

# TAX

FACTS

**\$225b**



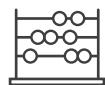
Company tax and royalties paid by the mining sector since 2007-08

**\$94b**



Royalties paid to state governments since 2007-08

**51%**



Effective tax rate faced by the mining sector in 2015-16

**2nd**

Australia has the second highest company tax rate among OECD countries

**FACT**

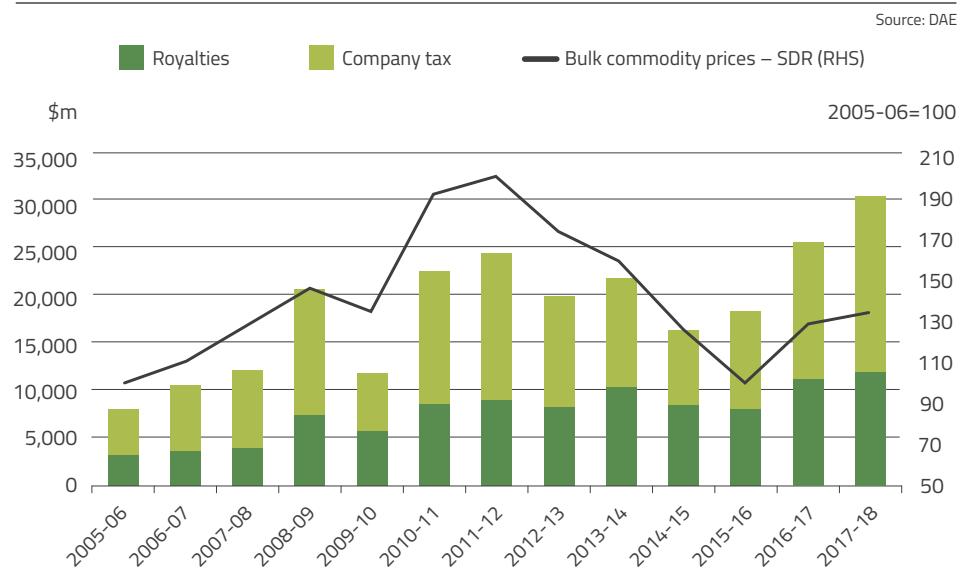
## Australian mining pays its fair share of tax

- The minerals industry paid \$225 billion in company tax and royalties in the 11 years to 2017-18. This includes \$18.6 billion in company tax during the financial year 2017-18, accounting for 22 per cent of all company tax paid, despite the industry comprising less than 1 per cent of all companies. To put this into perspective, \$18.6 billion is more than the Federal Government spends on the Pharmaceutical Benefits scheme.
- Of the \$225 billion, \$94 billion was directed to state governments in royalties. These royalties contribute to important state government functions and activities including; funding for teachers, nurses, police and other essential services and infrastructure. In addition, the sector paid over \$9 billion in payroll taxes to state governments over the same period.

**'The argument that mining tax rates are lower than that of most (or even many) other industries is simply not true.'**

**Sinclair Davidson**  
RMIT

### Mining company tax and royalties



**FACT**

## Australian mining faces a high and rising tax rate

- Mining is a highly taxed industry. The 2017 Minerals Industry Tax Survey found the minerals industry faced an effective tax rate (company tax and royalties) of 51 per cent in 2015-16.
- The tax burden on mining is rising. The latest tax survey found mining is paying the second-highest tax ratio recorded since the survey began.
- Royalties are different to taxes but they are levied by government and flow to consolidated revenue to fund services and infrastructure similar to taxes.
- Royalties are payable even when a mining company makes losses.

**'The MCA minerals industry tax survey finds that miners paid over half their profits in taxes in financial years 2015-16.'**

Deloitte Access Economics

## FACT

### Australia's company tax rate is uncompetitive

- Dr Jack Mintz, from the University of Calgary, prepared a report for the MCA which revealed that Australia has slipped in terms of the competitiveness of its company tax rate. In 2005, Australia was the 14th highest of Economic Co-Operation and Development (OECD) member countries in terms of company tax rate, but in 2019 was the second highest.
- Since 2017, 12 countries have reduced their corporate income tax rates including; the United Kingdom, France and the United States. Australia has not reduced its corporate tax rate since 2001.

