

Theme 1 – Service Standards

- 2.1 This chapter examines matters relating to ATO service standards, including:
- Complaint handling
 - Direct contact with taxpayers

Complaint handling

- 2.2 The Committee always takes an interest in the ATO's complaint handling procedures and public perceptions around the services provided by the ATO. While complainants may be among the ATO's harshest critics, they are also taxpayers who have had considerable contact with the ATO and can provide valuable insights into how the ATO can improve its service standards to the benefit of both taxpayers and the ATO itself.

Complaints to Ombudsman at a 10 year high

- 2.3 In its submission the Commonwealth Ombudsman reported that in 2011-12, there had been 2,717 complaints about the ATO, the highest number in 10 years, and a 4.7 per cent increase on the previous year, with ATO complaints compromising 12 per cent of all complaints received by the Ombudsman.
- 2.4 Further, the primary causes for complaint were:
- income tax refund delays;
 - other processing issues;
 - debt recovery actions;

- time taken in investigating unpaid superannuation entitlements;
- audit actions by the ATO, primarily relating to GST matters;
- superannuation excess contribution tax impositions; and
- delays in processing Australian Business Number applications.¹

2.5 The Acting Ombudsman noted that in the two months of available data for 2012-13, there had been a noticeable decrease in ATO complaints, down approximately 10 per cent on the 2011-12 figures.² This period also took into account the traditionally busy 'tax time' period in which complaints tended to be higher due to increased taxpayer interaction with the ATO.

Ombudsman 'one last chance' referrals

2.6 The Committee was interested to hear of the new innovation of Ombudsman 'one last chance' referrals. A 'one last chance' referral process is used when a complainant takes a matter to the Ombudsman that has been considered and finalised by the ATO, but that the Ombudsman assess as one that could easily be resolved by the ATO.

2.7 The Ombudsman describes the process as follows:

Under this arrangement, we refer complaints to the ATO for action within 14 days, identifying the possible remedies. The ATO then reports back to us on what actions it took to resolve the complaint directly with the taxpayer. We then consider whether further action by this office is warranted. The process has proven to be effective where remedies can be provided in a few administrative steps without requiring an investigation. The ATO has demonstrated its capacity to satisfactorily resolve the large majority of referred complaints, without requiring further investigation by our office. Examples of the types of remedies provided by the ATO include:

- Sending forms or statements of account
- providing better explanations for its decisions and tax related matters
- processing payments.³

1 Commonwealth Ombudsman, *Submission No. 4*, p. 3.

2 Ms Larkins, Office of the Commonwealth Ombudsman, *Committee Hansard*, Canberra, 14 September 2012, p. 7.

3 Commonwealth Ombudsman, *Submission No. 4*, p. 3.

- 2.8 The submission notes that, as the ATO had generally resolved the large majority of cases that had undergone a 'last chance referral', the Ombudsman invited the ATO to initiate its own review into complaints where the ATO agreed that issues could be addressed.⁴
- 2.9 At the public hearing, the Committee asked the witnesses for more information on the 'last chance referral' system, including numbers on how many cases had been examined.
- 2.10 The ATO replied that there had been 41 such cases that had been through the process, with the Commissioner noting that having a 'different set of eyes' looking at a complaint sometimes enabled a remedy to a complaint to be easily identified.⁵
- 2.11 The Acting Ombudsman agreed with the Commissioner that 41 cases constituted a small proportion, but also noted that there were increasing numbers of taxpayers directly approaching the Ombudsman seeking remedy, rather than going to the ATO in the first instance, a matter that was of some concern. The Acting Ombudsman advised that her office would be doing some more analysis to try and determine why this was the case.⁶
- 2.12 In its submission, the Commonwealth Ombudsman reported that approximately 50 per cent of complaints relating to the ATO were coming directly to the Ombudsman rather than following the appropriate channel of seeking remedy from the ATO in the first instance. The Ombudsman noted that in these circumstances, complaints were transferred from the Ombudsman to the ATO, removing the need for the complainant to contact the ATO and repeat the complaint. The Ombudsman noted that there would be an investigation into whether this amount of complaints was disproportionate, and what factors drove this complainant behaviour.⁷

4 Commonwealth Ombudsman, *Submission No. 4*, p. 3.

5 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 10.

