

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**TREASURY**

**Australian Taxation Office**

(Budget Estimates 29 May 2007)

**Question**                    **BET 106**  
**Topic:**                      **Tightening of procedures around BAS fraud**  
**Hansard Page:**            **E81-82**

Senator **Sherry** asked:

Just coming back to the article, the *Age* believes:... recommendations to tighten procedures around BAS fraud made by specialist ATO anti-fraud staff from 2004 onwards have yet to be acted upon by the Tax Office.

What does that refer to? Firstly, was there a specialist anti-fraud staff examination, it says, from 2004? Secondly, did it make recommendations, if it existed? Thirdly, if it did exist and recommendations were made, have they been implemented?

*Ms Crawford*—*I do not think I could answer that precisely. Could we take that on notice?*

**Answer**

Specialist Tax Office anti-fraud staff perform a range of fraud investigation work including reporting and making recommendations.

Tax Office has wide ranging controls in place to detect and stop fraudulent activity statement and income tax refunds. These controls are continually monitored and enhanced.

The Tax Office is also currently undertaking a comprehensive review of refund risks with a view to strengthening its controls in systems, processes and treatment strategies.

The Tax Office has developed new analytical tools and models to assist with risk assessment and risk identification.

One type of fraud control is the robust proof of identity protocols which require those applying for ABNs and TFNs to satisfy the Tax Office of their identity.

Applicants are required to meet a proof of identity test and provide a business address prior to them being issued with an ABN.

If the applicant for an ABN is a company the Tax Office confirms with ASIC that the company exists and is active.

An applicant can satisfy proof of identity by providing their TFN, for which they would have already had to meet a proof of identity test.

While the Tax Office requests TFNs to confirm proof of identity more quickly, the law prevents the Commissioner from requiring an applicant to provide their TFN. If an applicant chooses not to provide their TFN, their application may be delayed while proof of identity is established.