

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Budget Estimates 29 May 2007)

Question **BET 105**
Topic: **Identity fraud-estimate stolen money**
Hansard Page: **E80-81**

Senator **Sherry** asked:

It was reported in the *Age* in March 2007 that criminal syndicates had stolen more than \$5 billion since 2003—that was a real headline grabber—from the ATO by setting up false companies and submitting fake BAS forms to claim refunds. This allegedly occurred because of weaknesses in the BAS system, which is vulnerable to tax fraud as it requires only a PO box number and a phone number as contact points for these companies. It was an exclusive by the *Age* investigative unit. **Is the figure of \$5 billion accurate; that you have actually had \$5 billion stolen from the ATO since 2003?**

Ms Granger—No, that is not our estimate at all.

Senator SHERRY—What is your estimate?

Ms Granger—I am not sure that we have an estimate precisely. I do not have the figures to hand. This is the area of identity fraud and identity crime in particular. We certainly have, on a number of occasions, raised concerns about people keeping their information close, and we have seen a number of instances where there has been an organised attempt to commit BAS fraud on the system. These are ones we have detected and dealt with. In relative terms compared with other kinds of adjustments we have made for other compliances issues, the numbers are relatively low; the amounts involved are relatively low.

Senator SHERRY—**You say they are relatively low; what are they?**

Ms Granger—I do not have the analysis in front of me. I will just see if Ms Crawford has it for us.

Ms Crawford—I do not, not on the matter of identity fraud

Senator SHERRY—Here is your chance. A \$5 billion figure is claimed. You seem to be indicating that it is significantly less than \$5 billion?

Ms Crawford—What we are indicating is that we have significant controls, or serious controls, in place to attempt to detect and stop fraudulent activity. We constantly monitor that and modify it as required.

Senator SHERRY—Have you ever attempted to determine a figure? Obviously, as is the nature of fraud, it is difficult to identify. Have you ever been able to assess the level of this activity?

*Ms Granger—Again, in relation to what I was talking about earlier, which is refund fraud that you were asking about, we do not have a figure per se. But we can tell you what we have detected so far and what the value of that has been, both in terms of what might have occurred and what actually flowed out. I do not have those figures in front of me, **but I can get them for you.***

Q1: Is the figure of \$5 billion accurate; that you have actually had \$5 billion stolen from the ATO since 2003?

Answer

The documents mentioned in the *Age* newspaper article contain estimates of revenue leakage that are not endorsed or agreed to by the Tax Office.

The Tax Office is not aware of any substantiation of the \$5 billion figure from any source.

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Q2 “You say the numbers are relatively low and the amounts involved are relatively low; what are they?”

Answer

The estimated values of financial frauds reported to the Attorney-General’s Department annually are as follows:

2002-03 - \$48.4m

2003-04 - \$72.5m

2004-05 - \$42.5m

2005-06 - \$35.0m