6 Ms Larkins, Office of the Commonwealth Ombudsman, *Committee Hansard*, Canberra, 14 September 2012, p. 10.

7 Commonwealth Ombudsman, *Submission No. 4*, p. 3.

Direct contact with taxpayers

- 2.13 In its submission, the ATO notes that online interaction with the ATO continues to increase, with the ATO providing more and more services online for taxpayers.⁸
- 2.14 The ATO submission canvasses the use of technology in some detail throughout, noting the increase in employers and third parties providing data to the ATO to 'pre-fill' portions of a taxpayer's e-tax return, enabling taxpayers to more quickly complete and submit their returns.⁹
- 2.15 The ATO also notes that it is working to extend e-tax to non-Windows platforms, and, longer term, is looking to establish a web-based version of e-tax to ensure that e-tax is available to any taxpayer able to access the Internet.¹⁰

Call centre response times

- 2.16 The ATO submission reports that staff working in call centres have now been trained across a broader range of areas, enabling them to be more likely to be able to answer a taxpayer's initial enquiries, reducing the need to transfer calls to other areas.¹¹
- 2.17 Committee members noted the anecdotal evidence from the general public and constituents of slow response times when interacting with government agencies via phone.
- 2.18 The ATO replied that its standard for calls from tax practitioners were for 90 per cent of calls to be answered within two minutes, and for 80 per cent of calls from the general public to be answered within five minutes. The ATO noted that 92 to 93 per cent of tax practitioner calls were answered within the standard, and 84 per cent of general public calls were answered within the standard. It was further noted that the average wait time for general calls was less than three minutes during the tax season.¹²
- 2.19 The ATO reported that there were occasions in which there were delays in particular call queues:

8 ATO, *Submission No. 1*, pp. 12-13.

9 ATO, *Submission No. 1*, p. 6.

10 ATO, *Submission No. 1*, p. 6.

11 ATO, *Submission No. 1*, p. 19.

12 Mr Ravello, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 18.

If you are ringing on a matter that is very narrow and very specific and we have a small number of staff on that queue – say, you have a specialist matter around excise, we might only have a limited number of staff in that queue. If there is a flood of calls that come in all at once you will actually get a blow-out of wait time in that specific queue. So we do tend to watch queues and we do tend to watch the general level. You will always get instances where there will be a blow-out in times, just because of the way we try to route calls to staff who are skilled to answer them. But, at a general level, the figures I mentioned earlier are what we have seen this year.¹³

Service standards during tax time 2012

- 2.20 The Tax Institute reported that the 2012 tax time period had not yielded problems similar to previous years, and that it was satisfied with the ATO's approach to communication with tax agents.¹⁴
- 2.21 CPA Australia acknowledged that the processing of personal returns during 2012 tax time had been successful, and attributed this success to improved systems within the ATO, and investments in resources and making commitments to affected stakeholders.¹⁵
- 2.22 The discussion moved to service standards during 'tax time' the busiest period of the year for the ATO. The Acting Ombudsman reported to the Committee that while tax time had been a major source of complaint over the last two years, that there had been a considerable 'drop off' in tax time complaints for 2012.¹⁶
- 2.23 The Tax Institute praised the ATO's role in administering the tax system, and noted there was an open dialogue between tax professionals and the ATO.¹⁷

Communicating in plain English

- 2.24 The ATO provided examples of the simplification of written communication to taxpayers at Attachment 6 of the ATO Submission. It also reported that letter templates were reviewed every two years to

13 Mr Ravello, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 18.

14 Mr Jeremenko, The Tax Institute, *Committee Hansard*, Canberra, 14 September 2012, p. 21

15 Mr Drum, CPA Australia, *Committee Hansard*, Canberra, 14 September 2012, p. 21.

16 Ms Larkins, Office of the Commonwealth Ombudsman, *Committee Hansard*, Canberra, 14 September 2012, p. 18.

17 Mr Jeremenko, The Tax Institute, *Committee Hansard*, Canberra, 14 September 2012, p. 20.

ensure that content was clear and practical, and identified self-help options and highlighted review rights where available. Further, the ATO advised that written correspondence was evaluated by user testing at the ATO's Simulation Centre, and through consultative groups and the Commonwealth Ombudsman.¹⁸

- 2.25 When asked about ATO consultation with the Ombudsman's Office on the issue of communicating in plain English, the Acting Ombudsman replied that while there were some issues surrounding plain English communication still outstanding, her office had worked effectively with the ATO, and had found the ATO to be responsive. The Acting Ombudsman noted that written communication from the ATO was still a major cause of complaints to her office, and that it was still the most common remedy recommended by the office to resolve a complaint.¹⁹
- 2.26 The Commissioner noted that simplifying communications remained a focus for the ATO and noted the shift from a legalistic approach was indicated at least in part by the movement from providing private rulings to instead providing guidance material.²⁰

Committee Comment

- 2.27 It is of some concern that complaints made to the Commonwealth Ombudsman regarding the ATO are at a 10 year high, and rose by almost five per cent in the last year. While there is every possibility that this is just an aberration (something the partial figures provided for 2012-13 may suggest), the Committee welcomes further action from the ATO and the Commonwealth Ombudsman to investigate this issue, and looks forward to the findings.
- 2.28 The Committee notes with some interest the most common complaints received by the Ombudsman relating to the ATO, as many of these complaint topics are similar to those made to the offices of Members and Senators by constituents. Some of these issues are considered in this report, including unpaid superannuation entitlements, and approaches to debt recovery.

