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Australian Government
Inspector-General of Taxation
Taxation Ombudsman

Opening Statement to the Senate Economics Legislation Committee – 16 February 2022

The Inspector-General of Taxation and Taxation Ombudsman (IGTO) welcomes the opportunity to provide an update to the Committee on our taxation investigation services.

Review Investigations

On 09 December 2021, we announced that we had commenced 3 new review investigations into areas of tax administration. The terms of reference for each of these reviews was informed by a combination of stakeholder feedback and issues observed through our taxation complaint investigation service. Importantly, review investigations provide an opportunity to make recommendations to improve administration and the tax system. The reviews will investigate:

1. The Australian Taxation Office's (ATO) Administration and Management of Objections
2. The Exercise of the General Powers of Administration (GPA)
3. The Exercise of the Commissioner's Remedial Powers (CRP)

Complaint Investigations

Overall taxation complaints received by our Agency have been reducing but the areas of the taxation system generating complaints has been changing and we have continued to see an increase in the complexity of our complaints mix – especially categories 4 and 5. For example, debt collection which for many years represented a quarter of our tax complaints and was the number one area of complaint, now ranks second highest, with payments to taxpayers ranking first.

The time required for us to complete an investigation varies, but typically more complex cases taking longer to complete.

Some high level statistics are attached for the information of the Committee. Further details on our complaints and review investigations and our register of potential topics for review is available on our [website](#).

We encourage and welcome any feedback from the Committee.

Karen Payne
Inspector-General of Taxation and Taxation Ombudsman
16 February 2022

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Some high level statistics are provided for the information of the Committee

Days to complete taxation complaint investigations

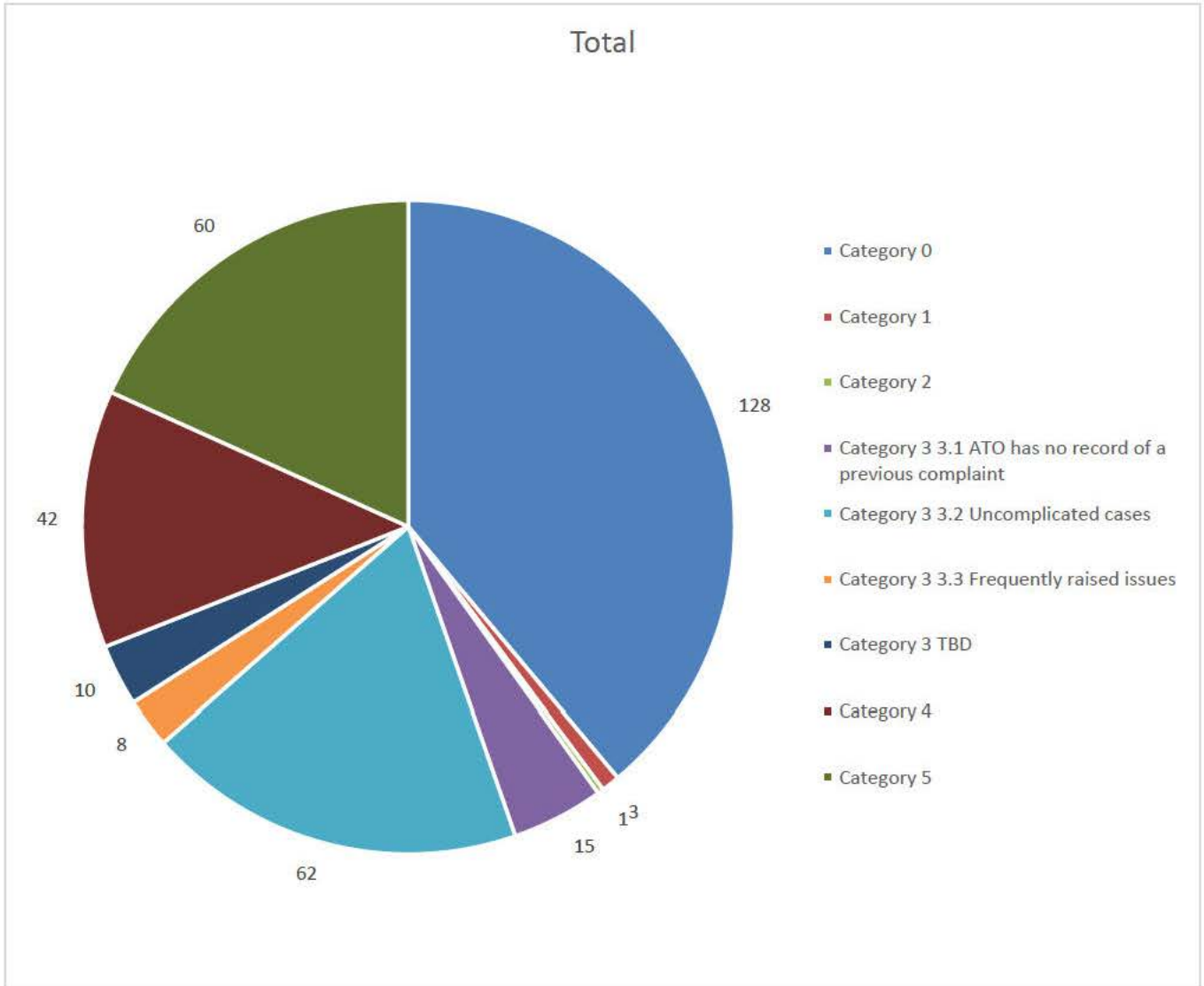
	FY20 Days	FY21 Days	FY22 Days
Average days to complete an investigation - across all complaints	68.44	109.07	149.67
Range of days taken to complete an investigation - (by Category)	5 – 257	19 - 206	21 -366

