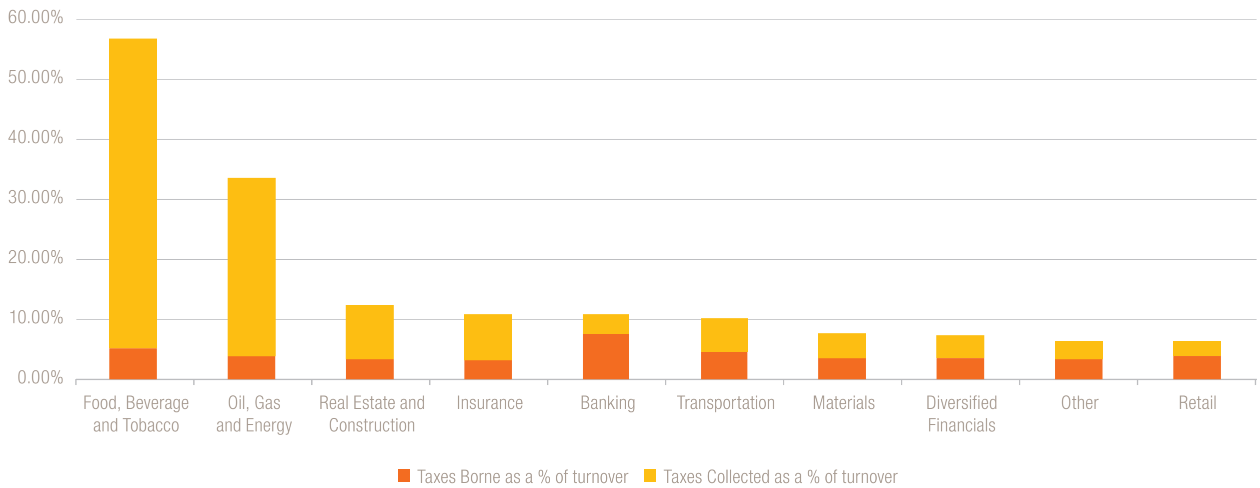
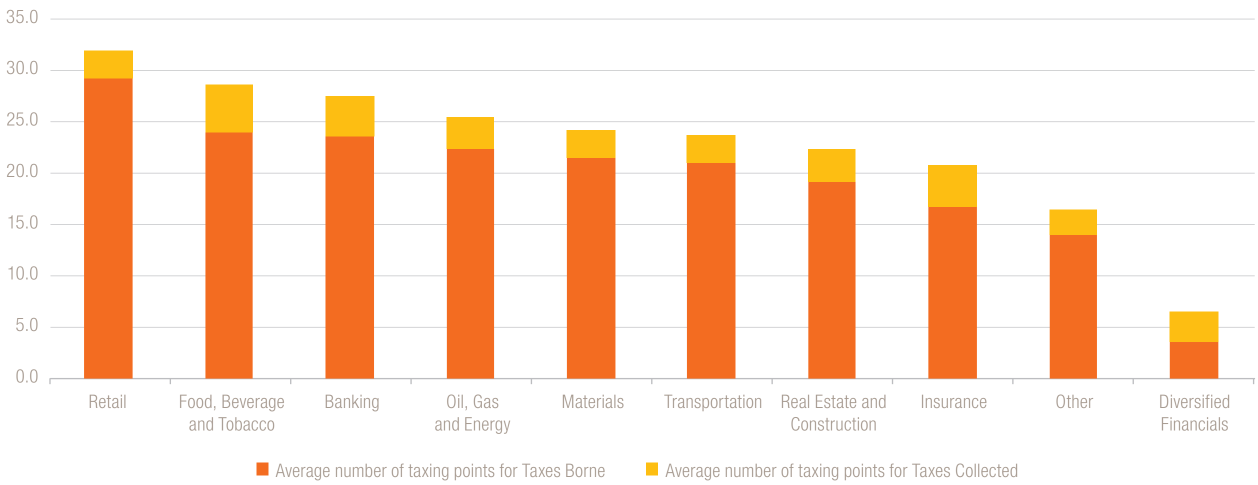
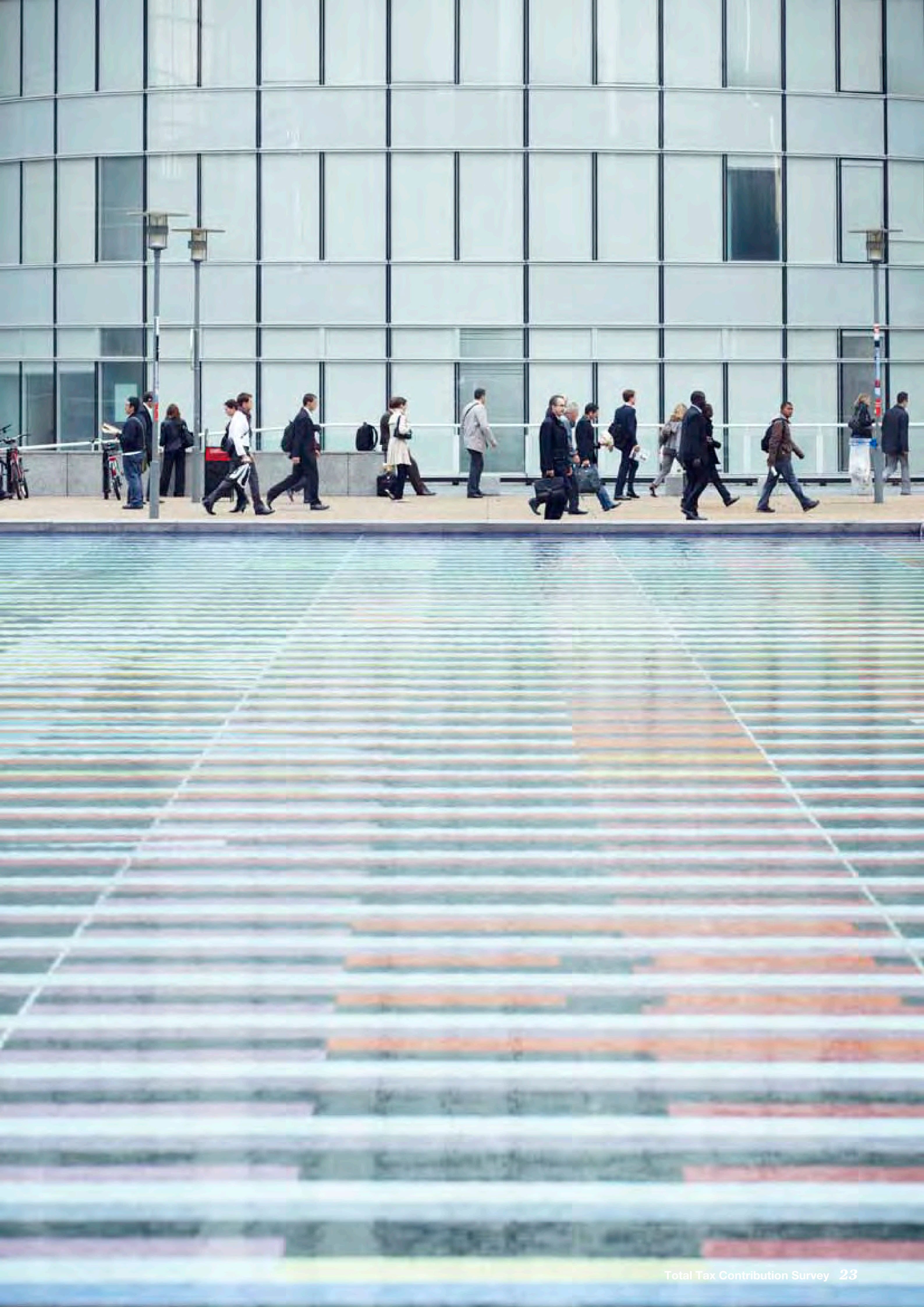


