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Greens living in parallel universe on resources rent tax

Suggestions that Australia's oil and gas industry is not paying its correct share of Petroleum Resource Rent Tax (PRRT) highlights a failure to understand how the regime operates by those who choose headlines over facts.

APPEA Chief Executive Malcolm Roberts said the PRRT is a genuine tax on 'economic rent'. As such, a project must generate economic rent and be profitable before PRRT is payable. This is intentionally different to other taxes, such as company tax, which may be payable at an earlier stage in the life of a project.

"A tax liability is incurred only after all costs associated with a project (including exploration and construction costs) have been recouped by a taxpayer," he said.

"When these costs are recovered, a tax rate of 40 per cent is applied. This high tax rate reflects that it is a true rent based tax.

"It's disingenuous for The Greens to cry foul given the time expended to put a stop to natural resource production and therefore a stop to resource taxes that flow to the Australian public.

"The Greens statement follows hot on the heels of a recent article in the *Sydney Morning Herald* of 17 November that makes a number of erroneous and incorrect statements about aspects of the PRRT regime.

"Australia deserves better in terms of reporting about our tax system.

"The PRRT has received bipartisan support for more than three decades, including in 2012, when it was extended to onshore petroleum activities. Indeed, it is a global benchmark for such taxes.

"There is a very good reason for that – it represents the sort of tax that has encouraged companies to invest the levels of capital for Australia to be a leader in the supply of gas to the world."

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