



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

Opening Statement to the Senate Economics Legislation Committee

By the Inspector-General of Taxation and Taxation Ombudsman

9 November 2022

Opening Statement to the Senate Economics Legislation Committee Budget Estimates

Thank you Chair and Senators for the opportunity to make some brief introductory remarks before responding to the Committee's questions.

As you may be aware, my agency comprises myself and 27 staff who assist me. I was appointed as the Inspector-General of Taxation and Taxation Ombudsman (**IGTO**) on 6 May 2019 for a five (5) year term.

I would like to provide a brief introduction to my agency and the important role and function we play in ensuring high standards of tax administration for Australian taxpayers.

Australia has had a statutory Taxation Ombudsman function since 1995, but I suspect that most Australians are unaware of our existence and the services and assistance we provide. In 2015 the Taxation Ombudsman function was transferred from the Commonwealth Ombudsman to the Inspector-General of Taxation with bi-partisan support. Even today amongst specialist tax practitioners¹ there is still a low level of awareness of our existence and our services. This is a work in progress for me and my team.

Fundamentally, the IGTO is an integrity institution. It has been described as a valuable addition to the taxation governance framework and is integral to the tax administration accountability framework. It has a dual role:

- As Inspector-General of Taxation (**IGT**) we independently investigate systemic issues with tax administration and the operation of its laws to identify and recommend improvements, after consulting with the community.
- As the Taxation Ombudsman we independently investigate unresolved complaints (**disputes**) that individual members of the community have with administrative decisions, actions, systems and laws of the Australian Taxation Office (**ATO**) and Tax Practitioners Board (**TPB**). That is, complaints that the ATO or TPB has not resolved satisfactorily themselves. Individual dispute investigations can also inform us of and help resolve systemic issues.

¹ 52% of an audience polled at the Tax Institute National Tax Summit on 20 October 2022 either did not know Australia had a Taxation Ombudsman or were unaware of what services we provide.

Australia's tax system is complex and relies on taxpayers' voluntary compliance and so independent investigation is ultimately important for two main reasons:

1. protecting the integrity of the tax system² – that is, ensuring fair administration – since administration which is perceived to be or is in fact unfair can undermine net tax collections and add to the tax burden of otherwise compliant taxpayers.
2. protecting the rights of Australian taxpayers – by ensuring high standards of tax administration are applied in their individual circumstances.

Simply put, the Australian community expects and benefits from a tax system that is administered fairly, equitably and transparently ... since people are more willing to engage with the system where they trust in its integrity.

The IGTO performs an important role in this respect.

The IGTO can also assist Parliamentary Committees in their oversight and accountability role. Tax secrecy and confidentiality of taxpayer information is an important feature of the Australian tax system. The IGTO has specific exclusions to ATO tax secrecy and confidentiality, as well as the requisite tax technical expertise to investigate for the purposes of providing independent assurance on specific areas of tax administration and identify practicable options for resolution. We can draw on insights gained from almost 20 years of independent investigation.

In terms of operations, the IGTO is an independent, Commonwealth statutory agency with 27 staff that operates out of a single office location in Sydney, but with national responsibilities and obligations.

If it would assist the Committee, I am happy to provide a document that I have prepared which gives a brief chronology of historical events that relate to the establishment of the IGTO's dual roles and the recent Senate Committee review of the IGTO's performance.

Thank you for the opportunity to share these remarks. I look forward to assisting the Committee.

Karen Payne, Inspector-General of Taxation and Taxation Ombudsman

9 November 2022

² 93% of an audience polled at the Tax Institute National Tax Summit on 20 October 2022 agreed that independent assurance and investigation of taxation complaints and disputes is important to uphold the integrity of the tax system.