



28 August 2019

Committee Secretariat
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

via email: economics.sen@aph.gov.au

Dear Sir/Madam

Senate Economics Legislation Committee Inquiry into the Performance of The Inspector-General Of Taxation

Thank you for the opportunity to comment on the Senate Economics Legislation Committee's Inquiry into the performance of the Inspector-General of Taxation & Taxation Ombudsman (IGT).

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) supports the role of the IGT to directly assist small businesses with their tax disputes. The ASBFEO supports appropriate funding for these direct services to small business and their extended publication. In doing this, the IGT should create a small business division led by someone with in-depth small business experience and widely publicise its services for small business, clearly indicating that the role of the IGT is not limited to non-commercial taxpayers. The ASBFEO itself widely publicises the IGT's role in assisting small business through the ASBFEO website and the ASBFEO's Dispute Resolution tool, as well as regularly referring tax disputes to the IGT and referencing these services more generally.

The ASBFEO supports the calls of Mr Ali Noroozi, former IGT, to the Government to further strengthen the operations and visibility of the IGT¹. Mr Noroozi's comments highlighted the fact that the IGT is not as well known among the most vulnerable individual and small business taxpayers, who often cannot afford legal representation.

While we support the IGT's current communication strategy aimed at increasing awareness of the IGT's services, our investigation in June 2018 found small business owners do not know the role of the IGT. We encourage further investigation of potential synergies between the free national Tax Clinics operating out of ten Australian university campuses and the additional support and complaint handling capability of the IGT.

We note previous calls to move the IGT outside of the Treasury portfolio with direct reporting to Parliament. We support any moves to increase the independence of the IGT, including increasing their budgetary allocation. We further note that a move to require the IGT to report to a Minister outside of the Treasury portfolio rather than the current arrangements that have both the Commissioner and the IGT reporting to the same Minister may provide increased independence. However, the reporting line should at all times be to a Cabinet Minister. We would further support increased powers for the IGT. In addition to investigations, reports and provision of advice, the IGT should have the ability to direct and instruct the Commissioner to make changes in the

¹ Adele Ferguson interview of the IGT, Mr Ali Noroozi published in the Australian Financial review on 23 September, 2018

administrative systems in the Australian Taxation Office. This ability would support the timeliness of improvements to processes.

With respect to the “complaints management policies and practices” of the IGT, we note that under Section 9(h) of the Inspector-General of Taxation Act 2003, the IGT can decide not to investigate a complaint where the complainant has not exercised a right to cause the action to be reviewed by a court or a tribunal. It is our view that this means small business taxpayers who cannot afford to appeal to the AAT or Federal Court may be denied access to an investigation by the IGT. This could lead to perverse outcomes (especially where a small business may choose not to appeal a decision it disputes for many reasons, not the least being a lack of resources and the stress that appeals entail) and should be amended.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact [REDACTED] or [REDACTED]

Yours sincerely

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Kate Carnell AO

Australian Small Business and Family Enterprise Ombudsman