

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2013

14 February 2013

QUESTION: AET 99-102

Topic: Small Business (ATO) – Benchmark Auditing

Hansard page: Written

Senator RYAN asked:

99. How many benchmark audits were undertaken by the ATO for the following years:

- (a) 2006-07
- (b) 2007-08
- (c) 2008-09
- (d) 2009-10
- (e) 2010-11
- (f) 2011-12

100. How many small businesses paid the default assessment for the following financial years:

- a) 2006-07
- b) 2007-08
- c) 2008-09
- d) 2009-10
- e) 2010-11
- f) 2011-12

101. How many adjustments has the ATO made for each of the following years:

- (a) 2006-07
- (b) 2007-08
- (c) 2008-09
- (d) 2009-10
- (e) 2010-11
- (f) 2011-12

102. How much revenue has the ATO recovered from small business using benchmark auditing for the following years:

- a) 2006-07
- b) 2007-08
- c) 2008-09
- d) 2009-10
- e) 2010-11
- f) 2011-12

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Answer:

99. The small business benchmarks are a risk assessment tool, not an audit technique. The ATO started publishing small business benchmarks for the 2007-08 financial year for the information of the community, but only started using them as part of case selection from 2010-11 onwards. The figures below are the numbers of audits where the small business benchmarks were used as part of the case selection process.

(g) 2006-07	-	None
(h) 2007-08	-	None
(i) 2008-09	-	None
(j) 2009-10	-	None
(k) 2010-11	-	6161
(l) 2011-12	-	4034

100. Default assessments are issued where the taxpayer has not kept sufficient records to explain their income as required by law. Below are the numbers of correspondence audit cases selected with the assistance of small business benchmarks where the taxpayer did not have sufficient records of their income and the Commissioner of Taxation had no other option than to issue a default assessment.

g) 2006-07	-	None
h) 2007-08	-	None
i) 2008-09	-	None
j) 2009-10	-	None
k) 2010-11	-	238 (18.2% of total adjustment cases)
l) 2011-12	-	222 (18.4% of total adjustment cases)

101. Below is the number of cases where the ATO made adjustments to tax returns for omitted income. The adjustments were all made on businesses with \$15 million turnover or less. The figures are inclusive of the numbers of cases adjusted by default assessment, reported in response to AET 100.

(g) 2006-07	-	None
(h) 2007-08	-	None
(i) 2008-09	-	None
(j) 2009-10	-	None
(k) 2010-11	-	1305
(l) 2011-12	-	1206

102. The results below are the total value of additional GST and income tax liabilities assessed as a result of audit cases where benchmarks were one of the factors used to select the case for audit.

g) 2006-07	-	None
h) 2007-08	-	None
i) 2008-09	-	None
j) 2009-10	-	None
k) 2010-11	-	\$46,505,838
l) 2011-12	-	\$26,587,505