

## THE AUSTRALIAN

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# Tax chief Michael Cranston's tears of joy after being acquitted of misusing his position

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By **DEBORAH CORNWALL**, JOURNALIST  
12:00AM FEBRUARY 16, 2019

When former tax chief Michael Cranston collapsed into his wife's arms sobbing in a packed Sydney court yesterday, it was the terrible relief of a man who had already lost everything for the love of his son.

"I have never felt like that in my life, I've never felt so emotional in my life, I think, at least since my children were born," he told *The Weekend Australian*.

"I am just so happy that the justice system prevailed."

The 59-year-old had been at the height of his powers at the Australian Taxation Office when Australia Federal Police charged him in May 2017 on two counts of criminally misusing his position as deputy tax commissioner to help his son Adam.

But after a three-week trial in the NSW District Court, the jury threw out both charges yesterday — charges his lawyer John Laxon said were only ever laid because police had been so hell bent on claiming a "big scalp" in the Plutus Payroll scandal — one of the country's largest ever tax fraud stings.

"Frankly, he should never have been put through this terrible ordeal, he did absolutely nothing wrong, and this verdict confirms that," Mr Laxon said.

"This was classic overreach by the Australian Federal Police and the Commonwealth Director of Public Prosecutions. It is a disgrace."

Mr Cranston — who was once the public face of a crackdown on tax crimes by "high-net-worth individuals" — fought back tears as the NSW District Court jury handed down its verdict to cries of "Yes!" and cheers from his band of supporters in the public gallery.

The court then erupted into laughter as he scrambled under the handrail from the court dock to get to his wife, Gloria.

Outside the court, Mr Cranston, still clearly shaken, told reporters: "I don't know how people can go through this.

"Especially when you know you are innocent and you know things can go wrong. It's a new start, all this is now behind me and I can just go forward."

But yesterday's verdict was by no means the end of the 40-year tax veteran's troubles.

It followed 10 days of evidence that Mr Cranston had dishonestly used his position to get information from two ATO assistant commissioners which he had then passed on to his son.

Unbeknown to the jury, Mr Cranston's son had not only prevailed upon his father to help him over some tax problems he was having with a company called Plutus Payroll, he also dragged him, unwittingly, into one of the country's largest ever tax fraud prosecutions.

The jury heard Adam Cranston had twice approached his father for help; first in January 2017, on behalf of his business associate, Simon Anquetil, a former director of the private company Plutus Payroll, in which Adam had shares, and again in April after the ATO had frozen \$46.6 million of Plutus Payroll's bank funds following a secret tax audit.

Mr Cranston told the court he had initially grappled with the potential conflict of interest in making inquiries on behalf of his son, but he said he ultimately felt "comfortable" seeking help from two of his subordinates because on both occasions he had disclosed his son's involvement.

He said his son had told him up to 2000 subcontractors could not be paid as a result of the ATO freeze and he felt, quite apart from his son's commercial interest in Plutus Payroll, he had a legitimate role to ensure the ATO did not get bad press over it.

What Mr Cranston did not know was that his son was about to be arrested, along with nine others, on multiple charges that they allegedly conspired to siphon off an estimated \$157m in PAYG tax through Plutus Payroll, which provided "free" payroll services for employers.

Mr Cranston's daughter Lauren was also charged at the time, but the charges were dropped in December last year.

"I have been amazed at the grace with which he has conducted himself," Mr Laxon told *The Weekend Australian*.

"You can't imagine the pressure he has been under."

In his closing submissions to the jury, even crown prosecutor Peter Neil SC conceded the former tax chief had found himself in a terrible dilemma.

Despite his distinguished and "unblemished" career, Mr Neil said, the former tax chief's "close and affectionate" relationship with his son had embroiled him in a "Shakespearean tragedy".

Heading from the court for a celebratory drink with his "beautiful" wife yesterday, Mr Cranston repeated what he had made so clear to the jury: he would always love his son, no matter what.

"It's about a father and a son," he said. "I love my children and I will always love my children."

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