



Auditor-General for Australia

9 February 2017



Mr Kevin Hogan MP  
Chair  
Standing Committee on Tax and Revenue  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Mr Hogan

### **Inquiry into Taxpayer Engagement with the Tax System**

The Australian National Audit Office (ANAO) has conducted a number of performance audits in recent years that are relevant to the Standing Committee on Tax and Revenue's inquiry into taxpayer engagement with the tax system.

These performance audits relate primarily to the first two terms of reference for the inquiry, and focus on the ways in which the Australian Taxation Office (ATO) has regard for its management of the cash economy risk, and on how individuals and small businesses have interacted with the taxation and superannuation systems.

The performance audits that you may find relevant to your inquiry include:

- Report No.27 of 2015–2016, *Strategies and Activities to Address the Cash and Hidden Economy*, which assessed the effectiveness of the ATO's strategies and activities to address the cash and hidden economy. To form a conclusion against this objective, the ANAO adopted the following high-level criteria:
  - effective management arrangements support the compliance strategies and activities;
  - compliance risks are effectively identified and guide case selection; and
  - compliance activities are conducted effectively to treat risks.
- ANAO Report No.51 of 2014–2015, *Administration of Capital Gains Tax for Individual and Small Business Taxpayers*, which assessed the effectiveness of the ATO's administration of capital gains tax for individual and small business taxpayers. To form a conclusion against this objective, the ANAO adopted the following high-level criteria:
  - management arrangements support the effective administration of Capital Gains Tax (CGT) for individual and small business taxpayers;

- compliance risks are assessed and a coherent strategy is in place to promote compliance with CGT requirements; and
  - compliance activities are appropriate and effective.
- Report No.39 of 2014–2015, *Promoting Compliance with Superannuation Guarantee Obligations*, which assessed the effectiveness of the ATO’s activities to promote employer compliance with Superannuation Guarantee obligations. To form a conclusion against this objective, the ANAO adopted the following high-level criteria:
    - administration and compliance activities are supported by effective management arrangements;
    - compliance risks are identified through effective risk assessment processes and a comprehensive compliance strategy is in place;
    - compliance activities, associated objections and debt collection arrangements are conducted effectively; and
    - performance monitoring demonstrates the extent to which outcomes and objectives have been achieved.
- Report No.7 of 2014–15, *Administration of Contact Centres*, which considered how effectively and efficiently the ATO managed contact centres as part of its overall service delivery strategy. To form a conclusion against this objective, the ANAO adopted the following high-level criteria:
    - contact centres are effectively integrated with other ATO client communication channels, such as the online and on-site channels;
    - contact centres are supported by effective business and administrative arrangements;
    - contact centres provide a high level of client service; and
    - contact centres are managed efficiently.
- ANAO Audit Report No.35 of 2013–14, *Managing Compliance of High Wealth Individuals*, which assessed the effectiveness of the ATO’s activities to promote tax compliance by high wealth individuals. To form a conclusion against this objective, the ANAO adopted the following high-level criteria:
    - compliance activities were supported by effective business and administrative arrangements;
    - compliance risks were identified effectively;
    - compliance activities, and associated objections and reviews, were conducted effectively; and
    - outcomes and objectives were achieved.

Should the Committee require further information in relation to these matters, my office would be pleased to provide you with a briefing at a time convenient to you or appear as a witness at a hearing. To arrange a briefing, please contact our External Relations area at

Yours sincerely

Grant Hehir  
Auditor-General