

03 September 2015

Mr David Monk
Inquiry Secretary
Standing Committee on Tax and Revenue
House of Representatives
PO Box
Langton Crescent
PARKES ACT 2600

By email: taxrev@aph.gov.au

Inquiry into the Annual Report of the Australian Taxation Office 2014

The IPA welcomes the opportunity to provide a submission to the House of Representatives Standing Committee on Tax and Revenue in relation to its Inquiry into the Annual Report of the Australian Taxation Office 2014.

The IPA is a professional organisation for accountants who are recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 35,000 members and students in Australia and in more than 81 countries, the IPA represents members and students working in industry, commerce, government, academia and private practice. More than 75 per cent of our members work in or with small business and SMEs and are recognised as the trusted advisers to these sectors.

Given the broad terms of this inquiry, our attention in this submission has been focused only on particular issues affecting our members.

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For some time now the IPA has expressed concern about the impacts on small practitioners resulting from the ATO's use of technology and introduction of administrative changes. Most tax agent practitioners are small businesses themselves trying to service the interest of their clients. Tax practitioners assist 70 per cent of individual and 90 per cent of business taxpayers to comply with their tax obligations.

What we have noticed of late is a lack of understanding on the impacts of ATO changes are having on small tax practitioners work practices. While the IPA supports the better use of technology, it is concerning that the ATO's push for more digital interactions is coming at the expense of tax agent practices particularly in lost productivity. Transitioning to a digital delivery for BAS statements and the use of the Client correspondence list on the portal are two recent examples causing frustration and which are having a detrimental impact on the relationship between tax agents and the ATO.

In respect of the Client Correspondence List, tax practitioners have to continuously access the portal to check whether their clients have received correspondence to their myGov inbox. There is no notification on the portal for client correspondence issued to the taxpayer directly, so agents have no choice but to regularly browse and seek out correspondence to manage their client's tax affairs.

Tax practitioners are already dealing with losses in productivity interacting with ATO portals which is the gateway through which a range of ATO services are accessed. The ATO portal is an essential tool of trade for practitioners and agents have become increasingly frustrated due to its instability, slowness and unreliability. The ATO has now acknowledged that the current state of the portal is far from best practice and is actively working on a long term solution by migrating to a new, more functional solution. The Inspector – General of Taxation recent report on ATO services for tax practitioners released in July 2015 confirmed that the unreliability of the portal was a major source of concern and frustration.

Our members have highlighted to us on many occasions that they have suffered productivity loss, missed deadlines, irrecoverable costs as well as damage to their reputations and relationships with their clients. As the ATO increases its digital interactions, even more reliance is placed on the portal.

Whilst the long term portal issues are being addressed, we welcome the following recent ATO announcement made as part of the key messages from the Australian Tax Practitioner Advisory Group (ATPAG) meeting held on 21st August 2015:

“Where the ATO is looking to develop technology or administrative changes, we will co design and consult with a range a tax practices to build systems that consider and accommodate the current practice management procedures. The aim will be to ensure that the changes do not add additional tasks that practitioners will need to accommodate outside of their normal processes but rather will operate within the normal processes.”

Tax practitioners are constantly reminded that they play a vital role in maintaining the health of the tax system; yet too often the impact of changes on practice management are not fully appreciated from the lens of a small tax agent practitioner.

Given that this statement was recently made, we look forward to the commitment that the ATO will now co-design and consult better to build systems that consider and accommodate current practice management procedures.

The IPA welcomes the opportunity to discuss further any of the matters we have put forward in our submission. Please address all further enquires to myself (tony.greco@publicaccountants.org.au or 0419 369 038).

Yours sincerely,

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