

# Taxing gas in Australia and Japan

***Japan taxes energy imports through its Petroleum and Coal Tax, which raises AUD \$8 billion per year on average. Of this \$8 billion, around \$1.8 billion comes from taxing gas imports into Japan. This is more than the \$1.4 billion per year that Australia's Petroleum Resource Rent Tax (PRRT) raises in total. Japan raises \$710 million each year taxing gas imports from Australia specifically. It is unclear if gas exporters in Australia pay any PRRT at all, but what is clear is that Japan's gas tax raises more revenue from Australian gas exports than Australia's PRRT does.***

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## INTRODUCTION

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War in Iran and the resulting impacts on energy markets have intensified debate about Australia's gas exports and how much money is, or is not, raised from those exports. A direct 25% tax on liquified natural gas (LNG) exports has gained support across a wide range of stakeholders.

A tax on gas exports is popular in Australia because of growing public awareness of how little money is raised from gas exports by the Australian Government. Australia raises more public revenue from both student loans and beer excise than it does from Petroleum Resource Rent Tax (PRRT), the tax that is supposed to deliver a return for

Australian offshore oil and gas production.<sup>1</sup> More broadly, the Australian Taxation Office (ATO) describes the gas industry as “systemic non-payers” of tax,<sup>2</sup> and Australia’s teachers and nurses *each* pay more in tax that is raised from the entire oil and gas industry through PRRT and company tax.<sup>3</sup> The Queensland Government’s reluctance to collect coal royalties has also attracted recent controversy.<sup>4</sup>

Japan is a major buyer of Australian gas and coal, and Japanese corporate and government spokespeople engage directly in Australia’s energy policy debates, including opposition to a gas export tax.<sup>5</sup>

However, while Australian debate on taxation of gas features both input from Japanese leaders and regular international comparisons (comparisons with Norway and Qatar are particularly common), one obvious comparison is rarely made – Japan itself. Japan’s taxation of gas and coal imports has barely been mentioned in recent Australian public discussion, even though Japan’s wider policies promoting LNG, particularly its practice of on-selling Australian gas, have been well researched and discussed.<sup>6</sup>

This report aims to fill this gap with a basic introduction to Japan’s Petroleum and Coal Tax.

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<sup>1</sup> ABC Fact Check (2024) *Is the government taking more from students through HECS than it collects from the Petroleum Resources Rent Tax?*, <https://www.abc.net.au/news/2024-03-07/fact-check-hecs-prrt-richard-denniss-australia-institute/103553434>; Campbell (2026) *Tax: Beer drinkers vs gas companies*, <https://australiainstitute.org.au/report/tax-beer-drinkers-vs-gas-companies/>

<sup>2</sup> McIlroy (2019) *Oil, gas 'systemic non-payers' of tax*, <https://www.afr.com/politics/federal/oil-gas-systemic-non-payers-of-tax-20191211-p53iys>

<sup>3</sup> Grudnoff (2024) *Teachers pay more tax than the oil and gas industry*, <https://australiainstitute.org.au/post/teachers-pay-more-tax-than-the-oil-and-gas-industry/>; Grudnoff & Ogge (2025) *Nurses pay more tax than the oil and gas companies*, <https://australiainstitute.org.au/post/nurses-pay-more-tax-than-the-oil-and-gas-companies/>

<sup>4</sup> Campbell (2026) *What did Adani get for the money it gave to the Queensland Liberal National Party?*, <https://thepoint.com.au/opinions/260211-what-did-adani-get-for-the-money-it-gave-to-the-queensland-liberal-national-party>

<sup>5</sup> Coorey & Macdonald-Smith (2026) *'We hate surprises': Japan warns against new gas tax*, <https://www.afr.com/politics/federal/we-hate-surprises-japan-warns-pm-against-new-gas-tax-20260325-p5wtwx>

<sup>6</sup> Ali & Sherley (2025) *How to build a gas empire: Part 1*, <https://www.jubileeaustralia.org/resources/publications/gas-empire-part-1>; Denis-Ryan & Runciman (2025) *How Japan cashes in on resales of Australian LNG at the expense of Australian gas users*, <https://ieefa.org/resources/how-japan-cashes-resales-australian-lng-expense-australian-gas-users>

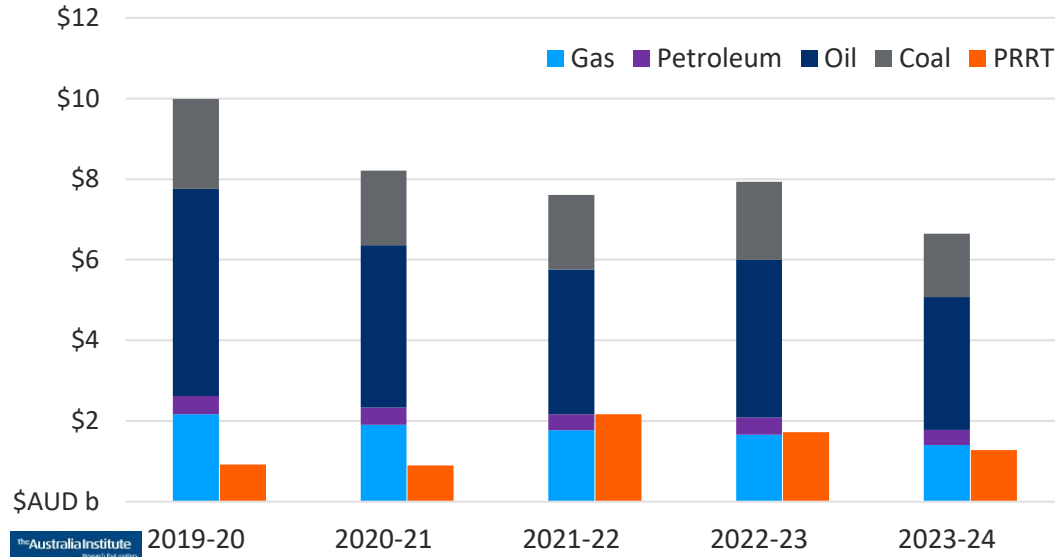
# JAPAN'S PETROLEUM AND COAL TAX

The Petroleum Association of Japan provides a brief history of Japan's Petroleum and Coal Tax:

