

QUESTION: BET 43 - 47

Topic: Small business – payment arrangements (ATO)

Hansard Page: Written

Senator RYAN asked:

43. Has the ATO been directed to actively pursue small businesses that had previously been provided with 12 month GIC free payment arrangements and deferred activity statement payment?
44. If so, where has such direction come from?
45. Has the ATO contracted any private companies to pursue small businesses for debt repayment?
46. If so how many people have been hired by the ATO to fulfil these obligations?
47. How many small businesses have been unable to make its repayments to the ATO due to the ATO no longer providing 12 month GIC free payment arrangements and deferred activity statement payment?

Answer:

43. No. The Commissioner of Taxation has statutory independence to administer, through the ATO, the taxation and superannuation systems. The statutory independence of the Commissioner was conferred with the general power of administration of the *Income Tax Assessment Act 1915*. There are important checks and balances in the system to ensure the Commissioner's accountability for proper administration, including reporting annually to Parliament and the Joint Committee of Public Accounts.
44. Not applicable.
45. The ATO has a panel of four external collection agencies to collect tax debts on its behalf. The types of cases referred to the agencies are the high volume, lower value, less complex income tax, superannuation and activity statement debts. ATO payments to the agencies are on a fee for service per case basis, regardless of the amount or type of debt referred or the amount recovered.
46. The ATO has no control over the number of people employed by the four external collection agencies in meeting their contractual obligations to the ATO.
47. The ATO continues to offer the 12 month general interest charge (GIC) free payment arrangements it introduced on 1 June 2009 to assist small businesses. From 27 July 2011, the eligibility criteria for these arrangements were modified to better target viable businesses with a good compliance history.

The ATO also continues to offer activity statement payment deferrals to small businesses. The special payment deferrals introduced on 1 June 2009 to assist small businesses were offered until 30 June 2011, with activity statement payment deferrals after that date being assessed under standard guidelines. Payment deferrals under the standard guidelines are granted on a case-by-case basis. This ensures that they are better targeted than the special payment deferrals which were available to small businesses on request.

The ATO takes a balanced approach to debt collection based on consideration of taxpayers' individual circumstances. To support this approach, we have a risk-based decision-making framework that ensures our decisions and collection actions take into account taxpayers' payment and lodgment history, their capacity to pay and other relevant matters (e.g. whether the taxpayer has been affected by a natural disaster).