# Tax aggressiveness of alcohol and bottling companies in Australia

## Researchers

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## Summary

This study investigated the tax disclosure strategies of major alcohol and bottling companies operating in Australia, including Australian and foreign owned businesses. Thirteen companies were analysed, through an examination of the effective tax rates and strategies companies used to reduce their tax liability.

The following thirteen companies were selected:

1. Accolade Wines Holdings Australia Pty Ltd
2. Asahi Holdings (Australia) Pty Ltd
3. Beam Global Australia Pty Ltd
4. Brown-Forman Australia Pty Ltd
5. Casella Wines Pty Ltd
6. Coca-Cola Amatil Limited
7. Coopers Brewery Limited
8. Diageo Australia Limited
9. Lion Pty Ltd
10. McWilliams Wines Group
11. Pernod Ricard Pacific Holdings Pty Ltd
12. SABMiller Australia Pty Ltd
13. Treasury Wines Estates Limited.

The following three sources of data were used to analyse the tax avoidance of the thirteen companies:

1. The Australian Tax Office’s (ATO) disclosures of the 2013-14 total income, taxable income and tax payable for 1,858 companies released in December 2015 and in March 2016.
2. The ATO’s disclosures of the 2014-2015 total income, taxable income and tax payable for the above mentioned companies released in December 2016.
3. The latest available financial reports for these companies from the Australian Securities and Investment Commission (ASIC) or Mint Global database for 2013 and 2014, or 2014 and 2015.

## Outcomes

Five companies were classified as loss making, seven as profit making and one as neither. The loss making firms included Accolade Wines, Asahi Holdings, McWilliams Wines Group, Pernod Ricard and Treasury Wines Estates Limited. The loss making firms received a total of $111 million in tax benefits and paid $1.6 million in cash taxes over the two years.

Of the five loss making firms, Accolade Wines, McWilliams Wines, Pernod Ricard and Treasury Wines paid no tax in 2014 and 2015. Only Asahi Holdings paid taxes of $1.7 million over the two year period.

The seven companies classified as profit making (as they had made an overall profit for the two years) include Beam Suntory, Brown-Forman Australia Pty Ltd, Casella Wines Pty Ltd, Coca-Cola Amatil Limited, Coopers Brewery Limited and Diageo Australia Limited and Lion Pty Ltd. The first five companies in this list paid tax at, or near, the statutory rate of 30 per cent in the financial years 2013-2014 and 2014-2015 while Lion paid tax at a rate lower than 20 per cent.

SABMiller Australia was the only company classified as a zero profit firm as they made zero profit in 2014 and an insignificant profit of only $122,000 in 2015. SABMiller Australia paid no corporate income tax over the two year study period (2014-2015) yet received a tax benefit of over $270 million on average – and $557 million in total – over the 2014-2015 period.

The analysis also found that the wine industry made only small tax contributions over the two years, with only Casella Wines making any corporate income tax contribution in the two years, despite having revenues four to five times that of the beer companies Coopers Brewery and Lion who paid twice as much tax.

The four wine companies analysed in this study, Accolade Wines, McWilliams Wines and Treasury Wines, made a combined total income of $2,048 million yet only paid $21.5 million in tax. In comparison, the beer companies Coopers Brewery and Lion had a combined total income of $412.3 million and paid twice the tax contribution of the wine industry.

## Recommendations

The analysis of the tax disclosure strategies of the major alcohol and bottling companies has important implications for Commonwealth tax policies on the alcohol industry. This report highlights the need for the Government to police and enforce tax compliance to ensure the alcohol industry is made to pay its fair share of tax.

[view the report](https://fare.org.au/wp-content/uploads/Tax-aggressiveness-of-alcohol-and-bottling-companies-in-Australia_FINAL_04052017.pdf)

[view the media release](https://fare.org.au/wp-content/uploads/Media-Release-AUSTRALIANS-DENIED-MILLIONS-BY-ALCOHOL-COMPANY-TAX-DODGE.pdf)