In 1978, a petroleum and coal tax was established as a petroleum tax to be a financial resource for promoting stockpiling and development of oil. In 2003, the petroleum tax was renamed the petroleum and coal tax when coal was added as a subject for taxation in order to equalize the tax burden between fuels, and a new tax rate was established for each fuel. Furthermore, starting from 2012, the tax rate was raised due to a special tax for global warming countermeasures.<sup>7</sup>

The financial resources provided by the import tax, that boost Japan's fuel security and global warming countermeasures, are substantial. According to statistics from Japan's National Tax Agency (NTA), Petroleum and Coal Tax revenue has averaged AUD \$8 billion per year over the last five years for which data is available.<sup>8</sup> This is substantially more than the average of \$1.4 billion raised each year by Australia's PRRT, as shown in Figure 1 below:

**Figure 1: Japan's Petroleum and Coal Tax vs Australia's PRRT**



Sources: Japan's National Tax Agency (2026) Tax Statistics; Parliamentary Budget Office (2026) Historic fiscal data, Table 5, <https://www.pbo.gov.au/publications-and-data/data-and-tools/data-portal/historical-fiscal-data>

<sup>7</sup> Petroleum Association of Japan (2025) *Petroleum Industry in Japan 2025*, [https://www.paj.gr.jp/pdf/today\\_paj\\_en2025.pdf](https://www.paj.gr.jp/pdf/today_paj_en2025.pdf)

<sup>8</sup> NTA (n.d.) *Tax statistics*, <https://www.nta.go.jp/english/publication/statistics/index.htm>

Figure 1 shows that over the five years to 2023-24, Japan's Petroleum and Coal Tax has raised as much as AUD\$10 billion in 2019-20, while Australia's PRRT reached \$2 billion only once in 2021-22.

Figure 1 also shows the breakdown of how much revenue is raised by the Japanese Government from each fuel. The largest amount each year comes from the tax on crude oil imports, coloured dark blue in Figure 1. The light blue section at the bottom of the stacked bars represents Japanese tax revenue from gas imports, including LNG from Australia. Figure 1 shows that in most years, Japan raises more revenue from its tax on gas imports than Australia raises via the PRRT. Over the five years, the total is AUD \$8.9 billion raised on gas imports by Japan, compared to \$7.0 billion raised by Australia's PRRT. On average this is \$1.8 billion raised by Japan compared to \$1.4 billion raised by Australia's PRRT.

This raises the question of whether Japan raises more tax revenue specifically from Australian gas than Australia does. While Japan's NTA does not publish separate data on how much money is raised from applying the Petroleum and Coal Tax to Japan's imports from each country, trade statistics from Japan's Ministry of Economy, Trade and Industry show that around 40% of Japan's LNG imports are sourced from Australia. For example, in 2024, Japan imported a total of 65.9 million tonnes of LNG, of which 25.1 million tonnes came from Australia.<sup>9</sup>

If 40% of revenue raised by Japan's tax on gas imports is based on Australian LNG, then Japan would have raised AUD \$3.6 billion from Australian gas over the five years in Figure 1, or AUD \$710 million per year. By contrast, Australia's PRRT raised nothing from LNG exports until at least 2023 when Treasury noted that "To date, not a single LNG project has paid any PRRT and many are not expected to pay significant amounts of PRRT until the 2030s."<sup>10</sup> It remains unclear whether any PRRT has been paid by LNG projects, with officials either unable or unwilling to provide this information.<sup>11</sup>

If any PRRT has been raised from LNG export projects, it would be only a fraction of the \$1.3 billion raised in 2024-25 or the \$1.8 billion expected in 2025-26. Most of this revenue is paid by long-established oil or domestic gas projects. It is clear that Japan's

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<sup>9</sup> Ministry of Economy, Trade and Industry (2025) *Yearbook of mineral resources and petroleum product statistics*, p80, <https://www.meti.go.jp/statistics/tyo/sekiyuka/pdf/h2dhhpe2024k.pdf>

<sup>10</sup> Australian Government (2023) *Budget Paper #1 Strategy and Outlook*, p180. [https://archive.budget.gov.au/2023-24/bp1/download/bp1\\_2023-24.pdf](https://archive.budget.gov.au/2023-24/bp1/download/bp1_2023-24.pdf)

<sup>11</sup> See for example Treasury (2026) Senate Economics Legislation Committee, ANSWERS TO QUESTIONS ON NOTICE, Treasury Portfolio, Supplementary Budget Estimates 2025 – 2026, question number SBE447, <https://www.aph.gov.au/api/qon/downloadattachment?attachmentId=a2b235dd-2fbb-4f2d-85d1-39595a99fe30>

Petroleum and Coal Tax raises more money from Australian gas exports than Australia's PRRT does.

## CONCLUSION

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It is absurd that the Japanese Government raises more money from taxing Australian gas exports than the Australian Government does. But this is just the latest absurd demonstration that Australians do not get a fair return for the sale of their resources – as mentioned earlier, Australia raises more money from beer excise than it does from PRRT, a fact that has had a significant impact on public discussion.

Budgets are about choices. As the Australian federal budget approaches, the choice is clear for the Australian Government. Will it govern in the interests of Australians, or in the interests of multinational gas companies and the Japanese Government?