

Submission No. 2
Inquiry into ATO Annual Report 2016



18 November 2016

Mr Kevin Hogan MP, Chair
Standing Committee on Taxation and Revenue
Department of the House of Representatives
Parliament House
Canberra ACT 2600

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Dear Mr Hogan

Subject: Inquiry into the 2015–16 Annual Report of the Australian Taxation Office

CPA Australia represents the diverse interests of more than 155,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. Against this background and in the public interest, we provide this short submission in response to the Inquiry into the 2015–16 Annual Report of the Australian Taxation Office (ATO).

Our comments are framed not only against the ATO's annual report, but also based on prior hearings of the Standing Committee on Taxation and Revenue.

We make the following comments and observations:

From our ongoing interaction with members to date it is clear that they are typically positive about the ATO's performance during the last tax year.

We attribute this in part to the cultural shift the Commissioner of Taxation is implementing within the ATO. CPA Australia and many of our members are finding that the ATO and its staff are generally more focused on working with practitioners as partners in the tax system.

An example of this approach has been an acknowledgment in ATO public messaging around year-end tax time that taxpayers can use a registered tax agent to assist them manage their tax affairs. In previous years there has been no such public acknowledgment, with many practitioners feeling that the ATO was a direct competitor to their business.

A second example is that the ATO undertook a series of tax agent visits specifically to better understand concerns members had about the Tax Agent Portal.

The ATO they also conducted a series of forums for tax agents across country, which were well attended by tax practitioners. (This is also reflected in the ATO's annual report.) We therefore would encourage the Commissioner to continue to pursue his Re-inventing the ATO Program.

From time to time we receive feedback from members about tax return/ PAYG lodgment problems and concerned. At this point in time they are - in the main - few in number, and they also seem to be specific issues/ incidents, and not evidence of problems of a more systemic nature.

Appropriately, the ATO has actively and positively responded to concerns raised by members earlier this year around the portal and general operation of the lodgment system. There is an expectation amongst tax practitioners that this level of response will continue to be provided.

It is also of note that some of the problems practitioners raise with us are not as a direct consequence of the ATO systems themselves. Instead they emanate from, for example, the browsers that practitioners may use.

The period for self-preparers of income tax returns has now closed for the 2015-2016 year. Based on reports from the ATO, the uptake of MyTax has been by-and-large successful. However the 74 per cent of individual taxpayers, and 95 per cent of all businesses who lodge via registered tax agents and their tax agent lodgment programs have up until June 2017 in some cases in which to lodge. As such it is too early to provide the

Standing Committee on Taxation and Revenue with fuller feedback on member/ tax agent experiences of engagement with the ATO systems for the 2015/2016 financial year.

A major issue for business in the digital economy is cyber security. In this regard the ATO has been working closely with the professional member bodies to ensure there is widespread awareness of the risks and encouragement on all sides that appropriate risk mitigation strategies are employed/ put in place.

Overall we consider there have been significant improvements in the ATO's engagement with the tax profession, and their public acknowledgment of tax professions as important partners who making a very significant contribution to the ongoing success of a tax system based on voluntary compliance.

If you have any questions regarding this submission, please do not hesitate to contact me.

Yours faithfully

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Head of Policy