Figure 6.3: Number of taxing points for Taxes Borne and Taxes Collected by industry





07

Survey results: tax compliance costs

The costs of complying with the Australian tax system are a significant additional cost to businesses. This cost falls disproportionately on smaller businesses.

Tax compliance costs

'Total tax compliance cost' measures the cost of complying with all Australian Governments' tax laws. It is based on the time and cost of undertaking any activities relating to the need to lodge returns, make payments to the Australian Taxation Office or a State Revenue Office, and seeking advice on the application of the law.

Survey participants were asked to provide an estimate of both time spent and external costs incurred in relation to complying with all tax obligations. Data was requested in respect of time spent – measured in 'person days' – by internal tax specialist resources (referred to as the internal tax function) and time spent complying with tax obligations by other accounting and finance resources (referred to as the shadow tax function).

Of the survey's 45 participants, 39 provided responses to the questions on total tax compliance time and costs. An estimated cost of employment (including salary and on-costs) was applied to the time spent in people days to estimate the cost of the internal tax function and shadow tax function of each respondent[17].

The majority of time and costs incurred by respondents related to corporate income tax, and goods and services taxes. However, other business taxes still consumed a significant amount of time and cost.

Tax functions

Broadly, businesses utilise the following three types of departments and resources which help fulfil the tax compliance process:

1. *Internal tax function – in-house staff or department who are directly responsible for ensuring that the company is tax-compliant.*
2. *Shadow tax function – in-house staff who are not directly responsible for compliance, but who are necessary to the successful execution of tax compliance. For example, this may include Accounts Receivable, Payroll, Human Resources, Finance teams.*
3. *External resources – professional services personnel who are contracted to assist in ensuring the company is tax-compliant, as well as preparing reports and completing official documentation.*

17 The cost per day of the tax function and shadow tax function was estimated using average salaries plus on-costs for a representative group of tax and finance resources. This produced a figure of $1,278 per working day for the tax function (typically more senior resources) and $714 per day for other resources.

Compliance surtax

The cost of complying with the Australian tax system is an additional cost borne by business. Not only does business incur taxes which are paid to the Government, business also incurs the cost of complying with the system, or a "compliance surtax".

The median cost of complying with the Australian tax system is equivalent in amount to a 1.6 per cent surtax on the taxes that business bears. This represents a slight increase compared to equivalent 2008 data. The median and average compliance surtaxes on specific taxes, such as corporate income tax, payroll tax and fringe benefits tax (FBT) are set out in Figure 7.1.

Consistent with prior years, the heaviest compliance surtax incurred by business in Australia relates to FBT. For the median company in the survey, the cost of complying with the FBT regime is equivalent to a surtax of over seven per cent, as compared to a surtax of less than one per cent arising in relation to income tax or payroll tax. The relatively high compliance surtax in relation to the collection of FBT reflects the complexity of the Australian FBT regime.

Figure 7.1: Compliance surtax

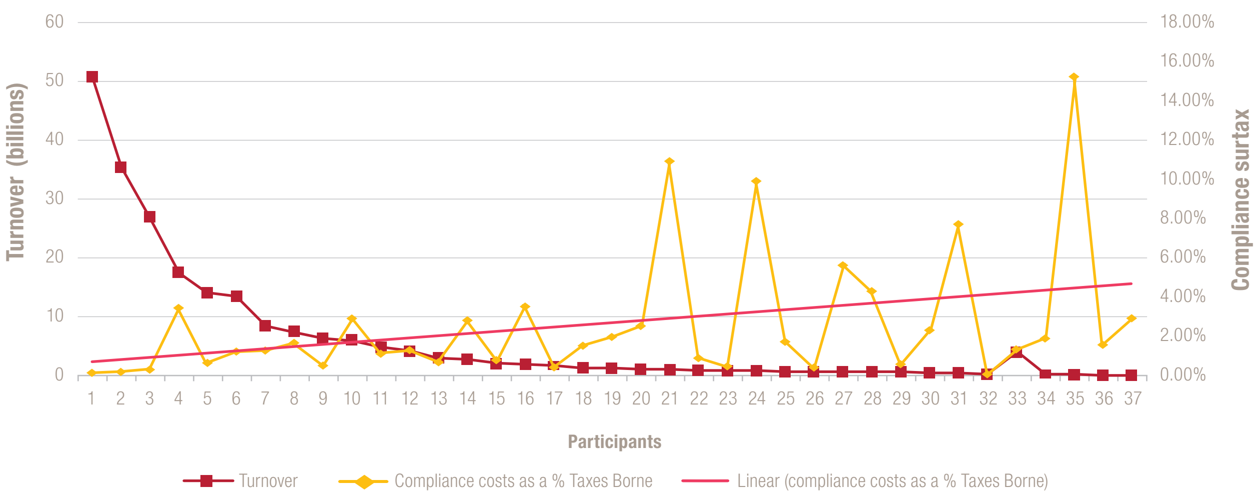
	Average	Median
Income tax	1.9%	0.8%
Payroll tax	1.1%	0.2%
FBT	14.4%	7.3%
Overall	2.7%	1.6%

Disproportionate compliance burden on smaller business

The survey shows that there is an inverse correlation between the size of business and the relative cost of the compliance surtax. In general, the larger the business (measured by turnover), the lower the compliance surtax.

