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The Parliament of the Commonwealth of Australia

## Report 426

# Ninth biannual hearing with the Commissioner of Taxation

Joint Committee of Public Accounts and Audit

November 2011  
Canberra

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## Foreword

Tax is not a fashionable topic in Australia, but what is even less fashionable for Australia is an inefficient, uncertain, unstable national tax base without integrity.

The Ninth Biannual Hearing, the first to use an expanded format, and the second to table a formal report, is an increased effort by the JCPAA in the 43rd Parliament to ensure a stable, certain, efficient tax base and one of the highest quality.

The Committee found that the administration of Australia's tax system is robust. Overall it is well managed, providing a trusted foundation for Australia's people, business and governments. However, through the hearing process, the Committee identified a number of improvements that can still be made.

This report presents the evidence, findings and recommendations from the public hearing with the Commissioner of Taxation.

Following the last hearing with the Tax Commissioner, the Committee decided to both prepare a formal summary report and to enlarge the hearings to include external scrutiny, industry and consumer bodies. External scrutiny bodies invited to the current hearing included: the Ombudsman, the Australian National Audit Office, and the Inspector-General of Taxation. As well, community of practice representatives invited included the Tax Institute and the Association of Taxation and Management Accountants. I thank them all for their involvement and input.


I was pleased for the JCPAA that the recommendations made in the report of the Eighth Biannual Hearing with the Commissioner of Taxation were all agreed to and completed by the ATO, before their hearing. As requested, the ATO provided the Committee with a written submission which covered the summary of their performance for 2010-11 and information categorised by the key themes of the previous hearing. This was very thorough and helpful providing the Committee with an excellent background for the hearing. The Committee thanks the ATO for both their diligence and their willingness to engage.

Overall I believe there was a sense of working through issues collaboratively from all participants. I look forward to this continuing and further cultivating this

productive relationship with the ATO and all others who participated in the hearing. The Committee got a lot of valuable information through the restructured format and the feedback so far has been that this format has been a success and should continue.

I thank the Commissioner of Taxation; the Ombudsman; the Auditor-General and the Inspector-General of Taxation, as well as their support staff for the time and effort put into the hearing. I would also like to thank the representatives of the Tax Institute and the Association of Taxation and Management Accountants. Finally thank you to the secretariat of the Committee their on-going work and support.

**Rob Oakeshott**  
**Chair**



## Membership of the Committee

Chair Mr Robert Oakeshott MP

Deputy Chair Mrs Yvette D'Ath MP

Members Hon Dick Adams MP

Mr Jamie Briggs MP

Ms Gai Brodtmann MP

Mr Darren Cheeseman MP

Mr Josh Frydenberg MP

Ms Deb O'Neill MP

Ms Laura Smyth MP

Hon Alexander Somlyay MP

Senator Mark Bishop

Senator Helen Kroger

Senator Glenn Sterle

Senator Matt Thistlethwaite

## Committee Secretariat

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	Ms Katrina Gillogly





## List of abbreviations

ABS	Australian Bureau of Statistics
ANAO	Australian National Audit Office
ASIC	Australian Securities and Investments Commission
ATMA	Association of Taxation and Management Accountants
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
BAS	Business Activity Statement
CPA	Certified Public Accountant
GST	Goods and Services Tax
ICT	Information and Communication Technology
IGT	Inspector-General of Taxation
JCPAA	Joint Committee of Public Accounts and Audit
NTLG	National Tax Liaison Group
SME	Small and Medium Enterprises
SMSFs	Self Managed Super Funds
TFN	Tax File Number
the Commissioner	Commissioner of Taxation
the Committee	Joint Committee of Public Accounts and Audit





# List of recommendations

## 1 Biannual hearing with the Commissioner of Taxation

### Recommendation 1

The Committee recommends that the Australian Taxation Office increase the visibility of the traffic light reporting system, on its achievements against benchmarks, to a more prominent position on its website with clear signposting for visitors to the website.

### Recommendation 2

The Committee recommends that Australian Taxation Office notifications to the Government, either directly or through Treasury, on tax policy and legislative problems be made public within 12 months of submission, along with the Government's response.

### Recommendation 3

The Committee recommends the Inspector-General of Taxation's reviews be made public within a reasonable time.

### Recommendation 4

The Committee recommends that the external review agencies investigate and report on opportunities for more strategic planning and improved information sharing as they undertake their reviews to avoid duplication of their efforts and the Australian Taxation Office's resources.

### Recommendation 5

The Committee recommends that all future Australian Taxation Office submissions are provided at least one month before the scheduled public hearing into tax administration.

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## Recommendation 6

The Committee recommends that the next Australian Taxation Office submission include information on the following areas:

- findings of the review of service standards;
- gaps identified between international best practice service standards and current Australian Taxation Office performance;
- learnings from complaints and their nexus with clear communication;
- initiatives for simplification of communication and the use of plain language – including some ‘before’ and ‘after’ examples;
- trends in compromised Tax File Numbers and identity fraud, including work with crime detection agencies;
- new strategies for resolving complex compromised Tax File Numbers;
- simplification of lodgement processes for medium, small and micro businesses;
- efforts to promote the update of the ‘no strings attached’ small business advisory service;
- evaluation, including taxpayer feedback, of the use of benchmarks;
- work done on estimating the tax gap and its possible impacts;
- interaction with Treasury and other key agencies on policy development consultation;
- a summary of legal cases that may have significant tax administration implications;
- progress on any changes to the Australian Taxation Office governance structure;
- progress on the Australian Taxation Office Online 2015 project;
- implementation of recommendations by the external scrutiny bodies, and recommendations not agreed to and why; and
- processes for speedy release of superannuation funds in crisis situations.



