

Community Affairs References Committee
Inquiry into Better Management of the Social Welfare System initiative
ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

MAY 2017

Department/Agency: ATO
Question: Hansard page 23
Topic: DHS Contact

Question:

Senator WATT: Do you remember who it was within DHS that the ATO reached out to?

Mr Williams: In the first instance, I cannot provide that. I could find out. I can take that on notice. It was one of my people who deals almost on a daily basis with DHS. In the second instance, it was really through my office and we had a conversation with Malisa and her people.

Answer:

The following positions attended a teleconference on Wednesday 14 December 2016:

Department of Human Services

- Director, Data Strategy and Analytics, Customer Compliance Division
- Assistant Director, Compliance Analytics and Data Acquisition, Customer Compliance Division
- Assistant Director, Data Strategy and Analytics, Customer Compliance Division

Australian Taxation Office

- Director, Enterprise Data and Analytics, Enterprise Solutions and Technology
- Client Relationship Managers, Smarter Data Program
- Team Leader, Client Relationship Management, Smarter Data Program
- Senior Director, Third Party Data Management, Smarter Data Program
- Executive Advisor, Data Advisory Services, Smarter Data Program

The following positions attended a teleconference on Thursday 7 February 2017:

Department of Human Services

- Deputy Secretary, Integrity and Information Group
- General Manager, Customer Compliance Division
- A/g National Manager Compliance Risk Branch, Customer Compliance Division
- Director, Policy, Strategy Business Solutions Data Strategy and Analytics, Customer Compliance Division
- Director, Data Strategy and Analytics, Customer Compliance Division

Community Affairs References Committee
Inquiry into Better Management of the Social Welfare System initiative
ANSWERS TO QUESTIONS ON NOTICE
Australian Taxation Office
MAY 2017

Australian Taxation Office

- Deputy Commissioner, Smarter Data Program
- Assistant Commissioner, Third Party Data Management, Smarter Data Program
- Assistant Commissioner, Individuals Compliance
- Assistant Commissioner, Client Contact Centres, Client Account Services
- Assistant Commissioner, External Agency Relationships, Client Account Services
- Assistant Commissioner, Enterprise Capabilities, Enterprise Solutions and Technology
- Senior Information Officer, Third Party Data Management, Smarter Data Program
- Deputy Commissioner, Client Account Services
- Deputy Commissioner, Customer Service and Solutions
- Deputy Commissioner, Debt
- Senior Director, Third Party Data Management, Smarter Data Program
- Executive Advisor, Data Advisory Services, Smarter Data Program
- Director, External Agency Relationships, Client Account Services
- Assistant Commissioner, Debt Business Delivery, Debt

Community Affairs References Committee

Inquiry into Better Management of the Social Welfare System initiative

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

MAY 2017

Department/Agency: ATO

Question: Hansard page 26

Topic: Social Security repayments

Question:

Senator WATT: I understand that. Thank you. Mr Williams, if as a result of this process someone is determined to have been overpaid some social security—let's say by \$5,000 four years ago, because we know that this system does look back six years—and if someone repays that overpayment, is there any capacity for someone to then come back to the tax office and have their tax assessment reassessed for that year? If four years ago I declared a certain amount of income to the tax office—some of that might be wages and some of that might be social security benefits that I have received—and paid a certain amount of tax on that over the course of the year, and four years later I am now told that I have actually been overpaid by \$5,000 that year and have to repay it, wouldn't that mean that potentially I paid too much tax four years ago?

Mr Williams: Yes, potentially. There is the self-amendment system, where people can do that. There is normally an open period of review. What I might need to do on that one is take those circumstances and give you an answer on notice, if that is okay.

Senator WATT: That would be great. Do you know whether anybody has sought a reassessment of their tax because they have now had to repay social security payments?

Mr Williams: I would have to have a look and take that one on notice.

Senator WATT: If you could, that would be great. My understanding is that you can only seek a reassessment of your tax affairs for a three-year period. Is that right?

Mr Williams: Correct, yes.

Senator WATT: Does that mean that anyone who, as a result of this system, has had to repay the social security that they were overpaid between three and six years ago is not able to have their tax reassessed now and therefore is potentially subject to a double penalty?

