

To have vitality, that's essential to a successful city. And high rises are a way you can foster that.
CAROL WILLIS, SKYSCRAPER MUSEUM

\$10bn tax boon as Chevron retreats

MATT CHAMBERS
TAXATION

The tax office could reap an extra \$10 billion in payments from multinational companies over the next 10 years, after oil major Chevron dropped its appeal against a full Federal Court decision that the US company had lent its local unit money at exorbitant interest rates.



Kelly O'Dwyer

Chevron yesterday confirmed it had withdrawn an appeal of a \$340 million Federal Court decision earlier this year in the Australian Taxation Office's favour.

It has struck what is believed to be a \$1bn-plus settlement deal that also covers a subsequent dispute and future treatment of inter-company loans.

But the impact of leaving the court ruling on transfer pricing unchallenged and final will be widespread. Multinational companies operating in Australia are estimated to have \$500bn of related-party loans that can give them tax breaks.

"The ATO's initial estimates are that the Chevron decision will bring in more than \$10bn of additional revenue over the next 10 years in relation to transfer pricing of related-party financing alone," Federal Revenue and Financial Services Minister Kelly O'Dwyer said yesterday.

"Not only does this result put more revenue back to the Australian people, it also strengthens the ATO's position in pursuing other arrangements where multinationals seek to dodge Australia's transfer pricing rules."

An ATO spokesman said the Federal Court judgment was one of the most important corporate tax decisions made in Australia.

"We have been very clear that this case would have direct implications for a number of cases the ATO is currently pursuing in relation to related-party loans, as well as indirect implications for other transfer pricing cases," he said. "These impacts will not be limited to the oil and gas sector, but across the entire economy."

ATO figures for 2014-15 show Australian arms of multinationals had \$420bn in related-party borrowings, meaning the tax office could challenge billions of dollars in interest payments.

Officials estimate the figure has since grown to about \$500bn.

If the interest rate multinationals charge their local units on loans was reduced by an average of 1 per cent in light of the Federal Court finding, this would be expected to bring a \$1bn-per-year increase in Australian tax takings.

Chevron confirmed it had dropped the appeal.

"Chevron Australia has reached agreement with the Australian Taxation Office on the loan transfer pricing dispute and

To build better cities, architects should aim sky high

EXCLUSIVE

ELIZABETH REDMAN
URBAN DESIGN

When Carol Willis began to study skyscrapers, they were not considered proper architectural history.

"For art historians, the idea of studying American architecture and American identity in 20th century history was not a kind of bona fide specialty," she says.

"Skyscrapers were commercial architecture, they were not necessarily by famous architects. It was a discipline that was a little counter, a little revisionist."

But as cities around the world grapple with increasing urbanisation, her thoughts on the shape of successful urban environments are in high demand.

The founder and director of the Skyscraper Museum in lower Manhattan puts on two exhibitions a year, as well as teaching a subject at Columbia University. She has been in Sydney this week — a city known for its urban sprawl — to give a talk on super slender buildings at the Urban Taskforce's Skyscraper Summit.

She has watched the development of a crop of very thin, ultra-luxury residential towers in New York City such as 432 Park Avenue that have drawn controversy even in a highly built-up metropolis that features the iconic outlines of the Empire State Building and the Chrysler Building.

But this kind of vertical concentration could offer a path to sustainable cities that reap the benefits of density without the detriments of crowding.

"The reason so many people dislike it (432 Park Avenue) is they say it sticks out like a sore thumb," Ms Willis says. "The engineering structure, which I find very elegant and minimalist — they find it boring and repetitive."

She draws a contrast with cities such as London, which has height restrictions and is fielding complaints about "zombie neighbourhoods" — with reports of the rich



JOHN FEDER

Carol Willis, founder and director of the Skyscraper Museum in Manhattan, says vertical concentration could offer a path to sustainable cities

buying high-end homes and living there for only a short period every year. "If you accept that there are going to be wealthy people that are going to want to invest in real estate, and have domiciles in great luxury, the idea of concentrating them in high rise instead of allowing them to consume too much of the ground plain makes much more sense," she says.

"Developers have figured out

how to put the most expensive space as high as possible in the sky."

On "Billionaire's Row" — a collection of luxury high-rise on 57th Street, nearby Central Park and home to Trump Tower — there are amenities and transport links, and no one has complained about a lack of activity, she says.

"Concentrating people, whether it's rich people or young people,

where they can share amenities, walk to work, bicycle share, is a much more sustainable way for cities to survive in the future."

Increasing density is not enough — another question is how that density is arranged on the available land. She notes that Hong Kong and New York City have about the same population density, but only one-quarter of the land in Hong Kong is built up,

making the city feel more crowded. Three-quarters of New York is built area, while the open space includes parks and wide footpaths.

"Pedestrianisation and amenities, what happens in the ground plain, is enormously important," she says. "To have vitality, that's essential to a successful city. And high rises are a way you can foster that or you can kill it by having too much congestion or too few

oases." As for Australian cities shaped by the dream of detached houses and a suspicion of apartment living, Ms Willis is generous.

"I like Sydney very much, because in many ways it reminds me of New York, a rather smaller version of New York," she says. "And Melbourne, which has embraced the tall building as an icon and a source of, if not civic pride, at least civic amusement."

Ardent dissidents drop board push

ments we had been requesting. "strengthen" the board and turn

