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## **AUSTRALIANS DENIED MILLIONS BY ALCOHOL COMPANY TAX DODGE**

**4 May 2017:** The alcohol industry's aggressive and questionable tax avoidance measures are robbing Australians of millions of dollars in tax revenue.

Ahead of this year's Federal Budget, an analysis of 13 of the largest Australian and foreign-owned alcohol enterprises operating in Australia has uncovered highly questionable tax avoidance practices by many of the companies.

The research undertaken by the University of Technology Sydney, analysed effective tax rates and book tax gaps using Australian Taxation data for years 2013-14 and 2014-15, comparing the companies' total Financial Statements across the period.

Commissioned by the Foundation for Alcohol Research and Education (FARE), and the Uniting Church, the research found five of the 13 companies examined (Accolade Wines Holdings Australia Pty Ltd, McWilliams Wines Group, Pernod Ricard Pacific Holdings Pty Ltd, SABMiller Australia Pty Ltd, and Treasury Wines Estate Ltd), paid no company tax.

Two companies (Asahi Holdings and Lion Pty Ltd), paid corporate income tax at a rate lower than 20 per cent, and just six of the 13 companies analysed (Beam Global Australia Pty Ltd, Brown-Forman Australia Pty Ltd, Casella Wines Pty Ltd, Coopers Brewery Ltd, Coca-Cola Amatil Ltd, and Diageo Australia Ltd), paid tax at, or near the statutory rate of 30 per cent.

Mark Zirnsak, spokesman for Tax Justice Network Australia, urged the government to stamp out the alcohol industry's dodgy tax practices, and invest the additional revenue into Australia's health system.

"The government must clamp down on alcohol industry tax avoidance and invest the revenue in our health system to reduce the growing burden of chronic disease," he said.

Mr Zirnsak said that companies analysed in the study operating at a loss, received a whopping \$111 million in tax benefits for the financial years 2013-14 and 2014-15, and paid a mere \$1.6 million in tax over the same period.

"Not only are companies paying little to no tax, but they are receiving millions of dollars in tax benefits as well. This is a clear example of the alcohol industry's blatant rorting of the Australian taxation system," Mr Zirnsak said.

The wine industry stands out as making the smallest contributions of those analysed.

FARE Chief Executive, Michael Thorn says it is damning that only one wine company made any corporate tax contribution in the last two years, despite having revenues four-to-five times that of some beer companies.

“The tax dodging, on top of the lenient treatment of the wine industry under the flawed Wine Equalisation Tax system means wine companies are getting a free ride at the expense and to the detriment of ordinary Australians,” Mr Thorn said.

Mr Thorn says that replacing the way in which wine is taxed in Australia would ensure a fairer tax system where wine, which currently represents 40 per cent of all pure alcohol consumed, but only 15 per cent of alcohol tax collected, would pay for its share of the resulting alcohol harms.

“The government must put greater effort into policing and enforcing tax compliance to ensure the alcohol industry is made to pay its fair share of tax,” Mr Thorn said.

Mr Thorn says not only must alcohol tax revenue be properly collected, it must be directed to addressing the social costs of alcohol in Australia; the 5,500 deaths and 157,000 hospitalisations in Australia each year.

“The combined social cost of both the harm from alcohol to individuals and those incurred on people around those drinking is estimated at \$36 billion annually.<sup>1</sup> It is therefore only right that we consider the financial contribution these alcohol corporations make, against the costs they inflict on the broader community,” Mr Thorn said.

**[ENDS]**

**Mr Thorn and Mark Zirnsak are available for interview.**

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The **Foundation for Alcohol Research and Education (FARE)** is an independent, not-for-profit organisation working to stop the harm caused by alcohol. Alcohol harm in Australia is significant. Over 5,500 lives are lost every year and more than 157,000 people are hospitalised making alcohol one of our nation's greatest preventive health challenges.

For over a decade, FARE has been working with communities, governments, health professionals and police across the country to stop alcohol harms by supporting world-leading research, raising public awareness and advocating for changes to alcohol policy. In that time, FARE has helped more than 750 communities and organisations, and backed over 1,400 projects around Australia.

The **Tax Justice Network Australia (TJN-Aus)** is the Australian branch of the Tax Justice Network (TJN) and the Global Alliance for Tax Justice. TJN is an independent organisation launched in the British Houses of Parliament in March 2003. It is dedicated to high-level research, analysis and advocacy in the field of tax and regulation. TJN works to map, analyse and explain the role of taxation and the harmful impacts of tax evasion, tax avoidance, tax competition and tax havens. TJN's objective is to encourage reform at the global and national levels.

The Tax Justice Network aims to:

- promote sustainable finance for development;
- promote international co-operation on tax regulation and tax related crimes;
- oppose tax havens;
- promote progressive and equitable taxation;
- promote corporate responsibility and accountability; and
- promote tax compliance and a culture of responsibility.

The Tax Justice Network Australia is made up of 35 organisational members.

<http://www.taxjustice.org.au/>

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<sup>1</sup> Foundation for Alcohol Research and Education (FARE). (2011). *About alcohol's \$36 billion cost*. Canberra: FARE. Retrieved from <http://www.fare.org.au/wp-content/uploads/research/36-Billion.pdf>