

Senate Select Committee on COVID-19

17 September 2020



Australian Government
Australian Taxation Office

Commissioner's Opening Statement

- > Good afternoon Committee/Chair.
- > Today, before we commence, I wanted to provide some assurance, as Commissioner of Taxation, on the integrity of our compliance approach in relation to the Government stimulus measures the ATO is delivering.
- > The ATO has been hard at work over the past eight months to ensure that we are getting the right support to the right people.
- > Yet with many Australians, especially those in Victoria, still struggling, we understand that there is still more work to be done.
- > And with the JobKeeper extension taking effect from 28 September, our role supporting Australians will be extended to March next year.

Integrity / context

- > Firstly, the system was designed to make it hard for people to make mistakes and to lock out those who might try to take advantage of the system.
- > And, on the whole Australians take their tax obligations seriously and honestly.
- > From our preliminary analysis across each of the measures I can confirm that the vast majority of Australians have done the right thing and only claimed the amounts they were entitled to.
- > That said, JobKeeper, Early Release of Super, and cash flow boost are all completely new schemes, and we expect some people might make honest mistakes, despite trying their best.
- > Our compliance approach takes that into account – and makes sure that people who make mistakes get the push they need in the right direction, while those that seek to take advantage are held to account.

- > For JobKeeper, as a result of ongoing compliance checks, to date we have:
 - stopped more than 55,000 applications at the very first stage, because they did not meet the eligibility criteria
 - stopped \$1 billion in payments to more than 75,000 applicants, in order to run further checks and to avoid making incorrect payments.
- > Our robust compliance program includes up-front systems controls, pre-payment reviews and ongoing assurance reviews.
- > These checks have resulted in an additional 48,000 compliance activities. In these cases, we have asked organisations for further information and evidence to confirm their eligibility or that of their employees.
- > What we see is that most of the small proportion of people who have got something wrong have made an honest mistake, and simply need some assistance from us to help get it right.
- > But let me be clear – our response for those trying to deliberately rort the system is very different.
- > In those cases, we will bring down the full force of the law. These behaviours include claiming for individuals who are not employees, manipulation of turnover, multiple applications for controlled entities and false claims where there is no business activity.
- > Here, we work closely with the Australian Federal Police and other agencies in the Serious Financial Crime Taskforce to respond, and indeed, we have spoken about some of these operations at a high level in previous appearances at this Committee.
- > At this moment, in relation to potential fraudulent behaviour across the measures:
 - there are 11 ongoing Serious Financial Crime Taskforce operations being led by the AFP
 - and, about 50 matters have been referred for potential ATO-led criminal investigation, with a number of investigations advanced and charges soon expected.
- > As these matters are ongoing, I cannot provide any further information at this stage.
- > That being said, there are some investigations already on the public record, and while I can't comment in too much detail, I can confirm that there are people facing criminal charges as a result of our joint investigations.

- > However, I stress that these decisions are serious and not to be taken lightly – we do not rush to judgement on decisions which could severely impact the ongoing viability of a business if we got it wrong.
- > But Australians rightly expect that stimulus payments will go to only those who are eligible to receive it. They are also right to expect that there will be serious consequences for those that seek to undermine the system.
- > I can assure this Committee that there is extensive compliance activity across every measure.

Conclusion

- > I have with me colleagues with a deep working knowledge of the programs, and we welcome the Committee's further questions about JobKeeper and the other important stimulus measures.
- > It remains our great privilege to be entrusted to deliver such a vital program of work for Australia.
- > Thank you.