Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question No: AET 151

Topic: Delayed Returns 30 – 60 days and 61 – 90 days

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Senator Xenophon asked:

Senator XENOPHON—Because time is limited, I do not want to go to things that are available on the website. The website indicates that you have details of finalised days—70. With respect to returns sent electronically, you have details finalised at 29-plus days. Could you indicate on notice how many delayed returns there were from 30 to 60 days, 61 to 90 days and in 30-day increments up until six months? Because that would be an issue. Hopefully there are not very many after 90 days. Those figures only go to 29-plus days, don't they?

Mr Butler—That is correct.

Senator XENOPHON—They do not tell us about longer delays.

Mr Butler—With the longer delays, there would be particular reasons why returns were delayed. In those returns would be returns we have stopped because we think there are fraudulent claims. Identity theft cases would be in those ones which are more than 30 days old. We give that break up.

Senator XENOPHON—To be fair to the ATO, you would be able to do a comparison of before the Siebel system came on line?

Mr Butler—Siebel was the case management system before the new system was put in place.

Senator XENOPHON—Okay, let us say the new system.

Mr Butler—That certainly is the case. With this new system we report it differently. In the past, of those returns that finished in December, we used to report how many were completed within 14 days. Now we say, 'Of those returns received in December, here is what has happened to all of them.' It is more complete reporting.

Senator XENOPHON—It would be good if you could provide those details on notice, particularly for those that blow out.

Answer:

The table below provides a breakdown of all individual income tax returns and all current year[1] individual income tax returns finalised in 30 day increments for the period from 1 July 2010 to 28 February 2011. There is also a break up between electronic and paper returns provided.

Number of Original Income Tax Returns Finalised between 1 July 2010 and 28 February 2011							
Return Type	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Days**	**151-180 Days**	**181 Days +**
	Individual All Year Returns						
Electronic	9,728,522	223,558	46,035	25,375	17,043	8,134	14,465
Paper	846,954	105,310	15,705	8,429	4,712	2,087	5,944
Percentages	95.7%	3.0%	0.6%	0.3%	0.2%	0.1%	0.2%
	Individual Current Year Returns						
Electronic	8,974,388	173,388	30,475	16,982	11,973	4,083	3,223
Paper	750,650	77,297	9,350	5,435	2,875	678	730
Percentages	96.7%	2.5%	0.4%	0.2%	0.1%	0.0%	0.0%

The ATO's current service standards for processing individual income returns are:

- Individual Electronic Returns – 94% within 14 days
- Individual Paper Returns – 80% within 42 days

The ATO may, in some instances, hold returns longer than the service standard period. Factors that may cause delays or the processing of a return to be stopped include:

- a return is identified as being potentially fraudulent due to identity theft or claims for refunds are over stated (Between 1 July 2010 to 28 February 2011 the processing of 70,000 returns were stopped or delayed for these reasons. As at 15 February 2011 potentially fraudulent or over claimed deductions amounted to $129 million)
- the tax return is complex and requires a large amount of manual checking by a tax officer
- information supplied by taxpayers or their representatives is incomplete or incorrect, and

[1] The term 'current year returns' refers to income tax returns for the financial year which is due to be lodged in the applicable period, for example 2009-10 year returns are current year returns for the period since 1 July 2010. The term 'all year returns' includes current year and prior year returns processed during that period.

- cross-checking with Centrelink or Child Support Program is required to assess any offsetting requirements.

From 1 July 2011 processes to detect potentially overstated or fraudulent claims for refunds have added two days to the processing time for all returns. There are now fewer returns which are not automatically processed by the new system. About 12% of returns in the old system required a staff member to review and action a return before processing could be finalised. In the new system this is about 10% of returns.

Further, where there a number of different issues or problems with a particular return, these are now presented at the one time for a staff member to action. In the old system each of these issues or problems were presented separately and had to be actioned one by one which added more time to the processing of returns.