



Australian Government
Inspector-General of Taxation

SENATE ECONOMICS LEGISLATION COMMITTEE

24 October 2018 Public hearing - Supplementary Budget Estimates for 2018-19

Opening Statement

Thank you for the opportunity to appear before the Committee. Since my last appearance before you, two of our reviews have been publicly released, namely the *Goods and Services Tax (GST) refunds review* and the review of the *ATO's fraud control management*.

The *GST refunds review* was released on 16 August 2018. It examined the ATO's GST refund verification processes with a number of recommendations being made such as developing a framework for continuous improvement of the ATO's automated risk assessment tools. Other recommendations include striking an appropriate balance between ensuring refunds are released expeditiously and affording the ATO sufficient time to address serious fraud risks.

Earlier this week, the review into the *ATO's fraud control management* was also publicly released. It was conducted at the request of the Senate Standing References Committee on Economics following certain events including those relating to Operation Elbrus and allegations of tax fraud that may be linked to abuse of position by a public official. We found that, generally, the ATO has sound systems in place for managing risks of internal fraud, however, a number of areas were uncovered which require improvement.

Last Friday, we also released the IGT's 2017–18 Annual Report which sets out our achievements over the last financial year as well as briefly celebrating our successes during my 10 year tenure. In particular, it reports that we received 2405 complaints during the last financial year — an approximate 7 per cent and 12 per cent increase compared with the prior two financial years. Since the start of this financial year, we have received a further 972 complaints (as at 22 October 2018) which is an increase of over 20 per cent compared to the same period last year. Overall, we have handled over 8,000 complaints to date from a range of tax professionals and taxpayers including vulnerable individuals and small businesses.

In terms of IGT reviews currently in progress, the *Future of the Tax Profession* is in its final stages and is expected to be finalised and provided to the Minister next week. This review examines the impending technological, social, policy and regulatory changes which will have a lasting impact on the tax profession. It aims to address the challenges ahead and realise potential benefits for tax practitioners, the ATO and the Tax Practitioners Board as well as the broader community.

Another review that is currently in progress is the *ATO's use of Garnishee Notices*. It is in response to serious allegations, by current and former ATO staff in a joint Fairfax-ABC Four Corners investigation, about inappropriate use of ATO powers to issue garnishee notices and extracting payments particularly from small business taxpayers. This review is expected to be completed before the end of this financial year.

As you are no doubt aware, this is my tenth and final year of service as the IGT and my last day in the role is less than a couple of weeks away. I would, therefore, like to take this opportunity to express my gratitude for the support and confidence that my office and I have enjoyed from many of you here in Parliament. It has been an honour and a privilege to serve the Australian public as the IGT and I wish my successor, my staff and all of you the very best as you continue to serve our nation.

Ali Noroozi
Inspector-General of Taxation