

# Senate Standing Committee on Economics

## ANSWERS TO QUESTIONS ON NOTICE

### Treasury Portfolio

Additional Estimates 2013

14 February 2013

**Question:** AET 16-18

**Topic:** ATO Policy (ATO)

**Hansard Page:** Written

#### Senator Williams asked:

16. Can the agency indicate how much it has cost to defend assessments in the Administrative Appeals Tribunal and Federal Court over the past three years, compared with how much revenue that has been recovered as a result of these actions?
17. Has the ATO ever issued a directive that 80% of objections to its assessments be disallowed?
18. Has any ATO Officer ever been promoted, remunerated or otherwise rewarded based on the dollar value of amended assessments issued to taxpayers?
  - a. If so, is the amount of tax collected relevant to that reward?

#### Answer:

##### 16. Cost of defence

The amount expended on external legal services engaged to defend taxation assessments in the Administrative Appeals Tribunal, Federal Court and Full Federal Court including some subsequent appeals for the past three years are listed in Table 1 below, including 2012-13 figures.

**Table 1: External legal professional expenditure**

Tax Technical Cases	2009-10 (\$ ex GST)	2010-11 (\$ ex GST)	2011-12 (\$ ex GST)	2012-13 to December 2012 (\$ ex GST)
AAT	1,294,339	4,618,707	5,952,823	3,824,326
Federal Court	2,795,001	10,187,810	13,803,428	6,645,964
Full Federal Court	1,174,333	2,422,203	1,939,579	1,014,346

The ATO accounting system does not enable a breakdown of internal costs that can be directly attributed to the defence of assessments through litigation.

##### Revenue recovered

Table 3 below outlines the final determined tax assessment liability from the defence of the assessments through litigation. It should not be viewed as revenue collected but rather the amount of tax determined at the finalisation of the dispute.

**Table 3: Finalised tax liability following litigation**

	2009-10 (\$)	2010-11 (\$)	2011-12 (\$)	2012-13 to December 2012 (\$)
AAT	173,016,433	272,570,200	188,372,335	47,270,621
Federal Court	131,913,467	710,032,740	157,080,087	64,560,539
Full Federal Court	94,237,144	71,286,278	2,211,878,787	70,270,127

17. No. The ATO does not have formal targets for objection numbers or outcomes. Each individual case is decided on its merit, taking into account individual taxpayer circumstances.
18. No. Recruitment and selection processes within the ATO are based on merit as defined in APS legislation.