



Australian Government
Australian Taxation Office

COMMISSIONER OF TAXATION

Chairman
Joint Statutory Committee of Public Accounts and Audit
Department of the House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Chairman

Joint Committee of Public Accounts and Audit (JCPAA) Report 402

I am writing in relation to recommendation 4 of the 402nd report of the JCPAA tabled in Parliament on 13 August 2004, titled *Review of Auditor-General's Reports 2003-2004 First and Second Quarters*.

Recommendation 4 reads "*The Australian Taxation Office review those superannuation funds that have switched from Australian Prudential Regulation Authority supervision to the Australian Taxation Office supervision, to ensure that all have lodged taxation returns appropriately.*"

Although this recommendation refers to both the Australian Taxation Office (ATO) and the Australian Prudential Regulation Authority (APRA), the ATO has agreed to take 'lead agency' role for this recommendation. In addition, after considering the guidelines set out in "*JCPAA Reports – A Guide for Agencies when preparing a response*" the recommendation is considered 'administrative' in nature as it has no implications for existing Government policy.

Attached is an Executive Minute which sets out the response to this recommendation. Please do not hesitate to contact Mr Mark Jackson on (02) 621 61840 if you need to discuss any aspect of this response.

Yours sincerely

Michael Carmody
COMMISSIONER OF TAXATION

20 December 2004



EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT [No. 402]

[Joint Committee of Public Accounts and Audit (JCPAA) Report]

General comments

APRA transferred approximately 4000 superannuation funds to the ATO in 2003. These funds were known as 'switchers'. The ATO has been periodically examining 'switchers' since the latter part of 2003 and has worked on around 3000. This work is to ensure the funds are with the correct regulator and the funds still actually exist. This work will continue throughout 2005 on the remaining 1000.

Response to the recommendation(s)

Recommendation No. 4 paragraph 1

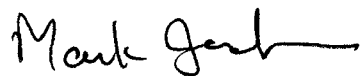
The Australian Taxation Office review those superannuation funds that have switched from Australian Prudential Regulation Authority supervision to Australian Taxation Office supervision, to ensure that all have lodged Taxation returns appropriately.

Australian Taxation Office response (Lead Agency)

After the ATO's work on the 3000 as outlined above, around 1700 were found to be wound up and no longer in existence (with no further income tax obligations), some 50 were returned to APRA for regulation and 1229 funds required reviewing in accordance with the recommendation. The following table shows the income tax lodgment history of these funds.

	2003	2002	2001
Lodged	957	979	960
Demanded by the ATO and now lodged	27	60	85
Demanded by the ATO but not yet lodged	79	33	20
Not lodged	138	122	132
Not necessary	28	35	32
Total	1229	1229	1229
% lodged	81.93	87.02	87.30

As part of the ATO's normal operations, in July and August of this year the ATO demanded lodgment of approximately 27,000 superannuation fund returns which included a number of 'switchers'. The remaining 'switchers' who have not lodged will form part of the ATO's next lodgment exercise and the ATO will continue to monitor the income tax obligations of 'switchers' as part of its usual business operations.



Mark Jackson
Deputy Commissioner
Superannuation
Australian Taxation Office

20 December, 2004