

**House of Representatives Economics Committee**

**Inquiry into Tax Deductibility**

**ANSWERS TO QUESTIONS ON NOTICE**

**Australian Taxation Office**

March 2017

**Department/Agency: ATO**

**Question: Hansard pg 10-11**

**Topic: Staff reduction**

**Question:**

**Mr KEOGH:** I know we have asked you this detail over each financial year for the last two years but, over the last four years, what sort of staff reduction have you seen in individuals division from then to now roughly?

**Ms Lendon:** We would have to take that on notice because the individuals area that I lead started in November 2015. Before that, it was joined with small business, so small business and individuals.

**Mr KEOGH:** So has it been split out?

**Ms Lendon:** It has been split out, particularly because the commissioner did want us to focus on the compliance approaches and engagement with the individuals market so we would have to take it on notice to be able to tell you what that—

**Mr KEOGH:** When you come back to us, will you be able to try as much as possible to tell us where those were joined up to split out where individuals versus small companies?

**Ms Lendon:** We will do our best to do that.

**Answer:**

The Individuals business line was established in November 2015 with a total FTE of 724.

Of this, approximately 440 FTE undertake compliance activities, including reviews, audits, and proactive engagement such as ‘prompter’ letters to tax agents and self-preparers encouraging them to review their claims and adjust them accordingly. The compliance activities encompass checking for omission of income and over claiming of deductions, credits and tax offsets. The Individuals business line focuses is on making it as easy as possible for Individuals to comply with their tax obligations by tailoring our services to their circumstances through the use of data and leveraged approaches with key partners of the system such as tax practitioners.

Prior to November 2015, Individuals were part of the Small Business / Individual Taxpayers business line (total FTE of 1,294 for 2015-2016).

In the 2013-2014 and 2014-2015 years, a number of structural changes and centralisation of functions took place across the business line, and the broader ATO, making it difficult to reconcile staffing levels over the past four years for the Individuals business line. These changes include the split of the Small Business / Individual Taxpayers business line into separate divisions.

The FTE assigned to compliance activities for Individuals has remained steady (approximately 440 FTE) over the last four years.