

Commissioner of Taxation opening statement By: MR MICHAEL D'ASCENZO, COMMISSIONER OF
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The ATO's Change Program

There has been much talk in the press about the implementation of the ATO's Change Program. I would like to put on record a few facts.

The new income tax system implemented in February this year was the largest information technology system ever implemented by the ATO. Our independent expert advisors have told us the new system was possibly the largest ever implemented in Australia – for both the government and private sectors.

The data transferred to the new system at the end of January 2010 was:

- 27 million taxpayer records;
- 32 million accounts; and
- 282 million forms.

Returns could not be processed during January 2010 as we prepared for the transfer of data from our old system to the new system. After implementing the system, and in first two weeks in February 2010, we ran a pilot where we put a very small number of income tax forms into our new income tax system to further test that it was working as planned. Overall, we took a very careful and cautious approach to processing returns in the new system as we checked the accuracy of the calculations.

Delays in processing income tax returns were foreshadowed and unavoidable. We communicated this to the tax payer community and asked them to lodge returns early, before mid-December 2009 to avoid the delays.

There was a dip in our service standards up to 1 April 2010, much of which was unavoidable. Two glitches with the system delayed some returns and refunds in March 2010. Since February 2010 we have processed 7,200 requests for priority processing from taxpayers.

Since the beginning of April 2010, we have been processing all newly lodged income tax returns in accordance with our service standards (94% of electronic returns within 14 days, 80% of paper returns within 42 days).

Since 1 February 2010 the new system has:

- Processed 3.4 million income tax forms;
- Issued over 2 million notices of assessment;
- Issued over 1.7 million statements of account, and
- Issued 1.55 million refunds worth \$7.6 billion.

As at 30 May 2010 we have 92,000 income tax forms on hand which staff are scrutinising, the vast majority of which have only recently been lodged. This compares with 166,000 income tax forms held at May 2009.

The most common reasons for returns requiring ATO staff scrutiny are:

- taxpayer identity information provided on the tax return does not match our taxpayer register details e.g. name, address or date of birth mismatch;
- income tax return information is incomplete or incorrect e.g. missing label information or necessary codes, or calculation errors;
- a pre issue review is required to address a potential compliance or fraud risk (for example, as at 30 May 2010 we have 3,500 returns older than 50 days under review for incorrect or fraudulent claims); and
- to intervene in the processing of a return where a debt exists on one of the taxpayer's accounts e.g. insolvency or other debts.