



Australian Government
Inspector-General of Taxation

SENATE ESTIMATES COMMITTEE

Hearing – 25 February 2015

Opening Statement

I thank the Committee for the invitation to attend today's Senate Estimates hearing and the opportunity to make an opening statement.

The Committee's interest and support for the improvement of the federal tax system, including key scrutineering agencies such as the Inspector-General of Taxation (IGT), is much appreciated.

A significant change has occurred in relation to the IGT office's responsibility more recently. The Government announced in the 2014-15 Budget that there would be a change to the management of complaints handling for tax matters, such that the function would be transferred from the Commonwealth Ombudsman to the IGT.

The key benefits of this change are:

- a single port-of-call for taxpayers and tax practitioners – removing 'run-arounds'.
- a specialised, centralised and independent scrutineer – improving fairness and public confidence.
- promotes fairness by considering all complaints and working with the Australian Taxation Office (ATO), taxpayers, tax practitioners and others to resolve matters expeditiously.
- provides a safety valve for pent-up demand by looking at the full range of complaints – from the simple to the complex.
- improves access by examining complaints during audits, objections, litigation and other times, whilst supporting the ATO's role in ensuring compliance.

In short, the transfer will leverage the IGT office's specialist tax expertise and provide an improved focus in resolving taxpayer and tax practitioner complaints as well as improving the tax system more broadly.

I believe that the move toward a specialist centralised scrutineer of this kind is an important recognition of the tax system's complex nature and corresponding need to have specialist expertise to assist individuals experiencing difficulties with it.

The Bill giving effect to the necessary amending legislation, including the Commonwealth Ombudsman and the IGT Acts, is in the Parliament now with commencement anticipated for 1 May this year.

Work Programming

The nature and scheduling of my work programming in future will be greatly enhanced once the legislation is enacted. The IGT will have greater flexibility in work design and related reporting options. It will ensure that I am able to respond promptly to individual or personal concerns, which I had been unable to do previously. It will also provide faster insight on issues or concerns that are emerging and allow me to direct resources toward the systemic implications more promptly. The new reporting structure will also allow me to report on a broader range of areas for improvement in real time. Where policy recommendation is made for Ministerial consideration, the existing IGT reporting rules will be maintained.

I would like to reassure the Committee and other members of the public that my office's policy of confidentiality is unchanged. All matters will be treated confidentially.

While I may self-select broader or systemic matters for investigation, my office will also continue its proud history of engaging directly with the community to better understand their concerns. This consultative approach often draws attention to issues that may not otherwise be heard and ensures optimal application of my office's resources in delivering improvements through an open and transparent process.

This invitation to consult is extended to any government agencies including the ATO and its other scrutineering agencies. Accordingly, I would welcome submissions or input directly from the Committee or its members at any time.

I would like to briefly update you on the status of the reviews from my current work program.

The most recent IGT review reports to be completed are as follows:

- *The Management of Tax Disputes* – This report is with the Minister's office for public release.
- *Review into the ATO's administration of valuation matters* – this report was publicly released 19 January 2015. The feedback on the report has been favourable and once the recommendations within it are implemented, there should be significant improvements for taxpayers and tax agents operating in this area.
- *Follow up review into delayed or changed ATO views on significant issues* – this report was publicly released 14 November 2014.
- *Follow up review into the ATO's implementation of agreed recommendations in five reports released between August 2009 and November 2010* – this report was publicly released 14 November 2014.

The last two follow up review reports complete a series that my office has conducted over several years to assess the effectiveness of the ATO's implementation of recommendations made in earlier IGT reviews. A new process has been in operation that now embeds the oversight of recommendation implementation within the ATO's audit committee structure. Naturally, the IGT retains the ability to conduct follow up reviews where the need arises.

There are two IGT reviews, in progress at the moment. These reviews are:

- *The ATO's approach to debt collection* – which commenced on 26 May 2014, and;
- *The ATO's services and support for tax practitioners* – which commenced on 26 May 2014.

There are also two IGT reviews on my current work program that are expected to commence later in the year. These reviews are:

- *Review into the ATO's Taxpayers' Charter and taxpayer protections, and;*
- *Review into the ATO's conduct of employer obligation compliance activities.*

Importantly, the two reviews just noted will commence once the individual complaints handling function is bedded down and operating smoothly. I would like to reassure the Committee that both functions, that is, systemic reviews and complaint handling are strong priorities for us. I would also like to say a word of thanks to my staff. They have keenly engaged in this transition process to ensure all Australians are better assisted in the resolution of their complaints and broader concerns with the operation of the tax system.

Thank you. I would be happy to take questions or to discuss any matters that are of interest to you.

Ali Noroozi
Inspector-General of Taxation