

Google

In the Australian Senate tax inquiry:

Google said it made only \$46 million profit in Australia despite revenues of 358 million in 2012-2013.

It paid 7.1 million in corporate tax to Australia but then claimed a research and development credit of \$4.5 million.

Ms Maile Carnegie, Managing Director of Google Australia, told the inquiry:

...like many other multinational corporations, whether they are digital or otherwise, we pay the lion's share of our taxes to the country where our headquarters is based...So at Google, our success and our profits stem from our intellectual capital, and that is the technology that helps to drive things like the algorithm which provides what we think is the most relevant answer to whatever search you put into Google Search...This intellectual capital was developed outside of Australia, and this intellectual capital is owned outside of Australia.⁵⁰

3.61 Similarly, Google has a regional head office in Singapore and an Australian subsidiary. The Australian subsidiary is responsible for providing sales and marketing support services to Australian businesses and users, and provides research and development services to Google globally.⁴⁷

3.62 Revenue from Australian activity is billed and taxed through Google's regional head office in Singapore and Google Australia receives payments from other Google entities (Google APAC and Google Inc) for the provision of local services.⁴⁸

3.63 Google Australia reported a profit of just over \$46 million on revenues of \$358 million in 2012-13. It paid only \$7.1 million in corporate tax, however, as it was able to claim a research and development tax credit to the value of \$4.5 million.⁴⁹

3.64 In response to her own question about why Google Australia does not pay more corporate tax in Australia, Ms Maile Carnegie, Managing Director of Google Australia, said:

...like many other multinational corporations, whether they are digital or otherwise, we pay the lion's share of our taxes to the country where our headquarters is based...So at Google, our success and our profits stem from our intellectual capital, and that is the technology that helps to drive things like the algorithm which provides what we think is the most relevant answer to whatever search you put into Google Search...This intellectual capital was developed outside of Australia, and this intellectual capital is owned outside of Australia.⁵⁰

3.65 In response to questions on notice, Google indicated that it paid US\$3.3 billion in tax worldwide in 2014 on revenues of US\$66 billion.⁵¹ Its overall effective tax rate was 19 per cent, compared to the statutory federal rate of 35 per cent in the US, where Google is headquartered. If Google is paying the 'lion's share' of its taxes in the US, then it would follow that it is not paying very much tax at all on the profit it derives from all the other foreign jurisdictions where it operates.