



**Australian Government**

**Australian Taxation Office**

# Key PRRT Administrative and Technical Issues

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# ATO Administration of the PRRT

- Ensure public groups and multinationals pay right amount of tax at the right time;
- Focus on prevention before correction; educate, assist and guide taxpayers; and make it easier for taxpayers to achieve voluntary compliance and certainty;
- Able to closely monitor all PRRT projects due to concentrated PRRT taxpayer base to ensure correct amount is paid;
- Leverage natural commercial tension between independent participants to manage compliance risks.

# Risk Differentiation Framework and PRRT Taxpayers

- Categorise taxpayers based on economic consequence and likelihood of non-compliance;
- Sound governance systems and controls and full disclosure of potentially contestable matters;
- Active prevention approaches for our largest taxpayers;
- Well-documented and “lived” governance and tax risk management processes, co-operative conduct and transparency on all material transactions and risks.

# Key PRRT Areas

- Under reported assessable petroleum receipts;
- Overstated deductible expenditure;
- Overstated transferred exploration expenditure;
- Overstated starting base expenditure;
- Consultation & Advice and Guidance.

# PCG 2016/12

## Deductibility of General Project Expenditure Relating to Overhead Component of Time Written Costs

- Undisputed and direct charge to JV billing statement or sole risk operation account;
- Overhead cost that is actually incurred and allocated to the resource cost pool;
- Does not relate to a social infrastructure cost;
- Appropriate records maintained.

# PCG 2016/13

## Deductibility of General Project Expenditure

- Low risk expenditure types;
- High risk expenditure types – updated to include social infrastructure cost arising from a statutory requirement or an entity's social licence to operate (including sponsorship cost and cost to build a hospital, road, water and sewerage and any other facility for the general community).

# Licence Reversion

- Relief the current law provides: undeducted exploration expenditure, project property;
- Administrative solution: general project expenditure;
- Limitations.



# PS LA 2017/1

## Amendment Period for Transfer of Exploration Expenditure

- Four year time limit does not apply:
  - Extension of time is granted to lodge transfer notice outside of four year period;
  - Commissioner revokes a transfer of TEE outside of four year period;
  - Fraud or evasion;
  - Unlimited amendment period otherwise applies;
  - Extension of time limit.