

TAX EXPERTS SUCCESSFULLY RESOLVE PALA'S DISPUTE WITH THE ATO

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News

Herbert Smith Freehills has successfully acted for Swiss-based Pala Investments and resolved its A\$34 million dispute with the Australian Taxation Office (**ATO**), following the Federal Court making orders today dismissing proceedings that had been commenced by the ATO against Pala.

The dispute began in December 2015 when the ATO issued tax assessments against Pala for A\$34 million. Shortly after the tax assessments were issued, the ATO commenced proceedings in the Federal Court in Perth on *ex parte* basis, which led to Pala being notified about the tax assessments for the first time.

Working with Pala and tax advisers Deloitte, Herbert Smith Freehills responded to the assessments and the Court proceedings on an urgent basis. Today, the Court made orders dismissing the proceedings associated with the ATO's assessments.

Herbert Smith Freehills tax disputes partner [Hugh Paynter](#) said the orders had been made following confirmation from the ATO that Pala had no Australian tax liability.

"The ATO has determined there is no Australian tax liability and has withdrawn the associated Court proceedings. This is an outstanding outcome for Pala, particularly given the case was able to be resolved within two months," Mr Paynter said.

Pala General Counsel John Nagulendran said the matter was able to be resolved so quickly due to effective communication between the ATO and Pala.

“Once we learned the ATO was investigating Pala, we opened a dialogue with the tax office and Hugh and his team were able to ensure Pala’s tax position in Australia was effectively communicated. To their credit, the ATO quickly reconsidered its original position and confirmed that Pala had no Australian tax liability. We are satisfied to have put the matter behind us,” Mr Nagulendran said.

The Herbert Smith Freehills team also included Solicitor Natalie Colbert and Perth based partner [Dan Dragovic](#), senior associate Matthew Keogh and solicitor Rachel Lee.

Herbert Smith Freehills’ London partners [Alan Montgomery](#) and [Isaac Zailer](#) recommended the Australian tax disputes team to the Swiss-based Pala.

“This is another example of the success of Herbert Smith Freehills’ collaborative approach across our global network. Our referral system allows us to provide a seamless service for our clients throughout the world,” Mr Paynter said.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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