



Tax Office chasing up advisers who facilitate offshore tax evasion

The ATO is ramping up its focus on offshore tax evasion and yesterday visited seven adviser firms linked to offshore arrangements and contacted more than 100 parents who had school fees paid from overseas bank accounts.

This is part of a new wave of action to combat offshore evasion which has seen the ATO obtain more than 5000 client names from wealth management firms and compile a list of 100 advisers and promoters operating globally that have a direct link with people who may have evaded taxes.

It follows the ATO's offshore disclosure initiative, Project DO IT: disclosure offshore income today. Under the project, more than 5,800 Australians have brought \$600 million in offshore income and \$5.4 billion in assets back into the Australian economy and the ATO has raised more than \$245 million in additional tax revenue liabilities for the community.

"The net is closing for people who think they can avoid their Australian tax obligations by holding money and assets offshore", ATO Deputy Commissioner Michael Cranston said.

"The intelligence picture we now have has been built from information taxpayers disclosed under Project DO IT about the adviser who put them into the offshore arrangements, data mining and client records seized from advisers in transit," Mr Cranston said.

"We'll be visiting Australian advisers, including tax agents, legal advisers, financial institutions and stockbrokers to obtain their full client lists and identify those who have failed to come forward and clean up their tax arrangements under Project DO IT."

The school fees involved information obtained from about 60 private schools around Australia showing parents who have had school fees paid from an offshore account or related offshore entity, Mr Cranston said.

"We've checked this information against income tax returns and will follow up discrepancies with about 100 parents who may have failed to declare their offshore interests," Mr Cranston said.

"We'll be asking them to provide documents and attend interviews to answer questions about their arrangements. There is nothing wrong with having an offshore account, but you need to pay tax on the interest or earnings."

In a new shift towards greater transparency, the ATO will work collaboratively with other tax administrations to undertake joint compliance action on advisers and taxpayers.

"For the first time, we have been able to compile a list of 100 advisers and promoters, operating onshore and offshore, that have a direct link with people who have evaded taxes", Mr Cranston said.

"We have now shared the list of advisers with nine key overseas tax administrations requesting them to undertake an intelligence review of their operations in their countries. Some of these offshore advisers are located in Jersey, Switzerland, Guernsey, British Virgin Islands and are associated with both known institutions, as well as boutique and private banks".

This is only a first cut of the intelligence database, and the ATO will continue to work closely with other tax administrations to share intelligence on advisers operating globally.

Project DO IT provided reduced taxes and penalties for people to voluntarily disclosure offshore income and assets. While it ended on 19 December 2014, taxpayers are still encouraged to get in touch with the ATO.

"The message is loud and clear: we will be reviewing our intelligence, undertaking audits, applying significant penalties and referring the worst cases for criminal investigations," Mr Cranston said.

“While the concessions available under Project DO IT have ended, there is the option of reduced penalties if people come forward before the ATO gets in touch.”

People who want to declare offshore tax evasion, or with intelligence about advisers and promoters, should call our hotline on: 1300 132 346.

The ATO has more information than ever before about Australians with offshore income and assets. Australia has an existing network of international treaties and information exchange agreements with over 100 jurisdictions. During 2014-15 the ATO engaged in 519 exchanges of information resulting in total tax liabilities of \$255 million.

Last modified: 08 Dec 2015

QC 47457

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 and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).