Figure 7.2 sequences the survey respondents by turnover. The right-hand vertical axis indicates the cost of compliance as a percentage of Taxes Borne. There is a clear inverse correlation between the size of the company (by turnover) and the compliance surtax.

Figure 7.2: Company turnover and compliance surtax



This observation is reinforced by analysis of the responses of companies if they are grouped by turnover[18]. On average, the compliance surtax for businesses with turnover in excess of $5 billion is 0.31 per cent. The compliance surtax triples for businesses with turnover between $1 billion and $5 billion to 0.99 per cent. Finally, for businesses with turnover of less than $1 billion, the compliance surtax more than doubles again, to 2.44 per cent.

The survey results highlight the cost of compliance with Australia's tax system on the respondents to this survey, generally larger business. Perhaps even more concerning is that the compliance costs being incurred by even smaller businesses are almost certainly relatively more onerous.

Total tax compliance costs

The total tax compliance costs incurred by the 39 respondents – including the cost of internal resources and external costs – were estimated at $80.6 million, with an average cost of almost $2.1 million. The total internal costs comprised 71 per cent of total compliance costs. The range of compliance costs reported by survey participants is shown in Figure 7.3.

Seven survey participants incur costs in excess of $3 million annually complying with their tax obligations.

In addition to the cost of employing staff, companies generally incur external costs such as:

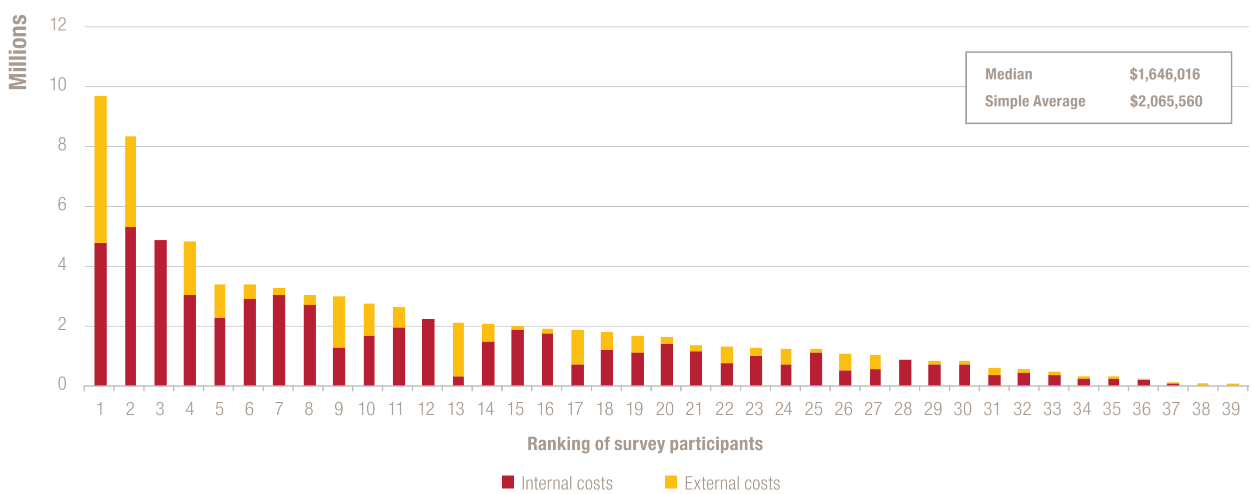
- external professional service provider fees in assisting in and managing tax compliance affairs
- costs in implementing and maintaining tax accounting systems and reports
- staff training, and
- maintaining information sources on tax law.

Businesses bear the cost of tax compliance in different ways depending on their structure, resources and use of external service providers. The mix of time spent by the shadow tax function is substantially different to the in-house tax function, demonstrating how the management of business taxes is allocated between the business units and other corporate functions.

The majority of total time and cost expended in tax compliance is incurred in relation to corporate income tax, and product taxes. However, other business taxes still consume a significant amount of resources. Participants felt that the compliance regimes applying in respect of certain taxes (for example, FBT, State payroll tax and stamp duties regimes) resulted in a disproportionate amount of time and cost.

However, the 'real' cost of compliance is hard to determine and survey participants acknowledged having difficulty in estimating these accurately. Many businesses found it hard to estimate the hidden costs of systems and processes to provide the accurate financial information needed to meet tax obligations.

Figure 7.3: Total Tax Compliance Costs



18 The population was grouped into three broadly even groups according to reported turnover: 15 companies reported turnover that exceeded $5 billion; 12 companies reported turnover of between $1 billion and $5 billion; and 17 companies reported turnover below $1 billion. Not all companies reported turnover and therefore have been excluded from this analysis.

Compliance costs: tax mix

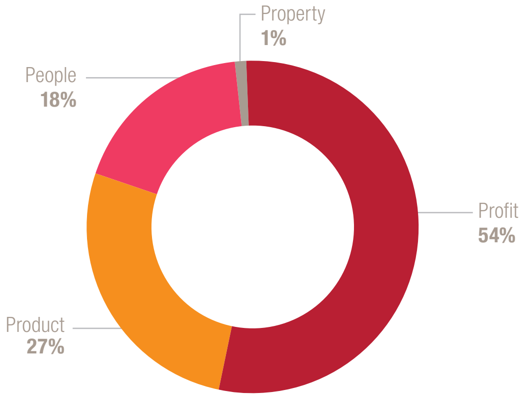
Survey participants were asked to provide an estimate of the mix of time spent and external costs incurred when complying with each of the main categories of Taxes Borne and Collected.

