

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 34

Topic: Delays in the checking process

Hansard Page: Written

Senator Xenophon asked:

How does the ATO make relevant organisations aware of delays in the checking process?

Answer:

Where a credit activity statement refund is identified for a pre-issue refund integrity check, the refund is stopped pending the outcome of a verification process. A taxpayer is first contacted and notified by the ATO that their refund was stopped for checking when the pre-issue refund integrity compliance case is actioned. The ATO seeks to contact the taxpayer within 14 days.

The ATO has an additional level of risk modelling specifically aimed at the detection of possible fraud which has been a focus for 2010-11. Unfortunately, these cases are taking longer than anticipated and there is currently a backlog in which the ATO has not contacted the taxpayer within 14 days. The ATO is finalising new processes to ensure quicker notification to taxpayers where their refund is held for longer than 14 days, regardless of the circumstances.

Due to the high risk nature of these refunds, the pre-issue refund integrity checks undertaken on cases identified under the new modelling has resulted in a reduction of the refund in 64% of cases. In some instances, these checks have resulted in a fraud investigation.