



27 July 2017

Manager
Large Corporates Unit
Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

To the Manager,

GetUp is pleased to submit research produced in consultation with Professor Roman Lanis, Ross McClure and Dr Brett Govendir from the University of Technology School of Accounting '*Evaluation of the Petroleum Resource Rent Tax and Debt Loading in Australia – 2012 to 2016*' for consideration by Treasury. The research can be accessed [here](#).

Further to this research, we submit the following statement on the specific issues raised by the Government's interim response to the Review of the Petroleum Resource Rent Tax (PRRT).

Retrospectivity

GetUp believes there is no issue with retrospectivity when it comes to closing loopholes in the taxation system. There are international examples of countries taking action to address offshore oil and gas loopholes that applied to existing projects. For example, when the George W Bush administration increased offshore oil and gas royalties in the United States, the scheme applied to some existing projects as well as all new projects.

The consequences of taking no action on existing projects is also highlighted by the case of Chevron. On their own admission, before the Senate Inquiry into Corporate Tax Avoidance on 28 April 2017, Chevron estimated there will be no PRRT payments from the Gorgon Gas project until at least 2029. If any changes only apply to new projects, this will see existing projects continue to pay no tax for the gas and oil they extract and sell for many years to come.



Tightening PRRT v royalty scheme

GetUp supports shifting to a royalty scheme to ensure a fair and proper return to the community of the resources being extracted and sold, especially by multinational corporations. The report linked at the beginning of this letter outlines the royalty schemes used in the US, and Alberta Canada, for comparisons in similar jurisdictions that ensure a fair and loophole-free means of ensuring payment for extracted natural resources.

Summary

GetUp believes the tightening of PRRT loopholes to only prospective oil and gas projects will do little to ensure proper payment for the gas and oil owned by the community. At a time when low global oil and gas prices makes it unlikely for major new projects to being realised, little new revenue will be generated for the community. Foregoing this opportunity for PRRT reform would be a lost opportunity to restore tax fairness to a broken system, and recover billions in revenue to fund essential services like our schools and hospitals.