Mr Williams: I would need to take that one on notice because we would normally only look back prior to the three years based on fraud or evasion occurring. If it were in the ATO's favour, we would only go back past the three years if there were fraud or evasion involved. Where there is a self-amendment involved—I will need to take that one on notice and come back to you.

Ms Campbell: We might also take on notice which payments are taxable and which are not. We will take that on notice for you as well.

Senator WATT: Mr Williams, what you are saying is that, generally speaking, if it is in their favour, if a taxpayer has not paid enough tax in some sort of period more than three years ago, you would, quite rightly, go after them, but, in this situation, we are not sure whether we might look kindly on people who have actually done the right thing now and repaid the money that they should not have been paid and have ended up paying more tax?

Mr Williams: I think I am saying that, if someone has underpaid tax within a three-year period, which is the open period, yes, we would tend to look at that. If it is outside the three-year period, unless we can prove—and there is a bar to jump over—that fraud or evasion has occurred, then we would not go back past those three years to seek that payment from them. I

Community Affairs References Committee

Inquiry into Better Management of the Social Welfare System initiative

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

MAY 2017

have not said that it is not appropriate. I think I have said that I would need to check for you and come back to you.

Senator WATT: Okay. You can see what I am driving at. There is a risk that people are being penalised twice in that they are having to repay money to DHS, or Centrelink, and potentially have had to pay too much tax. If that hypothesis is right, perhaps it would be a good idea for both the ATO and DHS to think about how they can inform people of their ability to seek a retrospective review of their tax.

Mr Williams: We will provide clarity on the exact circumstances of that, including the part where the payments are actually taxable and where they are not and what the circumstances look like, for you, Senator.

Answer:

The Commissioner of Taxation generally has two years to amend an individual's tax return. The two year period may be extended, for example where taxpayers have more complex affairs (four years) or where the Commissioner believes there has been fraud or evasion (at any time).

If a taxpayer declared both Centrelink payments and salary and wage income in their tax return, but was later required to repay the Centrelink payments after the appropriate amendment period has expired, the taxpayer could seek to amend their income tax return. The taxpayer could lodge an application for an extension of time to lodge an objection to the initial assessment. In the application, the taxpayer would explain why they are requesting an amendment to their return and why it could not have been done earlier. The Commissioner would likely amend the assessment in these circumstances. The taxpayer would also be entitled to interest if the amendment reduces their tax liability.

The Commissioner is not specifically aware of any person seeking a new assessment of their income tax as a result of re-paying Centrelink payments.

Community Affairs References Committee
Inquiry into Better Management of the Social Welfare System initiative
ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

MAY 2017

Department/Agency: ATO

Question: Hansard page 32

Topic: Employment Data Figures

Question:

CHAIR: Mr Williams, do you have the figures on how many records you transferred that do not have employment period details?

Ms Campbell: Senator, can I just clarify, because they all have employment details. They are applicable to a financial year, so—

CHAIR: I mean employment period, applicable to a financial year.

Ms Campbell: sometimes people can be employed for the complete financial year.

CHAIR: Yes, I understand that.

Ms Campbell: I am just trying to understand. You are asking about when there is only financial year information?

CHAIR: Yes.

Mr Williams: I do not have those figures to hand, Senator. I will try to provide the figures where we only have a 1 July to 30 June period—

CHAIR: Yes.

Mr Williams: but that will not tell you whether or not there are any errors in that system, because the people could well have been employed from 1 July to 30 June. We can give you that figure, but I am not sure how much insight that will provide.

CHAIR: It will at least give us an idea of the number that do provide it or—let us put it the other way—the percentage, I should say, of the employers that do actually provide employment periods.

Mr Williams: We will try to do that on notice for you

Answer:

The table below shows the total number of records transferred to the Department of Human Services by year, with the percentage showing full and part-year employment.

Year	Total records	Percentage full year	Percentage part year
2016	9,269,226	49.1	50.9
2015	9,920,446	51.0	49.0
2014	9,777,890	51.1	48.9
2013	9,844,770	50.3	49.7
2012	7,632,478	45.0	55.0
2011	10,682,324	48.4	51.6