Figure 7.4 on shows these results in four charts:

- the cost of the tax function measured in people days
- the cost of the shadow function measured in people days
- total external costs, and
- total estimated compliance costs.

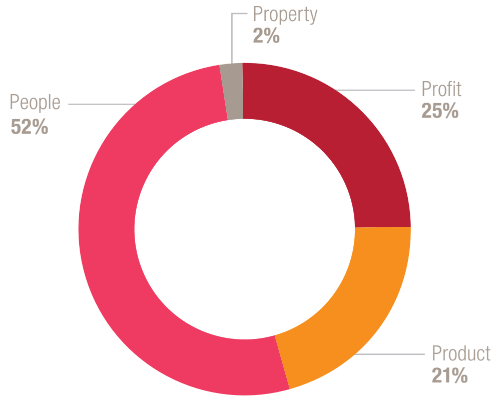
Figure 7.4 Total tax compliance costs – the tax mix

Tax function costs



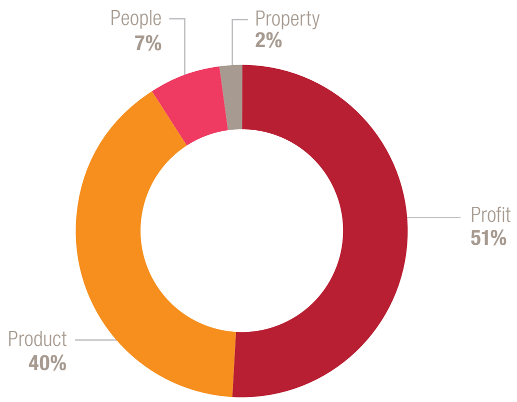
- In-house tax function spends 54 per cent of time on compliance in relation to profit taxes (relates predominantly to corporate income tax).
- However, profit taxes only represents 24 per cent of Total Taxes Borne and Collected (refer Figure 4.2).
- This reflects the relative complexity of the corporate income tax system compared to other taxes.

Shadow tax function costs



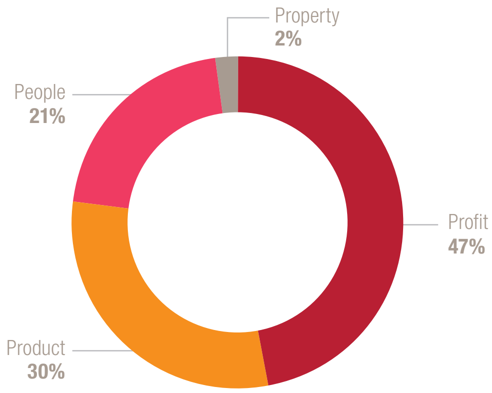
- Shadow tax function spends 25 per cent of time complying with a range of product taxes.
- This is significantly less than the proportion of total product taxes to Total Taxes Borne and Collected of 54 per cent.
- This may be due to the lower cost of complying with product taxes. For example, GST calculations are generally systems based.
- Also, much of the cost of complying with these taxes, including GST and customs and excise duties, tends to be embedded within the business and its information systems, and is therefore difficult to quantify.
- Shadow tax function spends the most time (52 per cent of total) on a range of people taxes (i.e. employment-related taxes), including PAYG withholding tax, FBT and payroll tax.

External costs



- Proportion of external costs incurred in relation to corporate income tax is 51 per cent, which also emphasises the relative complexity and compliance burden costs in relation to corporate income taxes (as discussed above).
- There has been a decrease in external costs in relation to corporate income tax compared to previous years. Conversely, there has been an increase in external costs in relation to product taxes (e.g. GST and other indirect taxes) compared to previous years.

Total compliance costs



- Overall compliance costs in relation to corporate income taxes outweighs costs in relation to product taxes.
- A greater proportion of compliance costs is spent on people taxes compared to prior years. This reflects the fact that corporate tax compliance costs may be affected by decreases in profit during the Global Financial Crisis, while other taxes such as FBT bears no direct correlation to decreases in profit.

Compliance costs: activity mix

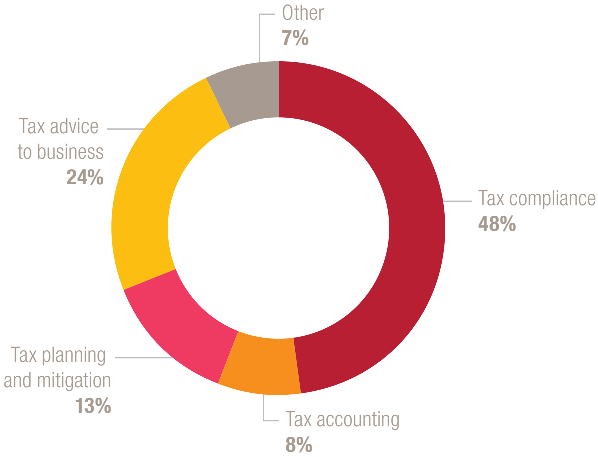
Participants were asked to estimate how tax resources spent their time between various types of tax management activities, namely:

- tax compliance activities
- tax accounting activities
- tax planning and mitigation, and
- tax advice to the business.

Figure 7.5 shows how these activities vary between the tax function, shadow tax function and external consultants.

