



## SPOKESPERSON V CONSTITUTIONAL GOVERNMENT



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### **Timor-Leste tax auditing firmly aligned to the global policy of the G7 and Australia**

Chevron and Conoco Phillips, both multinational resource companies, are preparing this month to battle against imposed payments for back taxes, interest and penalties. Chevron is disputing the Australian Tax Office over \$268 million in taxes, interest and penalties, whilst Conoco Phillips is disputing Timor-Leste over a similar amount on assessments for back taxes, interest and penalties after an extensive audit conducted by the National Petroleum Revenue Directorate. Both cases are examples of a new global effort by G7 countries and other Governments across continents to hold multinational companies accountable for tax liabilities.

Chris Jordan, the new Tax Commissioner for Australia, said in an interview with The Australian Financial Review, “Companies will realize times have changed – they’ve had a good run but they’ve got to start paying tax where they make their money.” Mr. Jordan has pledged to scrutinize multinational companies for their offshore dealings, particularly on transfer pricing as well as putting pressure on companies for their tax minimization practices. Mr. Jordan has pushed his global counterparts to work more closely and share information. Timor-Leste applauded the newly appointed Australian Tax Commissioner’s call to action. After six years of Timor-Leste’s unsuccessful attempts to work out an information sharing agreement with Australia on joint taxpayers in the Timor Sea, the new climate could dramatically improve joint efforts in collection and compliance over the long-term horizon.

The quest to hold resource companies like Chevron and Conoco Phillips as well as other international giants like Sony and Google liable for tax obligations is part of a global effort launched by the G7 in May, 2013. The Group of Seven nations; the United States, Germany, Japan, the UK, Italy, France and Canada agreed on the need to toughen international rules to prevent corporations avoiding taxes, with larger worldwide efforts to prevent tax evasion that denies governments of billions of dollars. The G7’s European members; the UK, France, Germany and Italy, urged fellow European Union nations to agree to improve information sharing to stop tax avoidance. This will strengthen the ability of smaller, resource rich countries, many who have joint agreements with other nations, to ensure ongoing tax compliance.



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Chancellor of the Exchequer George Osborne said “It is incredibly important that companies and individuals pay the tax that is due and this important not just for British taxpayers but also important for many developing countries as well.”

Ágio Pereira noted “Timor-Leste is a new country and while our institutions are young, we are entrusted as a Government to continually fulfill our obligations to the People of Timor-Leste which includes those normal functions of all Governments who continually conduct audits to ensure tax obligations are met. Timor-Leste re-confirms that our Government is firmly aligned to the global objectives of the G7 and we look forward to a long term and robust framework of information sharing under the leadership of the new Tax Commissioner of Australia Mr. Chris Jordan.” **ENDS**



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