

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Budget Estimates

31 May – 2 June 2011

**Question No:** BET 63

**Topic:** Bad and doubtful debt

**Hansard Page:** 124

#### Senator Cormann asked:

**Senator CORMANN:** ... In relation to bad and doubtful tax debts, how much money is currently owed to the ATO by taxpayers?

**Mr D'Ascenzo:** Total debt is \$27.09 billion.

**Senator CORMANN:** Is that reflected anywhere in the budget papers?

**Mr D'Ascenzo:** Not that I know of.

**Senator CORMANN:** How does that figure compare to total debt outstanding 12 months ago?

**Mr D'Ascenzo:** It is actually down 1.8 per cent since 30 April 2010.

**Senator CORMANN:** So what has caused the improvement?

**Mr D'Ascenzo:** If I can go further, we have \$13.082 billion collectible debt; that is debt that is payable and there is no impediment on the ATO following it up. We are following it up, but sometimes it is hard to have in. It is up 0.2 per cent. There is \$9.26 billion in disputed debt. That is down 12.6 per cent. That is probably what brings the total down.

**Senator CORMANN:** So the level of disputed debt is down?

**Mr D'Ascenzo:** That is right. The other one is the \$4.8 billion insolvency debt, which is up 20 per cent.

**Senator CORMANN:** Sorry, which one is that?

**Mr D'Ascenzo:** It is \$4.8 billion in insolvency debt. In other words, it is individuals who have gone bankrupt or companies in liquidation.

**Senator CORMANN:** Are you able to break the \$27.09 billion down by sector, such as individuals, small business, large business?

**Mr D'Ascenzo:** It is hard to do that in precise terms, but I can say that, of the micro and small to medium businesses, micro is up to \$2 million in our classification and small to medium goes all the way up to \$100 million. But they continue to account for 80 per cent of collectible debt.

**Senator CORMANN:** So this year it is \$27.09 billion, which is down 1.8 per cent from the year before. How much was it the year before that?

**Mr D'Ascenzo:** I do not have those specific figures.

**Senator CORMANN:** Maybe you can provide us that on notice. Have you got any expectations on how that figure is going to move over the next few years? Have you got any estimates? Have you got a target as to what you would expect your bad and doubtful tax debts to be?

**Answer:**

The figure of \$27.09 billion is for total debt at 30 April 2011.

<b>Total debt</b>	<b>April</b>	<b>June</b>
<b>2010</b>	\$27.60 billion	\$27.48 billion
<b>2009</b>	\$22.47 billion	\$24.57 billion

The ATO only estimates total debt for the current financial year. On current indications, we are expecting total debt to be between \$27 billion and \$28 billion at 30 June 2011.

The ATO's estimate of the provision for bad and doubtful debts for the current financial year is \$12.23 billion and \$13.92 billion for 2011-12.