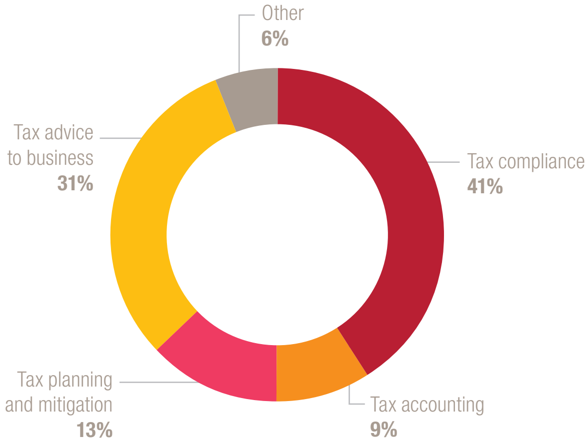
Figure 7.5 Total tax compliance costs – the activity mix

Total compliance costs



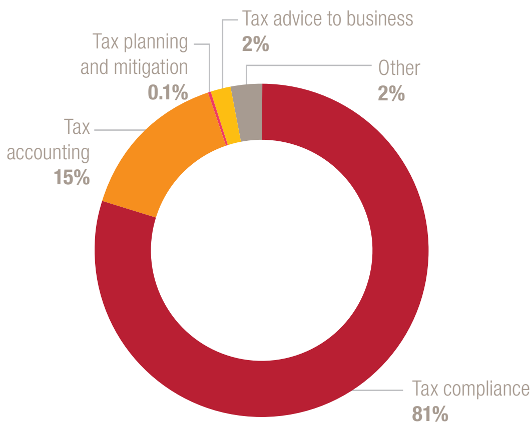
- Participants reported that by far the largest portion of their tax resources are dedicated to tax compliance activities (48 per cent).
- When coupled with tax accounting, the average respondent dedicates 56 per cent of their tax resources to meeting regulatory obligations. Interestingly a very significant proportion of compliance and accounting responsibilities are undertaken by shadow tax functions (refer below).

Tax function costs



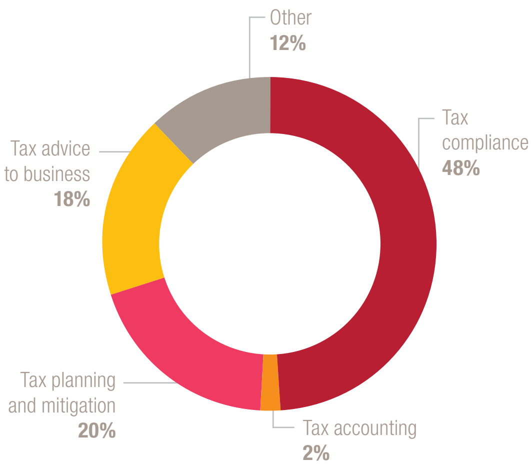
- There is a slight shift for tax functions to spend more time on tax advice, compared to tax compliance and tax accounting.

Shadow tax function costs



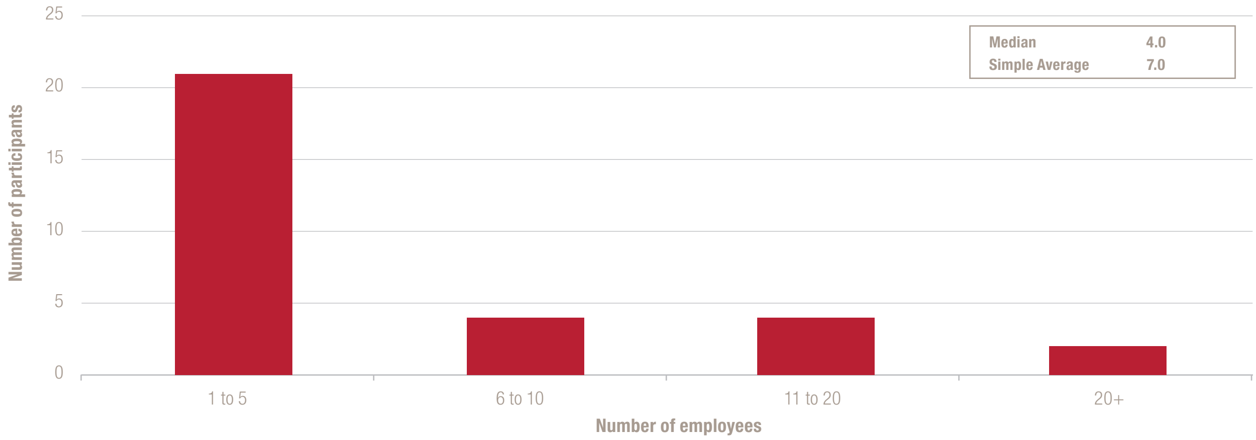
- There is a marked shift for more tax compliance and tax accounting activities to be performed by shadow tax functions. Participants reported that their shadow tax function spends the majority of its time on tax compliance (81 per cent) and tax accounting (15 per cent).

External costs



- There is a shift towards more external costs to be spent on tax compliance activities. External costs spent on tax compliance represent almost half of all external costs.

Figure 7.6: In-house tax resources



In-house tax resources

Survey respondents were asked to report the number of employees required to comply with all tax obligations in terms of 'full-time equivalents'. These numbers do not include other non-tax specialist resources – the shadow tax function. Companies also employ the assistance of external service providers to supplement in-house resources in meeting their tax obligations.

Of the 38 respondents to this section of the survey, results showed the average number of in-house tax function employees was seven. The range of responses from survey participants to the number of tax function employees is shown in Figure 7.6.

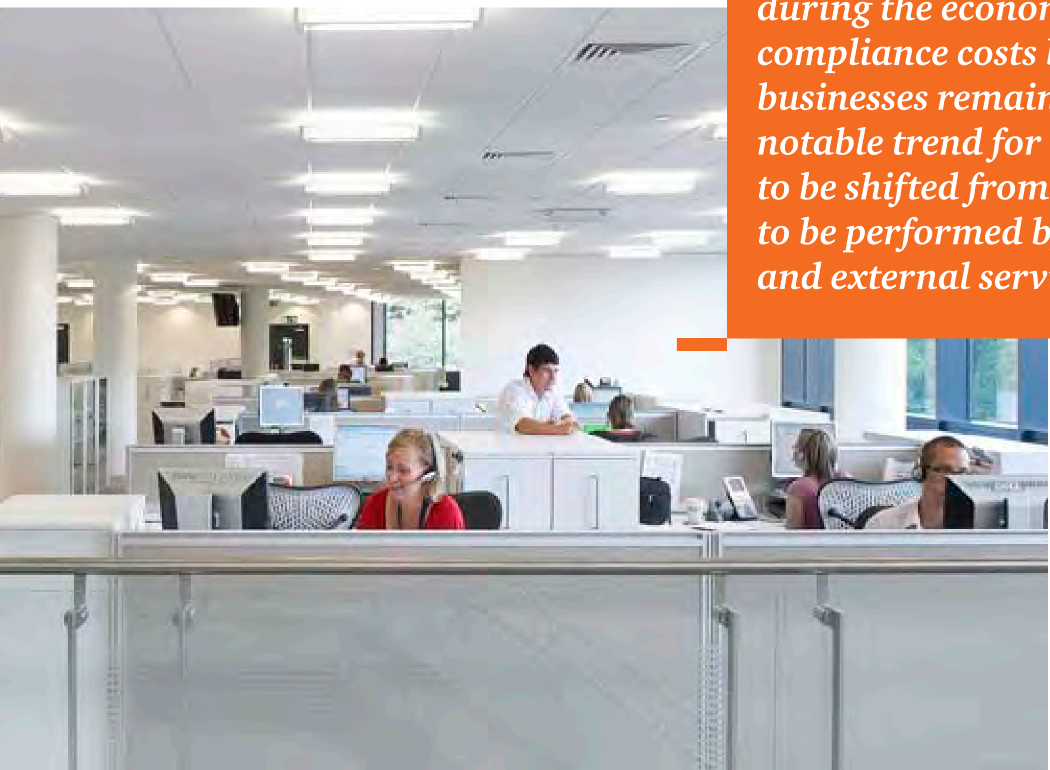
Figure 7.6 shows that the majority of respondents have relatively small in-house tax teams.

