

ANTI-TAX EVASION STRATEGY PAYING MAJOR DIVIDENDS

Assistant Treasurer, Senator Nick Sherry today announced the national strategy aimed at stamping out tax evasion is reaping dividends for the Australian community.

"The Rudd Government has a zero tolerance to tax evasion – so we're pursuing a two-pronged strategy of incentivising voluntary disclosures on the one-hand, and cracking down hard where people don't fix the record," said the Assistant Treasurer.

"The Offshore Voluntary Disclosure Initiative and Project Wickenby are respectively examples of each approach – and today I am announcing that both are delivering real results for the Australian community."

The Offshore Voluntary Disclosure Initiative, a program run by the Tax Office to encourage high-wealth individuals to declare undisclosed income from offshore activities, has resulted in 3,028 disclosures since it was launched in 2007 and in more than \$50 million being raised in new tax liabilities.

The OVDI provides for taxpayers who contact the Tax Office, before they are the subject of an audit and who make a full and true disclosure, to be given reduced tax shortfall penalties.

If their additional taxable income is \$20,000 or less for a year, they will not have to pay a shortfall penalty for that year. If the additional income exceeds \$20,000, the taxpayer will be entitled to a reduced shortfall penalty of 5 per cent of the additional tax liability.

"The offshore disclosure program has been so successful, the Tax Office is now considering options to make it more attractive for those who are still reluctant to come forward," the Assistant Treasurer said.

In addition to highlighting OVDI as an important option for voluntary disclosure, the Assistant Treasurer announced the latest results of Project Wickenby, the multi-agency compliance program that actively targets a range of tax avoidance schemes.

Up to 31 August 2009, Project Wickenby had resulted in:

- 23 ongoing criminal investigations;
- 46 people being charged with serious offences;
- \$440.47 million in liabilities being raised; and

- \$365.78 million in collections, including \$136.71 million in cash and \$223.15 in tax collected in subsequent years from people subject to Wickenby action.

The total expenditure of Project Wickenby up to June 30 this year was \$210.8 million.

"This means for every \$1 spent on the strategy, we have brought in \$2 in tax liabilities or \$1.50 in tax collections – a great return for the Australian community," said the Assistant Treasurer.

"It is clear the carrot-and-stick approach to combating tax avoidance is working well," the Assistant Treasurer said.

"However, with Australians sending \$16 billion to offshore tax havens in 2008 alone, the Rudd Government will be keeping up our efforts against tax evasion as the global economy moves towards recovery."

CANBERRA
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