

**Senate Standing Committee on Economics**

ANSWERS TO QUESTIONS ON NOTICE

**Treasury Portfolio**

Additional Estimates 2013

14 February 2013

**Question:** AET 161-172

**Topic:** Wine Equalisation Tax Rebate – New Zealand Audits (ATO)

**Hansard Page:** Written

**Senator EDWARDS asked:**

*Please answer the following questions in reference to auditing of New Zealand based wine producers:*

161. What is the total number of audits that have been conducted in reference to the WET of wine producers (“WET Audits”)?
162. How many WET Audits have been conducted in each year for the past 5 years?
163. What is the forecast for the number of WET Audits to have been conducted for the financial year ending June 2013?
164. What is the forward forecast for the number of WET Audits to be conducted for the next 5 years?
165. What is the forecast value of reclaimed monies collected by the ATO as a result of the audits on New Zealand based wine producers?
166. What value of penalties has been applied by virtue of WET Audits so far?
167. What is the forecast value of penalties applied for the financial year ending June 2013?
168. What is the total interest levied on the penalties for each of the last 5 years and levied on those reclaimed monies?
169. What is the average length of time taken to conduct a WET Audit for those audits identified in each of the last 5 years?
170. On each of the WET Audits, how many times has the ATO requested an extension of time to conduct the WET Audit?
171. On each of the WET Audits, how many times has the ATO requested a 2<sup>nd</sup> extension of time to conduct the WET Audit?
172. On each of the WET Audits, how many times has the ATO requested a 3<sup>rd</sup> and or more extensions of time to conduct the WET Audit?

**Answer:**

161 - 172.

In relation to wine rebate claims from New Zealand producers, the ATO does not undertake audits of claims for the Wine Producer Rebates. Unlike Australian claimants, New Zealand producers who claim the rebate are subject to a 100% verification of their claims by the New Zealand Inland Revenue Department, prior to passing to the ATO for payment. When the arrangements were implemented in 2006, the ATO entered into formal administrative arrangements with the New Zealand Inland Revenue Department regarding the processing of claims for the rebate for New Zealand producers. To mitigate the risk of incorrect claims, under the arrangements between the ATO and the New Zealand Revenue Department, each New Zealand producer rebate claim is fully substantiated by the New Zealand Inland Revenue Department before it is paid by the ATO.

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These checks include verification that the entity is a registered wine producer in New Zealand before a claim is lodged, provision of a worksheet that shows how the claim was calculated and provision of all documentation to show that Wine Equalisation Tax (WET) has been charged. The documentation provided to support claims can be Australian tax invoices, wholesalers' statements or Australian Customs documentation.

The ATO has undertaken 10 audits in Australia on the information contained in the wholesalers' statements supplied by the New Zealand wine producers as part of their rebate claim and did not identify any material errors. It is anticipated that 10 audits will be conducted annually.

The ATO conducts annual assurance checks to ensure that the processes employed by New Zealand Inland Revenue Department in processing producer rebate claims comply with the objectives of WET legislation. Hence, the assurance checks conducted by the ATO are undertaken to verify that New Zealand Inland Revenue is correctly assessing the producer rebate claims it receives. Consequently, no revenue has been raised by this process.