**'The best, most credible evidence we have suggests a cut in the Australian company tax rate is not a gift to the so-called "big end of town" ... the benefits to workers tend to flow disproportionately to women, young people and the less skilled.'**

**Richard Holden**

Professor of Economics  
UNSW Business School

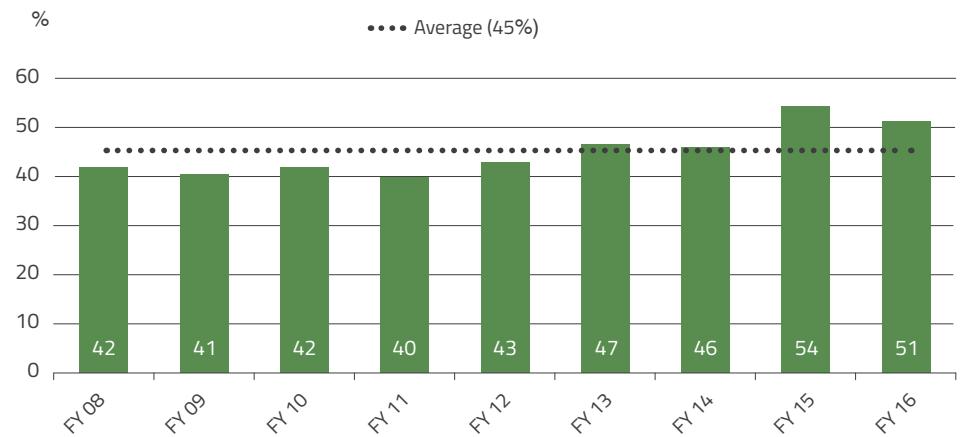
## FACT

### Mining companies are leaders in tax transparency

- The minerals industry supports Australia's adoption of the Extractive Industries Transparency Initiative (EITI) and supported the successful Australian EITI pilot completed in 2014
- Transparency International has consistently ranked BHP and Rio Tinto near the top of its global rankings on corporate reporting transparency
- Many companies release detailed public tax data and a large number of mining companies are reporting under the Board of Taxation Transparency code and international extractive industry codes.

### Effective tax rate 2008 to 2016 (all minerals)

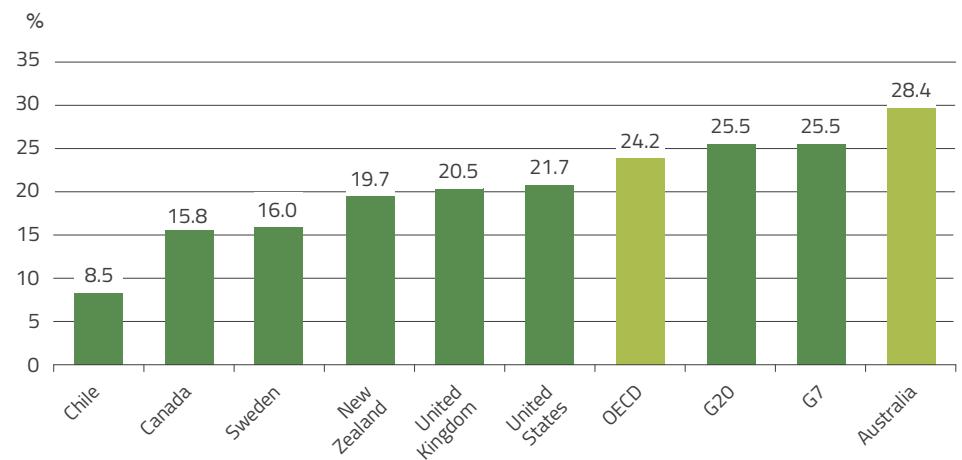
Source: DAE



### Australia's company tax rate is uncompetitive

Source: Dr Jack Mintz 2019

#### Marginal Effective Tax Rates



## FACT

**Mining does not receive 'fossil fuel subsidies'.** The Productivity Commission's industry assistance review confirms that Australian mining receives 'negligible' government assistance.

### OECD data confirms Australia's high reliance on company tax.

Australia's reliance on company tax for revenue is almost double the OECD average as a percentage of GDP and the OECD has said Australia, compared to other countries, has:

Higher revenues from taxes on corporate income and gains; payroll taxes and property taxes.

**Australia has the second-highest company tax rate in the developed world.** It will hold our economy back, harm workers and increase inequality.

**'Overall, a reduction in company taxes will lead to a more progressive tax system.'**

**Dr Jack Mintz**  
University of Calgary