Open cases – as at 3 February 2022

As at 3 February 2022, the IGTO had 329 open complaint cases. We are currently investigating 182 of these cases, and are still to progress a further 81 of the 128 *category 0* cases. These are cases that are awaiting triage (4) or cases which are awaiting allocation to an investigation officer – but noting that we conduct an initial triage or assessment for all cases for time or other sensitivities including financial hardship.

Table 1 - Open cases – as at 3 February 2022

Complaint Category	Count of Number
Category 0 -	128
Category 1 -	3
Category 2 -	1
Category 3	95
Cat 3.1 - ATO has no record of a previous complaint	15
Cat 3.2 – Uncomplicated cases	62
Cat 3.3. - Frequently raised issues	8
TBD	10
Category 4 – Complex Cases	42
Category 5 – Highly Complex cases	60
Grand Total	329



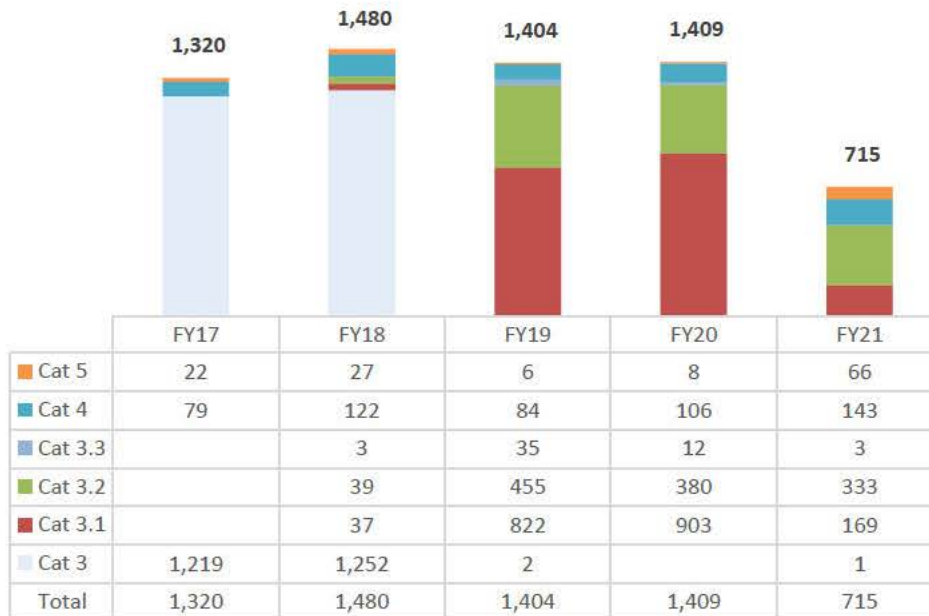
All cases rated category 3 and above have commenced as an IGTO investigation. Importantly, for category 3.1 cases, where the ATO has no record of a previous complaint – the IGTO identifies issues requiring formal investigation and options for resolution and requires the matter to be dealt with by an identifiable ATO/TPB officer providing accountability for the management and resolution of the complaint. IGTO also checks the ATO/TPB’s handling of the complaint for a satisfactory conclusion.

