
The Parliament of the Commonwealth of Australia

2013 Annual Report of the Australian Taxation Office

Second Report

House of Representatives
Standing Committee on Tax and Revenue

October 2014
Canberra

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Foreword

I believe that at the conclusion of its first full year of operation, the House Standing Committee on Tax and Revenue is well placed to provide ongoing oversight of tax administration in Australia.

The Committee has established its role as a scrutineer of the Australian Taxation Office (ATO) with the completion of the Inquiry into the 2013 Annual Report of the ATO. We have established good working relationships with the Commissioner of Taxation and his executive, the Ombudsman, the Inspector-General of Taxation and industry stakeholders.

The ATO has made progress on many of the issues raised by the Committee during the first public hearing of the inquiry. I commend the agency for its introduction of streamlined key performance indicators, its commitment to estimate the Tax Gap and its efforts to address the findings of the Australian Public Service Commission's Capability Review.

It is particularly encouraging to see the ATO take its first steps towards 'no-touch' tax returns with the introduction of *myTax*, a streamlined lodgement process which prefills details for taxpayers with simple tax affairs. This development brings the ATO closer to international best practice and makes it easier for taxpayers to engage with the Australian taxation system.

At the first hearing the ATO reported that it was consulting with international experts regarding the feasibility of Tax Gap estimations. It has now announced the implementation of a phased approach to Tax Gap assessment, guided by a definitive timetable.

Parliamentary committees have long been interested in the ATO's pursuit of a Tax Gap estimation and I am pleased to see the Commissioner driving the advancement of this work.

Likewise, the ATO is making good progress developing the capabilities identified by the Australian Public Service Commission's review. Since February it has begun planning for the future of its information and communication infrastructure

and introduced a range of contemporary online services to support taxpayers and small businesses. It has almost finalised a series of workforce reductions and is in the process of concluding the closure of selected regional offices.


Despite this downscaling of the ATO's workforce I am confident that the agency can continue to build and refine the initiatives and work programs it has set in motion. For this reason I am looking forward to commencing the inquiry into the 2014 Annual Report of the ATO early next year.

My colleagues on the committee and I anticipate further discussion of the Tax Gap and consideration of issues like 'no touch' tax returns, the cash economy, the Lodgement Program for tax agents and the Tax Agent Portal.

The ability of the ATO to address these issues is critical to its role as tax administrator and will facilitate compliance by making it easier for taxpayers to engage with the system, regardless of the complexity of their tax affairs.

On behalf of the Committee, I would like to sincerely thank the Commissioner, his executive, the Ombudsman, the Inspector-General of Taxation and industry stakeholders for engaging with the Committee and supporting this inquiry into the 2013 Annual Report of the ATO. This inquiry has set the Committee on a firm footing to provide effective and ongoing oversight of tax administration in Australia.

John Alexander OAM MP
Chair



Membership of the Committee

Chair Mr John Alexander OAM

Deputy Chair Dr Jim Chalmers

Members Ms Terri Butler

 Mr Ian Goodenough

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 Mr Michael Sukkar

 Mr Angus Taylor

 Mr Bert van Manen

 Mr Tim Watts

 Mr Matt Williams

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Terms of reference

Under Standing Order 215(c), the Committee is authorised to examine annual reports of agencies allocated to it by the Speaker. The Speaker's schedule of 10 December 2013 allocates the Australian Taxation Office, as well as other agencies, to the Committee.



List of abbreviations

ABN	Australian Business Number
APSC	Australian Public Service Commission
ATO	Australian Taxation Office
CEI	Chief Executive Instructions
COSBOA	Council of Small Business Organisations of Australia
FBT	Fringe Benefit Tax
FTA	Forum of Tax Administrations
GDP	Gross Domestic Product
GST	Goods and Services Tax
JCPAA	Joint Committee of Public Accounts and Audit
KPI	Key Performance Indicator
LCT	Luxury Car Tax
OECD	Organisation for Economic Co-operation and Development
OVEI	Overseas Voluntary Exposure Initiative
SBR	Standard Business Reporting