



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

SENATE ECONOMICS LEGISLATION COMMITTEE
10 April 2019 Public hearing – Estimates for 2019–20
Opening Statement

Thank you for the opportunity to appear before the Committee. We are pleased to update the Committee on our activities since our last appearance 2 months ago in February 2019.

Since our last appearance, two reports of our reviews have been publicly released.

Last week, the report of our *review into the future of the tax profession* was authorised for public release by the Minister. This review was undertaken in response to requests from a broad range of stakeholders including the Commissioner of Taxation.

The review examined the challenges and opportunities presented by new and emerging digital technologies, along with the accompanying social, policy and regulatory impacts on the administration of the tax system and the tax profession.

A key report finding was that the role of tax practitioners in Australia is unlikely to diminish significantly in the short to medium term. However, it is important that tax practitioners consider the potential impacts of the future on their ability to service taxpayers.

To assist them, we will release a companion report before the end of the financial year that seeks to assist tax practitioners in considering the nature of these issues and opportunities that may arise over the medium to long term. Naturally we will consult with the tax profession before the release of any such report.

Last month, we also publicly released our report of our *review into the Australian Taxation Office's (ATO) use of garnishee notices*. This review involved allegations made by a current and former ATO officer in the ABC's Four Corners program that aired on 9 April 2018. Our powers of access ensured that the review was able to consider the full range of the relevant ATO debt collection activities in the 2016–17 financial year as they pertained to the issue of garnishee notices. The Government had announced and conducted a broader review through the Secretary of the Treasury, to which we were invited to make submission.

Our review was extensive. Our investigation team used the IGTO's strong investigative powers to go to operations sites in Melbourne, Penrith, Parramatta and Adelaide, to see firsthand ATO system operations and personally interview over 50 ATO staff during the investigation, as well as access ATO systems, information and records.

Importantly, we provided ATO staff with opportunity to directly contact our investigation team anonymously or on a disclosed basis. This was without the need for the involvement of

any other officers or ATO management. This was notified via email communication to all ATO debt staff which provided a direct personal mobile telephone number for a senior IGTO officer.

Importantly, our report highlights a constructive way forward to better support affected small business taxpayers through the tax administrative systems framework. This way forward aims to address taxpayer's real concerns in real time and with real care through the IGTO's independent and free Taxation Ombudsman service. This service seeks to address small business concerns with the ATO as a first port of call, where the ATO has not been able to achieve that with the taxpayer. In fact, 28 per cent of the assistance sought from the IGTO has been by small businesses. We are aware, however, of the need to raise awareness of the IGTO's services and we have taken steps to roll out our media and communications strategy and expanded avenues of engagement.

In addition to our own reviews, we have also contributed to a number of other reviews regarding compensation, regulatory and small business areas. In particular, these include the review announced by the Minister for Finance and the Assistant Treasurer into the *Scheme for Compensation for Detriment Caused by Defective Administration* with regards to the ATO and small business, as well as the Department of the Treasury's review of the Tax Practitioners Board (TPB) and the *Tax Agent Services Act 2009*.

In the midst of the above, we continue to provide support and assistance to all taxpayers with complaints or concerns about the administrative actions of the ATO and the TPB as well as the operational improvements that we flagged at our last appearance.

Once again, I acknowledge and thank my staff for their ongoing and tireless efforts in progressing all of this work. It is not an overstatement to say that none of this would be possible without them.

In conclusion, we also welcome the Government's appointment of the new full time Inspector-General, Karen Payne, who commences on 6 May.

Andrew McLoughlin
A/g Inspector-General & Taxation Ombudsman