



Australian Government
Australian Taxation Office

Acting Commissioner of Taxation

Mr Bert van Manen MP
Member for Forde
Chair
Standing Committee on Tax and Revenue
Parliament House
CANBERRA ACT 2600

Dear Mr Van Manen,

At the Australian Taxation Office's appearance before the Tax and Revenue Committee on 24 February 2016, the Member for Mackellar, the Hon. Bronwyn Bishop MP, raised a question in relation to a debt letter. During the hearing, I stated that we would look into addressing her feedback as part of our correspondence redevelopment program.

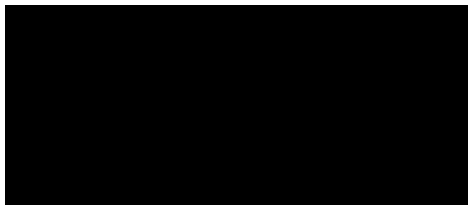
We located the letter that Mrs Bishop referred to and a template of this letter is attached (Attachment A). I am happy to advise the Committee that this letter has undergone a redesign. Attached is a copy of the new template (Attachment B) which will be in use by the end of this financial year. This new style of letter is still being finalised and may have minor changes, but it illustrates the dramatic change in delivery of the key messages, which includes a more prominent 'pay now' option.

These letters, known as 'non-pursuit' letters, have issued to approximately 123,000 taxpayers for the 2015 financial year. This is a very low volume in comparison to other issued letters in our correspondence program.

We have reviewed and re-written over 100 high-volume paper letters that were generating complaints and confusion. Over 6.5 million letters, written in the new contemporary format have issued to taxpayers providing a better experience.

Again, I would like to thank Mrs Bishop for bring this matter to our attention and hope this information is of assistance to the Committee.

Kind regards,



Geoff Leeper PSM
11 March 2016

<PO Box 908 ALBURY NSW 2640>

<Title> <First Name> <Middle Name> <Surname>
<Suffix><Organisation>
<Address Line 1>
<Address Line 2>
<LOCALITY> <STATE> <POSTCODE>
<COUNTRY>

Reply to: <PO Box 327>
<ALBURY NSW 2640>
Our reference: <Reference>
Phone: <13 11 42>
<Client ID:> <ABN/TFN>

<Letter Date>

We are not pursuing your debt at this time

Dear <Title> <Surname><Sir/Madam>

We are writing to let you know we have decided not to pursue your <account type> debt of <\$amount owing> at this time.

You still owe this amount and interest will continue to be charged. Any income tax refund or activity statement credit you claim in the future may be used to reduce your debt.

You can make payments toward this debt at any time by contacting us. If we receive information that your circumstances have changed we may contact you to arrange payment.

You may have to pay interest

You will owe more money each day your account remains overdue. This is because interest is charged on any outstanding balance until the entire amount is paid off. The general interest charge is currently <variable rate> a year.

For more information

If you have any questions, please phone <13 11 42> between <8.00am> and <6.00pm>, <Monday to Friday>.

What you need if you phone us

We need to know we're talking to the right person before we can discuss your tax affairs. We'll ask for details only you or someone you've authorised would know. An authorised person is someone who you've previously told us can act on your behalf. If you can, please have your tax file number or Australian business number with you.

Yours <faithfully><sincerely>

<Deputy Commissioner name>
Deputy Commissioner of Taxation



Commissioner of Taxation

Mr David Monk
Committee Secretary
Tax and Revenue Committee
Parliament House
CANBERRA ACT 2600

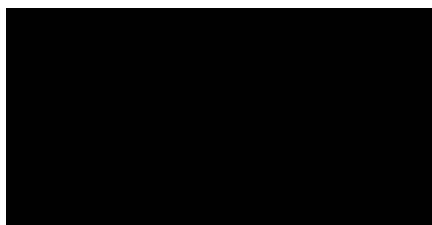
Dear Mr Monk,

I am writing to provide a correction to information provided by Commissioner Jordan at the ATO's appearance before the Standing Committee on Tax and Revenue on 24 February 2016. I refer to information provided on page 19 of the Hansard.

Mrs Bishop asked if a situation could be introduced whereby every employer who enters into a proper employer-employee relationship—and it would apply to everybody: the cleaner; the nanny; the gardener; you name it, whatever it is—and if that relationship is established and if there are proper payments, proper pay-as-you-go, proper superannuation and all of those sorts of things and if those wages were allowed as a tax deduction in the hands of the employer, would that truly eat into the cash economy? In his response Mr Jordan replied, "...Typically, a householder does not have that requirement now to withhold. It is only business-to-business situations, not consumer-to-business situations, where that withholding obligation generally sits. We can certainly take that to Treasury."

I would like to note a correction for the record. The general scenario where there is a withholding obligation is when a business employs a person, that is, a business to employee relationship which is subject to the pay as you go withholding rules.

Yours sincerely



Geoff Leeper
Acting Commissioner of Taxation

15 March 2016