



ATO must improve handling of tax disputes

The ATO handles most disputes satisfactorily; however some disputes go off the rails, according to a report tabled today by Chair of the House Tax Committee, Bert van Manen MP.

The committee inquiry found that some disputes can go awry because of the ATO's strong powers, the fact that the ATO does not engage with taxpayers, and that the ATO's investigators and reviewers, for the great majority of disputes, are located in the compliance area of the ATO.

The committee Chair said poorly managed disputes had severe consequences for taxpayers.

"The committee received evidence that taxpayers suffer enormous emotional stress. Disputes can contribute to marriages breaking-up."

The report, which focuses on small taxpayers and individuals, acknowledges the improvements that the ATO has made over the last few years. However, the committee believes that the ATO can build on these reforms with further actions.

A key recommendation is that the Government should create a new Second Commissioner to manage objections and litigation independently from the compliance and legal areas of the ATO. Further, the ATO should:

- have more robust protocols on communication between auditors and objections officers
- have more robust processes for making allegations or findings of fraud or evasion
- have the burden of proof in relation to fraud or evasion after the statutory record-keeping period has expired
- be more reasonable in terms of deadlines and volumes when making information requests of taxpayers
- consider having a direct discussion with taxpayers at the various stages of a dispute.

Mr van Manen said, "The ATO is a well-run, highly professional organisation, and the vast majority of disputes are handled in an appropriate and fair manner. The committee does not wish this report to be seen as lessening the ATO's role in collecting revenue legally due. However, there is scope for improvement and full implementation of the committee's recommendations will produce a fairer tax system, leading to better outcomes for taxpayers and also for the ATO."

For media comment: please contact Nathan Kucks on 02 6277 4719.

For information about the inquiry: please contact the committee secretariat by telephone (02) 6277 4821, e-mail taxrev.reps@aph.gov.au, or visit the committee website <http://www.aph.gov.au/taxrev>.