The number of full-time equivalent tax compliance employees, and the size of the shadow tax function, vary significantly according to factors such as:

- the size of the company, turnover and number of legal entities
- the nature of the business and industry (certain industries have more complex tax compliance requirements)
- the amount of Taxes Borne and Taxes Collected, and
- the extent of the use of external service providers.

The survey responses also indicated there was no consistent relationship between the size of businesses (for example, based on turnover or taxes paid) and the number of full-time equivalent tax compliance employees.

Despite decreased accounting profits during the economic downturn, the compliance costs burden of Australian businesses remains high. There is a notable trend for tax compliance work to be shifted from in-house tax functions to be performed by shadow tax functions and external service providers.



08

Survey results: international comparisons[19]

For a relatively small economy, Australia has a very complex tax system by international standards.

International benchmark comparisons

PwC has undertaken Total Tax Contribution (TTC) studies in ten countries around the globe. A comparison between the results from Australian companies and those from other countries confirm the relative complexity of Australia's corporate tax system.

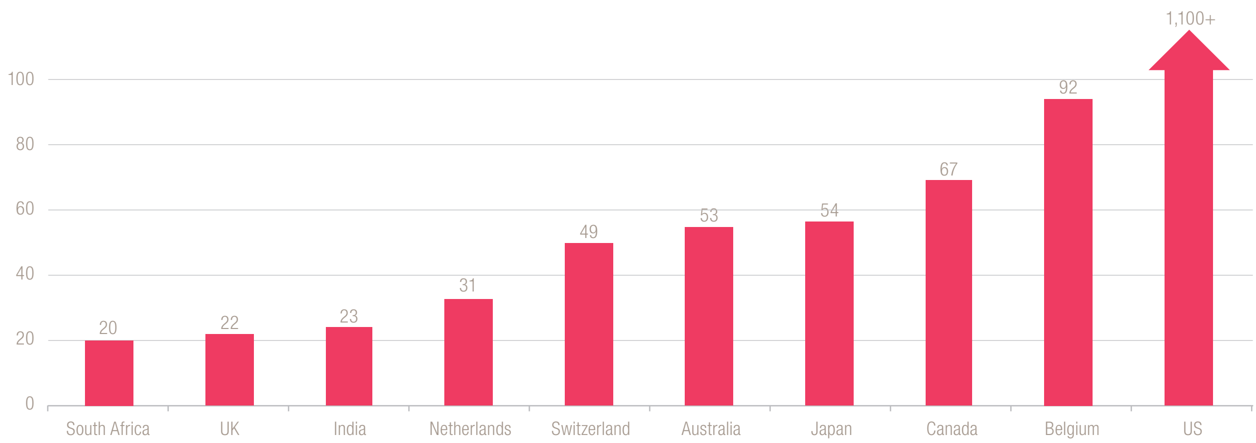
Australia has the fifth highest number of taxes (53) of the countries where TTC studies have been undertaken (Figure 8.1).

Like the US, the majority of taxes are applied at the State level – adding not only to the total number of business taxes but also to the complexity of the tax system.

By comparison, the UK, which does not have State-based taxation, has only 22 business taxes.

The United States has over 1,100 taxes, imposed by their Federal Government and the 50 States and the District of Columbia. There are also taxes imposed by more than 89,000 local Government entities that are too numerous to identify.

Figure 8.1: International comparison of the number of business taxes



19 We note data is based on each countries latest TTC report: South Africa (2010), UK (2010), India (2008), Netherlands (2008), Canada (2008), Belgium (2010), US (2008), Japan (2010) and Switzerland (2009).

International Total Tax Rates

Australia's Total Tax Rate (TTR) is approximately average for the countries surveyed (Figure 8.2).

Although the TTR for Australian businesses is in the middle of the range for countries that have undertaken full TTC studies, internationally Australia's TTR was ranked 127 out of 183 economies[20].

Furthermore, the ratio of corporate income tax to other business taxes is significantly higher in Australia than in comparable countries – however this is offset by lower labour taxes than most other countries.

With the exception of South Africa and India, the Australian Government raises a greater proportion of its corporate tax from corporate income tax than any other country surveyed.

The ratio of corporate income tax to other business taxes is significantly higher in Australia than in comparable countries.

Figure 8.2: Comparison of the average TTR

20 World Bank, Paying Taxes 2011: The global picture.

International tax compliance costs

Figure 8.3 shows that Australia's average cost of tax compliance as a percentage of Total Taxes Borne is in excess of all other participating countries. This compliance surtax comparison indicates that Australia's tax system is relatively complex, compared to the amount of revenue being raised. The chart also shows the average number of full time equivalent staff (FTE) working on compliance as estimated by the participants (results are not available for all countries).

It is widely acknowledged that the United States has the world's most complex taxation system. Nevertheless, it is a significantly larger economy[21] than Australia with much larger corporations to deal with that complexity. It could be argued that Australia's tax system is as complex as any other country, yet our GDP is only the 13th in the world[22]. This raises the question as to why a relatively small economy has allowed its tax system to develop such complexity.

