

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

8 – 11 February 2010

Question: aet 89

Topic: Change Program Income Tax Release – interest on late returns

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Senator Sherry—Chair, just on this changeover, I did not realise myself the truly massive scope and implications of the tax office's change program. If the committee would like a full briefing on this—just because of the sheer scale and the implications—we are happy to organise to do that.

Senator BUSHBY—Okay. That sounds great. The ATO said you would pay interest on late returns. How will that interest be calculated and from what dates in respect of individual taxpayers?

Mr Butler—We will take that on notice.

Senator BUSHBY—That is fine.

Answer:

Under tax law, taxpayers are entitled to interest where the ATO pays income tax refunds late. Where the ATO takes longer than 30 days to process an individual's income tax return and issue the notice of assessment, the ATO pays interest on any refund due.

Interest is paid for the period beginning from the thirtieth day after the day on which the income tax return is received by the ATO and ends on the day that the notice of assessment is issued.

The interest is paid at a rate based on the monthly average yield of 90-day Bank Accepted Bills published by the Reserve Bank of Australia. The rate is currently 3.95 per cent (1 January to 31 March 2010) and 4.16 per cent (1 April to 30 June 2010).