

*** Check against delivery ***

Good afternoon,

I have been looking forward to being able to share with the Committee today an update on some of our major achievements in the past six months.

We continue to take the fight to the big end of town – particularly those multinationals who try to cheat honest taxpayers. Only recently we confirmed that, with the help of the Tax Avoidance Taskforce, the ATO has raised over \$10 billion in tax liabilities against multinationals, large corporates and wealthy individuals, and we have already collected more than \$5.6 billion in cash that has been returned to the Australian community. Our current focus on wealthy individuals and associated groups, including trusts and aggressive tax planning, includes reviewing or auditing 700 taxpayers.

We are also focused on driving domestic and international collaboration with our partner agencies in the fight against tax crime. As part of the Joint Chiefs of Global Tax Enforcement alliance, which we recently helped to establish, we are working with our colleagues in the Australian Criminal Intelligence Commission alongside other administrators with responsibility for addressing tax crime in Canada, the UK, US and the Netherlands. This will allow us to take joint operational activity against enablers of international tax crime.

Our enforcement work is made possible by laws like the MAAL and the DPT, our taskforce resources, and our powers which are comparable to revenue authorities in other OECD countries.

In July you would have seen we released our individuals not in business income tax gap which was \$8.7 billion or 6.4% in 2014-15. Our tax gap

program measures the performance of each market, and, for individuals we see a lot of people over claiming by small amounts, which adds up to a lot.

By far the most common driver of the tax gap was incorrectly claimed work-related expenses, so we have stepped up our awareness and education to help people get it right this tax time. This year we are starting to see a decline in the overall value of work-related deductions, showing that Australia has heard the message and people are taking extra care.

Considering all this success it is very disappointing that there continues to be public commentary about our relationship with small business, so I think it is important that I reset the conversation to be future focussed. I want to draw a line in the sand so we can move forward, and so others can too.

Commentators who continually use emotive terms, and portray one sided accounts of isolated cases as representing every small business's experience, are undermining the integrity of the system.

At the ATO we are constantly looking for ways to support small business. This year alone we have delivered a range of improvements that we have been working on for some time. These include:

- bringing forward the launch of our Independent Review for Small Business pilot
- reviewing our penalty relief approach for first time issues
- speaking directly to small businesses about irritants through our reset program
- ensuring all objections and reviews are conducted under our independent Second Commissioner Andrew Mills – all objections have been conducted under him since July 2015, with the exception of ABN cancellation objections which moved in June this year

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- providing a small business complaints hotline
- supporting Curtin University to establish a Tax Clinic for unrepresented taxpayers
- inviting the ANAO to review our management of small business end-to-end debt processes.

As Commissioner I am committed to a small business experience where we:

- listen to and understand individual circumstances
- simplify processes and offer streamlined pathways to resolve concerns
- differentiate our approach and offer tailored support.

Of course we still have a job to do and as custodians of the system every market requires our attention and compliance efforts.

A lot has changed since I started as Commissioner in 2013. I'm asking people to step back and see us for who and what we are today. We are known as one of the leading tax administrations in the world, largely as a result of our re-invention program. I was brought in to change the way we work and I believe we have made significant progress. While naturally there is more we can do, we have already reduced red tape, streamlined processes and improved our culture. This is all part of our ongoing commitment to being an administrator that is known for our contemporary service, expertise and integrity.

In closing, I would like to acknowledge the contribution of two significant tax officials. Second Commissioner Neil Olesen has recently announced he will retire after 35 years of contribution to Australia's taxation and superannuation systems. Among his many achievements, Neil has most recently been a driving force behind our cultural shift from compliance to engagement, improving the client experience, and to our tax gap program.

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Ali Noroozi will shortly finish his second term as the Inspector General of Taxation and I thank him for his service. As Ali has said there is a healthy tension that exists between the scrutineer and the scrutinised, and I believe our work together has helped to improve the system for all.

I welcome your questions.

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