Figure 8.3: Cost of tax compliance

An international comparison of tax compliance costs raises the question, why a relatively small economy like Australia has allowed its tax system to develop such complexity.

21 The United States GDP is approximately 14 times that of Australia.

22 World Bank, World Development Indicators database, 15 December 2010.

Appendices

A

Appendix A: the PwC Total Tax Contribution framework

PwC designed the Total Tax Contribution (TTC) framework to enable companies to collect and report total tax information in a consistent manner, to meet the needs of stakeholders and improve transparency. In particular, it was recognised that financial accounts rarely include information on business taxes other than corporate income tax.

Few companies have accurate and comprehensive information on their tax payments. In our view, every business should know the total amount of tax it pays. A proper focus on TTC provides visibility on the impact of all taxes to a company's internal stakeholders, and enables management to make more informed investment decisions. It also improves tax risk management, internal controls and the allocation of tax resources.

TTC also provides a way for companies to communicate their tax contribution to external stakeholders. It is an economic measure of what companies pay into the public finances and, as such, may meet the needs of some stakeholders better than the tax disclosures in their financial statements. Companies may wish to report their tax contribution as part of their external communications or in their corporate social responsibility report. TTC aligns with the guidelines on tax as part of corporate social responsibility reporting[23].

What is the TTC framework?

The PwC TTC framework defines the components of a company's overall economic contribution in taxes, examining three specific areas of taxation:

1. **Business Taxes Borne by the business** – taxes that impact the Income Statement
2. **Business Taxes Collected** – Taxes Collected from customers and employees that are then remitted to government, and
3. **Tax compliance costs** – administrative costs incurred in assessing and remitting Taxes Borne and Taxes Collected.

It is also possible to broaden the framework to include other payments to and from Government, which do not meet the definition of a tax. TTC may also take account of business processes that are indirectly impacted by taxation, such as where taxes are embedded in purchased products and services.

23 Sustainability Reporting Guidelines Global Reporting Initiative, 2006 www.globalreporting.org.

The TTC framework provides information on what taxes companies bear and collect. By focusing on payments, it provides an economic measure of what companies contribute to Government revenue. It is an alternative to assessing tax as a financial measure (i.e. corporate income tax expense) in a company's financial statements. It is intended to be a relatively easy concept for all stakeholders to understand.

The TTC framework is also designed to enable the tax contribution of companies to be measured on a consistent basis.

The framework is built around two criteria: firstly, the definition of a tax, and secondly, the distinction between taxes which are a cost to the business (Taxes Borne) and taxes the business collects on behalf of the Government (Taxes Collected).

- ***Definition of a tax***

  For the purpose of the TTC framework, PwC has defined a tax as "something that is paid to Government (by businesses or individuals) to fund Government expenditure, excluding payments where there is a specific return of value (for example, rents and licence fees)."

  Accordingly, not all payments made by businesses to Government will meet this definition of a tax. A payment which provides some return of value to the business is not treated as a tax for the purposes of TTC. A license fee paid to Government which conveys certain rights to a business is an example of a payment not considered to be a tax.

- ***Distinction between Taxes Borne and Taxes Collected***

  Taxes Borne are the company's immediate cost and will impact results. For example, payroll taxes form part of employment costs. Taxes Borne are charged to the company's profit and loss account and will ultimately be passed on to customers, employees or shareholders.

  The TTC framework includes any payment that is made to Government in respect of the employment of people, even in cases where the tax may result in lower salary and wages. For example, fringe benefits tax (FBT) is imposed on employers in relation to benefits provided to employees, and is treated as a Tax Borne under the framework.

Participants reported that by far largest proportion of their tax resources are dedicated to tax compliance and reporting activities.

Taxes Collected are not the company's own costs, but Taxes Collected on behalf of Government from others, for example income tax under pay as you go (PAYG) from employees. Taxes Collected are administered by the company, involve costs of compliance, and indirectly impact on the company's results since, for example, indirect Taxes Collected will impact prices to customers and employee taxes impact the cost of labour.

The tax collection obligations imposed by Government on business are significant and it is important to understand the amount collected by a company as part of any recognition of their wider tax contribution. Taxes Collected by a business are essentially generated by its business activities, either in relation to the employment of people or the sale of products and services.

In addition, there is a real cost of administering collection of these taxes that needs to be recognised. Business bears the costs of interpreting the often complex legislative provisions, maintaining the necessary compliance systems and penalties that are incurred if errors are made in complying with the applicable legislation.

Certain taxes can be considered both borne and collected – borne by a company on their own consumption and collected by businesses in the appropriate industry sector. Examples of taxes that can be both borne and collected include insurance taxes, which are collected by insurance companies and borne by the insured.

Australian GST is collected by companies on behalf of the Government. However, not all GST on inputs can be claimed as a tax credit. In these circumstances the 'irrecoverable' GST is treated as a Tax Borne by the company. The most common example of this is in the financial services sector where companies cannot claim a significant proportion of GST on inputs.

Further details of the classification of taxes as borne or collected is included in Appendix B.

Key measures

The analysis in Section 6 aggregates the data collected from survey participants and examines their relativity in relation to three key measures:

1. Taxes Borne as a percentage of profit before all business taxes (Total Tax Rate)
2. Taxes Borne and Taxes Collected as a percentage of turnover, and
3. Employment Taxes Borne and Taxes Collected per employee.

- ***Total Tax Rate (TTR)***

  The TTR measures the percentage of company profits paid in taxes and provides a useful measure of a particular business' total taxation burden. The TTR is calculated as all business Taxes Borne as a percentage of profits before all business Taxes Borne are paid (including corporate income tax and indirect Taxes Borne).

  In the calculation, the numerator is the total of all business Taxes Borne and the denominator is the profit before all business Taxes Borne. It is important to note that the profit figure used in the calculation is not the traditional figure found in the financial statements of the company (i.e. accounting profit before income tax). As many of the Taxes Borne are deducted in calculating profit before tax, they must be added back to generate a profit before all business taxes to be the denominator in the calculation.