Category 3.1 cases have been significantly reducing through improved messaging and other complaint management measures by the IGTO. For example:

	Number of Disputes Received : Category 3.1 – the ATO has no record of the complaint
FY22 (part year only)	65 (as at February 2022)
FY21	169
FY20	903
FY19	822

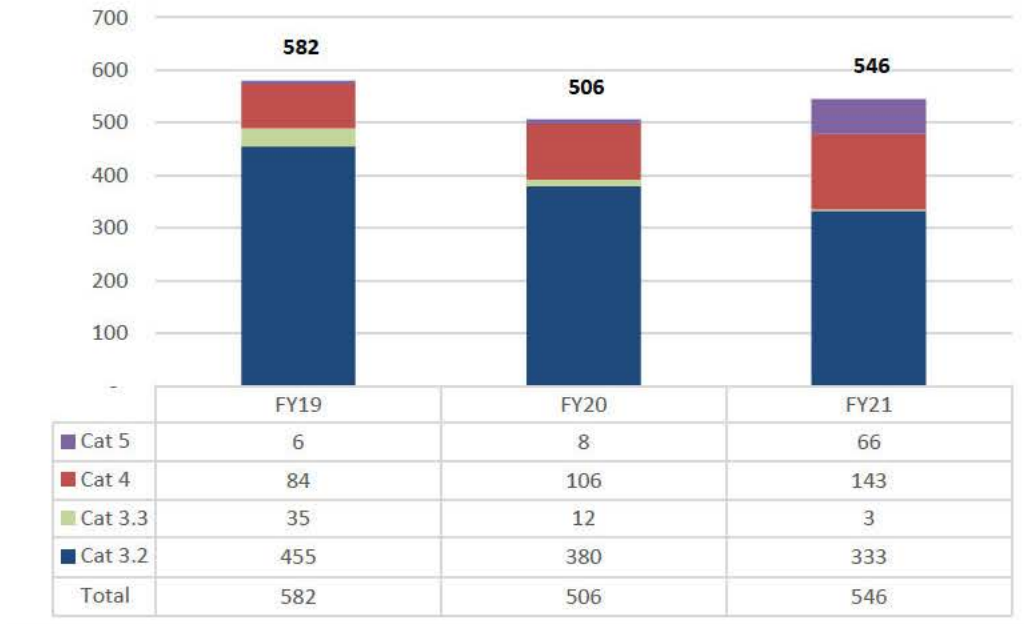
The mix of complexity in taxation complaints is also a notable change in FY21. As shown in Figure 1, Category 3.1 complaint cases have significantly reduced in FY21.