18 ATO, *Submission No. 1*, p. 16.

19 Ms Larkins, Office of the Commonwealth Ombudsman, *Committee Hansard*, Canberra, 14 September 2012, p. 17.

20 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 18.

- 2.29 The Committee notes the value in the Ombudsman 'one last chance' referrals process. The process serves two purposes – one narrow, and one broad. The narrow purpose is to attempt to provide remedy for a complainant, and to resolve their personal grievance. The second is that the process can serve as a mechanism to identify broader systemic deficiencies in the ATO's internal complaints handling processes.
- 2.30 The Committee notes the small number of complaints that are subject to 'one last chance' referrals, but also expresses concern that the Commonwealth Ombudsman is examining the way ATO officers are applying ATO rules and processes to handle complaints, and finding the ATO isn't applying its own procedures properly. Complainants already upset with the ATO would most likely take an even more dim view of ATO complaint handling processes if an outside organisation determined the ATO hadn't followed its own procedures properly.
- 2.31 Nonetheless, the Committee sees value in the 'one last chance' referral system, and would like to see it continue. Ideally the Commonwealth Ombudsman should apply the 'one last chance' process and determine that the ATO had implemented its procedures properly every single time, and the Committee hopes that this will soon be the case.
- 2.32 While the Committee understands the ATO handles a large volume of complaints every year, the ATO should use the deficiencies identified by the Commonwealth Ombudsman as an opportunity for further improvement.
- 2.33 In order to determine whether there are any broader systemic issues underlying the complaints rectified through the 'one last chance' referral process, the Committee resolves as follows:

Recommendation 1

That the Australian Taxation Office and Commonwealth Ombudsman review all complaints rectified through the 'last chance referral' process to determine whether there are any systemic administrative deficiencies within Australian Taxation Office complaint review and handling processes.

That both organisations provide a joint response to the Committee briefly outlining their findings and the steps taken to rectify any systemic administrative deficiencies identified.

- 2.34 The Committee is also concerned that approximately 50 per cent of taxpayers are taking complaints directly to the Commonwealth Ombudsman in the first instance, when the correct procedure is for a complainant to exhaust all of their review options with the ATO before taking their case to the Ombudsman. Noting the investigation of the Ombudsman into this issue, the Committee is interested to find out whether this rate of misdirected complaints is consistent with other agencies, or if it is an aberration restricted to the ATO.
- 2.35 The Committee is pleased by the steps taken by the Commonwealth Ombudsman to direct complaints received in this way to the ATO for consideration and review, but nonetheless hopes to see taxpayers use the appropriate pathways to raise complaints with the ATO.

Recommendation 2

That the Australian Taxation Office and Commonwealth Ombudsman examine why complainants are initially taking complaints to the Ombudsman, rather than approaching the Australian Taxation Office, and that both organisations take steps to ensure complaints are sent to the Australian Taxation Office in the first instance.

That both organisations provide a joint response to the Committee briefly outlining their findings and the steps taken to rectify the situation.

- 2.36 Further enhancement of the ATO's capability to deliver services online should also be encouraged. Any steps that make it easier for taxpayers to both access and submit information are to be encouraged, and further simplification in dealing with the ATO will be welcomed by taxpayers.

Services like 'pre-filling' e-tax returns enable taxpayers to submit returns more quickly, and reduce the chances of data being entered incorrectly.

- 2.37 The project to make e-tax web-based, rather than software-based is also one that should be given a high priority. The introduction of smart phones and tablet computers has further diversified available computing platforms, and a web-based system will enable all users to submit returns online, not just those working with specific operating systems.
- 2.38 The Committee acknowledges the overwhelming positivity about ATO service delivery during 2012 tax time. All witnesses examined on this issue extended praise to the ATO's handling of the busiest time of the work year, and the Committee looks forward to the same standard being met or exceeded next year.
- 2.39 Plain English communication remains an issue of interest to the Committee. Communicating with taxpayers in plain English on complex matters like taxation is vital. As Australia becomes more diverse, it is more important than ever that taxpayers, especially small business owners, receive clear and concise written communication from the ATO wherever possible. The Committee was pleased to hear that the ATO tests its templates for written communication and also seeks to have the Commonwealth Ombudsman assess draft letters. This review process is valuable and should continue.
- 2.40 While witnesses and statistical measures identified this as a year of positives for the ATO when it comes to service standards, there is no room for complacency, and there are still areas in which the ATO can improve. The faults in complaint handling identified by the Commonwealth Ombudsman serve as a warning for the ATO, as does the record number of complaints made to the Ombudsman over the last year. However, the Committee remains hopeful that the ATO and Ombudsman will be able to determine why this was the case and to rectify the situation.