  For example, if a business had net profits before all business taxes of \$115 and incurred business taxes of \$15, their profit before corporate income tax is \$100. When corporate income tax is applied to the \$100, assume the corporate income tax liability is \$25. Accordingly, the TTR for this company is calculated as follows:

	$
Profit before business taxes	115
Other business taxes	(15)
Profit before income tax	100
Corporate income tax[24]	(25)
Profit after tax	75
Total Tax Rate [(15 + 25)/115 x 100]	35%

24 The effective tax rate may differ from the statutory tax rate because the 30% corporate tax rate is applied to taxable income not profit before tax. Taxable income will normally differ from profit before tax, because of differences in the accounting and tax treatment of certain items of income and expenditure.

It is possible that the TTR can exceed 100 per cent in cases where all business taxes are greater than profits before any business taxes. This might be the case, for example, where a business with low profits and hence low income taxes, still bears relatively high other business taxes which are imposed irrespective of profitability. The above calculation provides an example of this.

	$
Profit before business taxes	20
Other business taxes	(15)
Profit before income tax	5
Corporate income tax	(10)
Profit after tax	(5)
Total Tax Rate [(15 + 10)/20 x 100]	125%

- ***Taxes Borne and Taxes Collected as a percentage of turnover***

  Taxes Borne and Taxes Collected as a percentage of turnover is another useful measure of what a company contributes to Government taxation receipts having regard to their size as measured by turnover. The numerator is Total Taxes Borne and Total Taxes Collected, as a proportion of Australian turnover, which is the denominator.

- ***Employment Taxes Borne and Taxes Collected per employee***

  The final measure we have considered is employment Taxes Borne and Taxes Collected per employee. This measure may be useful in considering the multiplier effect in taxes of jobs created by Australian business. In this calculation, employment Taxes Borne and Taxes Collected are the numerator and the number of employees the denominator. Employment Taxes Borne are FBT and payroll tax. Employment Taxes Collected are principally income tax deducted at source under PAYG.

Non tax contributions

In addition to Taxes Borne and Taxes Collected, companies make other compulsory payments that are akin to taxes. The TTC framework does not include these as either Taxes Borne or Taxes Collected but they are measured because of their significance.

Superannuation Guarantee (SG) obligations in Australia have not been treated as a tax for the purposes of the TTC framework. Even though they are compulsory, the contributions are not paid to the Federal Government (except in rare instances when the employer fails to meet the required level of support and is obliged to pay a SG charge).

Nevertheless, as SG is a compulsory contribution made by companies, the survey identifies contributions on behalf of employees. The minimum contribution, equal to nine per cent of an employee's salary and wages, performs a similar role to that of social security levies in many other OECD countries. Where such levies are payable, either to the particular Government's consolidated revenue or into a Government administered fund, they are regarded as a tax in those countries.

Similarly, natural resource extraction royalties[25] paid to State Governments are not treated as a Tax Borne under the TTC framework because they entitle the payee to mine and are negotiated and payable on the basis of gross income. In contrast, petroleum resource rent tax is included as a tax because it is paid to the Federal Government and is based on profit. Given both extraction royalties and petroleum resource rent tax represent a return to the community for the depletion of a natural resource, the survey identifies data in relation to extraction royalties.

25 Extraction royalties are payments for leases to extract minerals or other natural resources, and to explore for minerals.

B

Appendix B: summary of Australian taxes on business

Tax	Federal	State								Municipal taxes	Taxes Borne	Taxes Collected
		Vic	NSW	Qld	WA	SA	Tas	NT	ACT			
Income taxes												
Income tax	■										■	
Petroleum resources rent tax (PRRT)	■										■	
PAYG – collections from non-disclosure of TFN	■											■
PAYG – non residents (interest, royalty, dividend)	■											■
PAYG – eligible termination payments and pensions	■											■
Superannuation contributions tax	■											■
Goods and services taxes												
Agricultural levies	■										■	
Customs duties	■										■	
Excise duties	■										■	■
Goods and services tax	■										■	■
HIH levy	1										■	
Luxury car tax	■										■	■
Stevedoring and marine navigation levies	■										■	
Wine equalisation tax	■										■	■
Wool tax	■										■	
Bush-fire services levy/fire levy		■	■	■			■				■	
Casino tax		■	■	■	■	■	■	■	■		■	
Community ambulance cover				■					■		■	■
Duty on sale of certain livestock		■									■	
Duty on vehicle registrations and transfers		■	■	■	■	■	■	■	■		■	
Electronic gaming machines tax		■	■	■		■		■	■		■	
Emergency services levy					■	■			■		■	
Financial accommodation levy/guarantee levy		■		■	■		■				■	
Gaming Commission supervision charge		■	■	■	■	■					■	■
Insurance contributions to fire brigades		■	■								■	■
Insurance premium duty		■	■	■	■	■	■	■	■		■	
Insurance protection tax			■								■	
Public lotteries tax		■	■	■	■	■	■	■	■		■	
Racing tax		■	■	■	■	■		■			■	
Vehicle registration fees		■	■	■	■	■	■	■	■		■	
Weight tax, oversize vehicles and loads			■		■			■			■	■

1 *Abolished 30 June 2010*

Tax	Federal	State								Municipal taxes	Taxes Borne	Taxes Collected
		Vic	NSW	Qld	WA	SA	Tas	NT	ACT			
People taxes												
Expatriate tax equalisation payments												
Fringe benefits tax												
PAYG – employees												
Payroll tax												
Property taxes												
Duty on declarations of trust over property												
Duty on the acquisition of businesses/goodwill												
Land rich duty												
Land tax												
Land transfer duty/conveyance duty												
Mortgage duty												
Network and utilities tax												
Unquoted marketable securities duty									2			
Council rates												
Council collections of fire brigades levy												
Aircraft noise levy												
Pollution levy												
Product stewardship levy (excise)												
Congestion levy/parking space levy												
Environmental levies on statutory corporations												
Landfill levy/waste and environmental levy												
Metropolitan improvement levy/parks charge												
River Murray levy												
Number of taxes per jurisdiction	21	21	22	18	18	18	12	12	17	2		
Total	161											

2 *Abolished 1 July 2010*

pwc.com.au

For further information on this report please contact:

Tim Cox, Partner
Phone: +61 3 8603 6181
tim.cox@au.pwc.com