

# **TAX THE BILLIONAIRES AND BIG CORPORATIONS**

## **Our plan to make billionaires and big corporations pay their fair share**

The pandemic has been tough for a lot of workers and small businesses. But not for the big corporations and the billionaires. They've made off like bandits.

The Greens will introduce a Billionaires Tax and a Corporate Super Profits Tax to make big corporations and the super wealthy pay their fair share so we can properly fund public services and the transition to a zero emissions economy.

We will also crack down on corporate tax avoidance, change the way big companies are run, and make profitable companies pay back JobKeeper.

We will make them pay more, so you can have a better life.

### **THE GREENS WILL:**

- ▲ Introduce an annual 6% wealth tax and a pandemic profits levy on billionaires
- ▲ Implement a 40% super profits on big corporations
- ▲ Crack down on multinational tax avoidance so they pay their fair share.
- ▲ Change the way big corporations are run by having workers represented on boards
- ▲ Make profitable companies repay JobKeeper

## BILLIONAIRES TAX

Since the pandemic hit, millions of people have faced uncertainty about their hours of work or whether they can run their business. At the same time, billionaires made off like bandits. Australia's 10 richest people have seen their wealth grow 68% since the pandemic hit.<sup>1</sup>

This concentration of wealth amongst the already wealthy is obscene. Billionaires have too much power and too much control over our democracy. They use complex schemes to avoid paying tax, while donating millions to the Liberal and Labor parties.

There has been a class war for 40 years and the billionaires have been winning. It's time we fought back and got them to pay their fair share. It's time for a Billionaires Tax.

The Greens will introduce a 6% annual tax on the global net wealth of the 110 Australians who are worth more than \$1 billion dollars.<sup>2</sup> The Greens will also introduce a 6% annual tax on the net value of Australian assets owned by foreign individuals whose net holdings of Australian assets is greater than \$1 billion.

In addition, while the rest of us were doing it tough under lockdown, the wealth of Australia's billionaire's grew faster than anywhere else in the world. To recoup these gains, a billionaire pandemic profits levy of 50% will be applied for the year the rest of Australia was locked down.

Taxing the accumulation of obscene levels of wealth with a Billionaires Tax would raise \$67.1

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<sup>1</sup> AFR Rich List 2018, 2019, 2020.

<sup>2</sup> AFR Rich List 2021.

billion over the decade to pay for the services and jobs that people in Australia need.

## TAX CORPORATE SUPER PROFITS

While wages growth has halved over the last decade<sup>3</sup>, corporate profits have reached record levels<sup>4</sup>. Workers are getting a smaller share of the pie than ever,<sup>5</sup> while company owners are getting rich. One third of the biggest earning corporations pay no tax in Australia at all.<sup>6</sup>

Not only is this not fair, it's not good for the economic performance of the nation. The focus of big corporations on rewarding shareholders has contributed to falling investment and a slump in productivity.<sup>7</sup> Australia's manufacturing capacity is the lowest in the developed world.<sup>8</sup>

Many big corporations are able to gouge these 'super profits' simply because they have the market power to crush smaller competitors and stifle innovation.

The Greens will curb the power of big corporations and encourage productive investment by introducing a 40% super profits tax on companies with more than \$100 million in turnover in Australia. The company super profits tax would apply to net revenue after

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<sup>3</sup> ABS Wage Price Index, Australia.

<sup>4</sup> ABS National Accounts, profits share of total factor income.

<sup>5</sup> ABS Wage Price Index, Australia.

<sup>6</sup> ATO Tax Stats, 2018-19.

<sup>7</sup> Productivity Commission, Productivity Insights 2021

<sup>8</sup> The Australia Institute: Centre for Future Work, A Fair Share for Australian Manufacturing, 2020

deducting income tax and after making an allowance for a fair return to shareholders.<sup>9</sup>

This tax would apply to both Australian companies and the share of a multinational company's operations in Australia.

This tax will raise \$53 billion over the next three years to invest in the jobs and public services Australia needs.

As well as raising revenue to help fund productivity enhancing infrastructure and services, a super-profits tax would encourage companies to invest more in the company's own capacity, and also give smaller and more innovative companies a better chance of getting a foothold.

Mining and petroleum operations would also be subject to different, sector specific super profits taxes also applied at a rate of 40%. These mining and petroleum super profits taxes directly target the unearned income that goes to resources companies as a result of them having exclusive access to public resources.

In total, these three 'super profits taxes' on corporate, mining and gas tycoons will raise \$430 billion over the next decade.

## CRACK DOWN ON COMPANY TAX AVOIDANCE

Multinational tax avoidance is a scourge on our democracy. It means that honest people have

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<sup>9</sup> An allowance for corporate equity would be made equal to the long-term bond (risk-free) rate plus 5% (equity risk premium). Eligible companies would receive a tax credit equivalent to the first \$100m in turnover so that the tax is effectively marginal.

to pay more while the proceeds of the nation are squirrelled away in offshore bank accounts.

This problem requires an international approach. But there are still things the Australian government can do.

The Greens have a comprehensive plan to tackle multinational tax avoidance which includes:

- Stop the artificial shifting of debt to Australia to increase tax deductions.
- Stop tax deductions for royalties paid to other arms of the same company.
- Establish a public register of beneficial owners to see who really owns what.
- Publish basic information on the tax paid by companies earning over \$50 million.
- Require the ATO to publish the details of the settlement of tax disputes with companies.

These measures will raise \$3.2 billion over the decade.

## CHANGE THE WAY COMPANIES ARE RUN

Part of the reason that companies are not paying high enough wages or their fair share of tax is because the main consideration at the board table is how much profits can be made.

The Greens will change the way corporate Australia works by requiring a third of positions on the board of large companies<sup>10</sup> to be allocated to workers or their representatives.

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<sup>10</sup> Companies with greater than \$100 million in turnover.

This is similar to the approach taken in many successful European countries, such as Germany. It is also the governance model of industry superannuation funds in Australia that have established themselves as the benchmark for retirement savings.

As well as putting workers on boards, the Greens would also:

- Create powers for the ACCC or a third party to seek a court order requiring a company to be broken up.
- Double the value of corporate penalties for misuse of market power.

## MAKE PROFITABLE COMPANIES REPAY JOBKEEPER

JobKeeper was designed to ensure companies could afford to keep paying workers while their profits took a hit during the pandemic. But about one-in-three companies that got JobKeeper increased their turnover.<sup>11</sup>

These corporations have received public money they didn't need, and have funnelled it to dividends for shareholders and executive bonuses. They should be made to pay it back.

The Greens will require all companies who received JobKeeper payments while remaining profitable or paying executive bonuses to repay the money over a ten year period.

**FIND ALL OUR POLICIES:**

[greens.org.au/platform](https://greens.org.au/platform)

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<sup>11</sup> Treasury, Insights from the first six months of JobKeeper, October 2021.