



## Pandora papers

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### Analysis

# Offshore data: what has changed in Australia on tax and legislation after previous leaks?

Ben Butler

The Panama and Paradise papers have been used to get more money out of multinationals, but a register of beneficial ownership is on the backburner

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Millions of documents. Thousands of names. Tonnes of outrage. But do leaks like the [Pandora papers](#), on which the Guardian has been reporting this week, make any difference in the long run?

The Australian Taxation Office says yes - it used previous leaks to collect tax from rich people who had hidden their money offshore, and has already pledged to [closely examine what has been revealed in the Pandora papers stories](#). And tax lawyers tell Guardian Australia that Pandora and its predecessors - the Panama and Paradise papers - have changed the landscape.

Alongside the threat of exposure individuals now face, the papers have been used by the ATO in its pursuit of multinationals. The government has tightened tax laws in a bid to get more money out of the tech giants, but its proposed register of beneficial ownership - which would largely affect individuals - remains on the backburner.

## How much money has the ATO recouped after leaks?

The ATO said it had done 520 audits in response to 2016's [Panama papers](#), 11.5m documents from Mossack Fonseca, which at the time was the fourth-biggest law firm in the world.

It has raised \$191.5m in tax liabilities and collected more than \$38m, a spokesperson said.

There are a "small number" of cases left, which are expected to be finalised this year.

"These matters are yet to be finalised due to the complexity of the arrangements, ongoing criminal investigations and the need to obtain additional information from overseas," the spokesperson said.

"A number of individuals" also remained under criminal investigation by federal police in conjunction with the ATO, they said.

The 2017 [Paradise papers](#) leak of offshore information had fewer Australian links, the ATO said.

It has identified 1,500 Australian taxpayers in the data.

"Most of the 1,500 individuals identified do not have tax issues and further analysis is being undertaken on the total population to identify taxpayers who warrant further action," the ATO spokesperson said.

The ATO said the leaks had helped sharpen its ability to wade through terabytes of data in search of tax dodgers.

"We have improved our data-matching and analytics capability through our work on the Panama papers and Paradise papers, which has allowed us to see through

the static and focus on the specific behaviour that indicates tax evasion,” the ATO spokesperson said.

## What else has the ATO done?

The leaks have helped the ATO understand the value of big data when it comes to tracking down undeclared offshore wealth.

It has a network of information-sharing agreements in place and is a member of enforcement groups such as the joint chiefs of global tax enforcement - Australia, Canada, the Netherlands, UK and US - that have made the world a lot smaller.

“Even countries like Switzerland won’t hide it any more,” one tax lawyer told Guardian Australia.

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The Paradise papers led to a lawsuit against the ATO that has strengthened its hand when dealing with claims of confidentiality made by lawyers.

In 2019, the high court ruled the ATO could use documents from the Paradise papers relating to a restructure of the commodities multinational Glencore.

Glencore claimed the ATO should not be able to use the leaked documents because they were covered by legal professional privilege, but the high court [ruled otherwise](#).

## What has the government done?

In 2015 the then treasurer, Joe Hockey, made big promises about reining in offshore tax minimisation, and the following year’s budget contained measures including a special tax avoidance taskforce and a diverted profits tax designed to bring the earnings of big tech companies such as Google and Facebook onshore where the ATO can tax them.

While tax activists say there is more to be done, the Coalition government has largely delivered on its agenda.

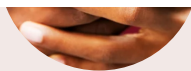
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Most of the measures it has introduced - such as improved protections for tax whistleblowers, the diverted profits tax and the multinational anti-avoidance law - are aimed at the big end of town, rather than individuals who are hiding their wealth.

However, the status of a promise to introduce a register of beneficial owners, [made in 2016 by the then assistant treasurer, Kelly O'Dwyer](#), remains unclear.

Experts say much of the chicanery in the offshore world is now designed not so much to reduce tax, given the increased ability of revenue authorities to obtain information, but to protect the assets of the rich from other creditors such as former spouses, angry former business partners and investors.

A register would make this harder.

In 2019, Treasury [said there had never been a commitment to establish a register](#).

But now it appears to be back on the agenda as the company registry, which holds information about directors and shareholders, is moved from the Australian Securities and Investments Commission to the ATO.

"This modernisation will both significantly improve the operability of Australia's existing business registers and enable the development of a beneficial ownership register," a spokesperson for the treasurer, Josh Frydenberg, told Guardian Australia.

No date was given for the establishment of the register.

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