Figure 1 Overall trend in complaint investigations (Categories 3, 4 and 5) received by the IGTO – FY17 to FY21

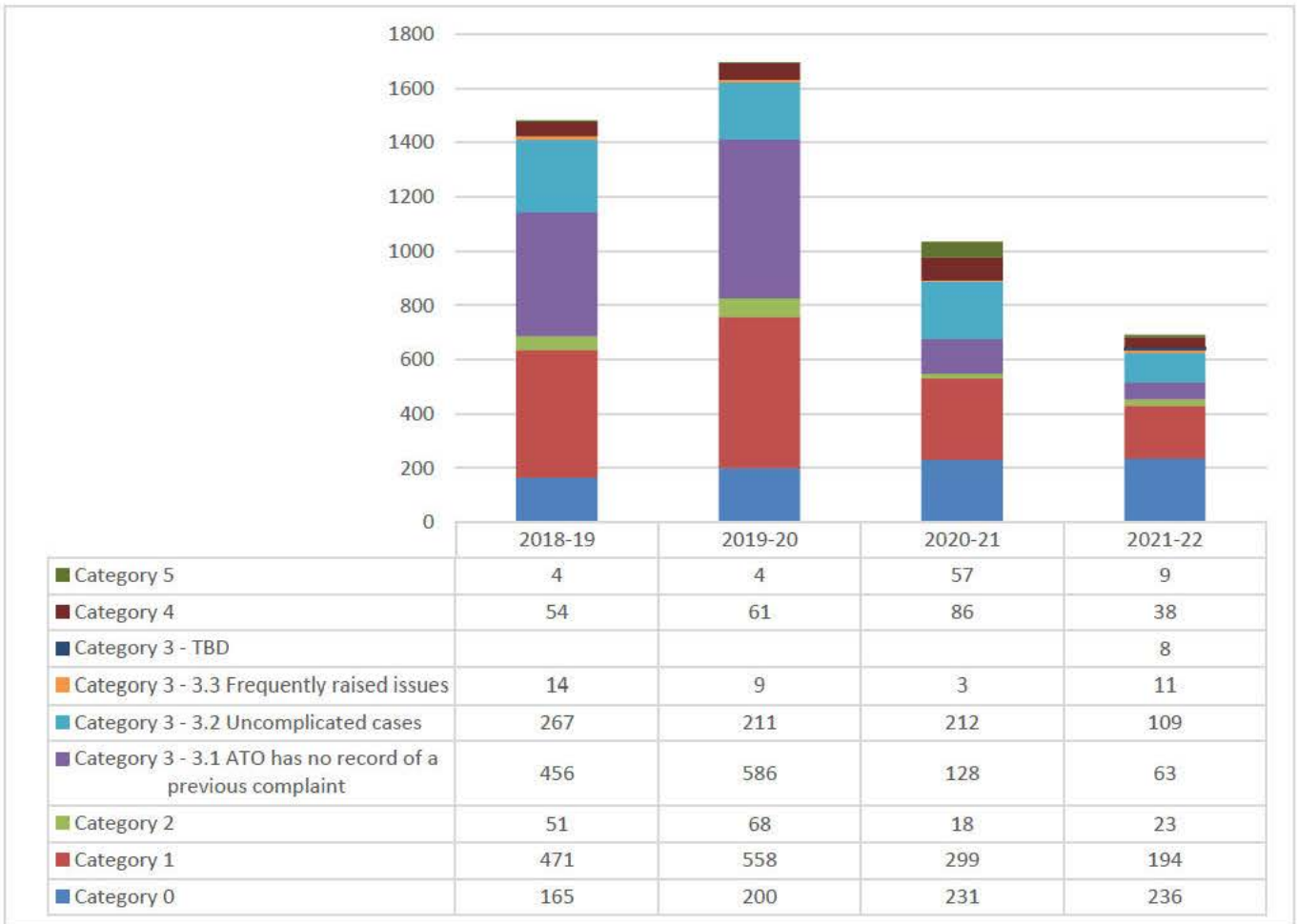


As shown in Figure 2, Categories 4 and 5 complaint cases are increasing. That is, our tax investigations are investigating increasingly more complex cases.

Figure 2 - Total complaints received and commenced as an IGTO investigation in FY19 – FY21



Total Complaints Received - Q1 and Q2 only



Total Complaints Closed - Q1 and Q2

