
The Parliament of the Commonwealth of Australia

2015 Annual Report of the Australian Taxation Office

First Report

House of Representatives
Standing Committee on Tax and Revenue

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Chair's foreword

The Australian Taxation Office is one of the largest agencies of the Australian Government. It is responsible for the administration of a complex tax system. The ATO serves the public very well, in terms of the efficacy of its tax collection and the efficiency of its services to tax practitioners and the public in general.

Of course there are always mistakes and complaints. That may be particularly true at this time of transition to new technology, and implementation of new computer systems has been the chief concern of those who gave evidence to the inquiry. In particular, there is still some concern about the Tax Agent Portal, which was the focus of our last report. Tax practitioners complained both about its current functioning and about the slow and uncertain pace of development of its replacement. The Committee recommends in this report that the ATO publish a timetable for this important work so that tax practitioners can know what to expect. More generally, it would be valuable to see a benchmarking of the ATO's experience in introducing new technology with that of other big organisations – for example, overseas tax offices, and local banks.

The ATO is part of a broader shift of government functions into digital operation. While programs and portals like Standard Business Reporting and myGov have the potential to create substantial efficiencies for businesses and individuals, they also increase the level of complexity and the vulnerability of the systems in use. It is important that the ATO recognise the need for caution, which can best be exercised through careful preparation, trials of new programs, and consultation with clients.


Given this, the Committee was very pleased to hear from tax practitioners that the ATO has improved its responsiveness to them. They reported that the ATO is more ready to consult, to keep their organisations informed, and to draw on their expertise. The Committee has welcomed the assurance of the Commissioner of Taxation that tax agents are fundamentally important to the working of the system.

It is the ATO's job to collect tax. One of its important recent initiatives has been its attempts to measure the tax gap, the difference between what it collects and what it thinks it should legally be able to collect. This important work is still ongoing and we are yet to see a nationally aggregate estimate of the tax gap. The ATO has also developed some interesting new methodologies to address the cash economy. I look forward with interest to further progress reports on both of these initiatives.

In recent years the ATO has embarked on a broad and ambitious process of change, which it calls its 'reinvention'. Its overall goal is willing participation in the tax system. To this end it is working to improve the experience of taxpayers and tax practitioners. It has invested in new technology with some success, and at the upper levels of the organisation there is evidence of positive cultural change. It has improved its approach to drafting public rulings. It has attempted to clear the backlog of contested cases. However, there is still a lot to do to improve the perceptions of ordinary people, including tax agents, dealing with ordinary tax officers. I therefore fully support and strongly encourage the Tax Commissioner to continue to drive the reinvention program forward.

I thank the Australian Taxation Office, the Inspector-General of Taxation and all other stakeholders that assisted us in the conduct of this inquiry. I also thank my colleagues on the Committee for their assistance during this inquiry and for their work over the Parliament.

Bert van Manen MP
Chair



Membership of the Committee

Chair Mr Bert van Manen MP

Deputy Chair Hon Bernie Ripoll MP

Members Hon Bronwyn Bishop MP

Ms Clare O'Neil MP

Ms Terri Butler MP

Mr Michael Sukkar MP

Mr Andrew Hastie MP

Mr Tim Watts MP

Mr Steve Irons MP

Mr Matt Williams MP (until 22/2/16)

Committee Secretariat

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Inquiry Secretary	Mr David Monk
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Terms of reference

Under Standing Order 215(c), the Committee is authorised to examine annual reports of agencies allocated to it by the Speaker. The Speaker's schedules in this Parliament have allocated the Australian Taxation Office, as well as other agencies, to the Committee.



List of abbreviations

ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CEO	Chief Executive Officer
COSBOA	Council of Small Business Australia
CPA	Certified Practising Accountant
IGT	Inspector-General of Taxation
JCPAA	Joint Committee of Public Accounts and Audit
SBR	Standard Business Reporting



List of recommendations

Recommendation 1

The Committee recommends that the ATO make a clear public statement of its timetable for the transition to the new tax agent platform.

Recommendation 2

In order to give certainty to taxpayers, the Committee recommends that the ATO issue notices of assessment whenever an assessment is finalised.

Recommendation 3

The Committee recommends that for future draft public rulings the ATO consider a provision that they cease on a certain date or when they are made redundant by legislation.

