

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 38

Topic: Hardship requests

Hansard Page: Written

Senator Xenophon asked:

What processes have been implemented to ensure that hardship requests are handled quickly?

Answer:

The ATO understands that this question is about fast tracking income tax refunds in the 2010-11 financial year, and not in relation to the application of the debt hardship provisions.

A taxpayer may be in hardship where they require urgent access to their refund, for example due to illness, immediate family expenses or loss of employment. In the 2010-11 financial year there were 3,553 individual hardship requests with 4,935 cases finalised, including prior year cases.

Financial hardship can also apply to businesses that require their refund urgently, for example because of unexpected cash flow issues.

Taxpayers experiencing financial hardship may either call the ATO or complete an online form (available at www.ato.gov.au). Tax agents can lodge a request for hardship processing of income tax refunds for business or individuals via the tax agent portal. The ATO will call back on the same business day.

The ATO considers all requests for fast tracking of refunds empathetically and such requests are identified and escalated quickly. Supporting evidence may be required in some circumstances.

A taxpayer in hardship has their income tax return manually processed as a priority. The ATO aims to deliver such refunds to taxpayers within five working days. In emergency situations the ATO further expedites hardship claims.

In addition to the approach of managing hardship requests, the ATO introduced a priority processing capability to streamline the process for urgent returns, including processing manually, particularly where refunds have not issued within the normal 14 day standard. In the 2010-11 financial year 120,550 income tax returns were finalised using this process. This included taxpayer requests and where the ATO had identified a delay in normal processing.

Applications for hardship or priority processing do not guarantee a refund and may result in a debt where there are existing debts with the ATO or other government agencies.