



Australian Government
Australian Taxation Office

Australian Taxation Office Supplementary Submission

Inquiry into Taxpayer Engagement with the Tax System

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Introduction

1. The ATO aims to be a leading tax and superannuation administration, known for our contemporary service, expertise and integrity. We continually look to improve engagement with the system to make it easier for people to participate, working constructively with stakeholders in the tax and superannuation professionals and business, as well as software providers, government and other organisations.
2. As part of our 'Reinventing the ATO program' we have implemented a far-reaching and all-encompassing program to provide new and improved products and services - all to make the engagement and the experience of the tax system better.

Encouraging digital engagement

3. With approximately 10.9 million individuals in the tax system, we encourage all taxpayers to engage digitally. Digital options are fast, secure, efficient and cost-effective from both a taxpayer and ATO perspective. It is our intention to transition as many taxpayers as possible to digital services consistent with the approach for all government services.
4. Most individual taxpayers only interact with us once a year by lodging a tax return (and receiving or making a payment as a result). Of the individuals (not in business) that lodged a return this year, approximately 67 per cent lodged through a tax agent, 30 per cent lodged their own return online using myTax and three per cent lodged a paper return.

Key statistics – Digital and non-digital interactions

	Interactions 2016-17 *
Lodgments – electronic	14 million
Lodgments - paper	420,866
Phone calls	6,535,343
Website visits	78,178,745

* 2015-16 interactions processed in 2016-17

Services provided for individuals who are not digitally included

5. The ATO recognise that a small proportion of the population are not 'digitally included' (refer: [Digital inclusion in Australia](#)). Digital inclusion extends beyond the availability of internet services. Despite having the ability to access our online services, some members of the community may be unable to interact digitally as a result of low levels of digital literacy, language, geographical or cultural barriers. Others choose not to interact with us digitally.
6. While we do not maintain information that enables us to specifically identify when someone is in a vulnerable or disadvantaged group, or who are not digitally included, we do provide a range of options and support services to support individuals in these groups. The services are also available to other taxpayers.

Support services offered

7. Support services the ATO provides includes:
 - Tax Help – a free and confidential tax return preparation service for low income earners with simple affairs run by a network of ATO-trained and accredited community volunteers to help people complete their tax returns online using myTax
 - pop-up kiosks – ATO staff provide face-to-face assistance with digital services and simple tax and superannuation enquiries at tax time
 - community visits – ATO staff visit communities and community groups where a need is identified (for example, we conduct visits with indigenous and migrant communities and provide additional support to individuals in natural disaster zones)
 - shopfronts – face-to-face service and assistance with self service facilities. ATO services are offered through the Department of Human Services or myGov centres
 - regional and remote – face-to-face and digital services provided to individuals in regional and remote areas, provided by third party agents
 - Norfolk Island – this year, in recognition of the transition of Norfolk Islanders into the Australian tax system, we sent dedicated support staff on two occasions to assist them in obtaining a TFN, assisting with inquiries and lodging their first tax return.

Disadvantaged groups

8. The Translating and Interpretation Service is a phone service available for those who do not speak English.

9. Taxpayers who are deaf or who have a hearing or speech impairment can call the ATO through the National Relay Service.
10. For those with vision impairment, the ATO website content and myTax have been revised to be compliant with the Web Content Accessibility Guidelines, allowing the content to be conveyed by screen reader applications.
11. The Inspector-General of Taxation recently enquired about services provided to victims of domestic violence. The ATO refer victims to Tax Help where appropriate, and also have hardship processes in place to fast-track refunds and manage debts.

Automated phone lodgment service

12. Interactive Voice Response (IVR), a self-help telephone service is available for individuals to perform simple functions such as enquire about the progress of their lodgment, search for lost super, apply for refund of franking credits or make a payment arrangement. Business taxpayers can use the service to lodge nil activity statements, nil GST returns and annual elections, register for fuel tax credits, make a payment arrangement and enquire about the progress of lodgments.

Paper forms

13. It has been a longstanding practice that we publish tax return forms on the ATO website.
14. 'Care packs' (paper tax returns and instructions) are sent to taxpayers where it is known that they are not digitally included (based on previous interactions with the taxpayer).
15. Other taxpayers who require a paper or printed form are able to utilise one of the following channels:
 - phone – ATO call centre staff will order paper returns to be delivered to the taxpayer
 - Member of Parliament offices – prior to tax time the ATO provides paper tax returns to electorate offices that can be made available to constituents
 - ATO publication ordering service (PODS) – the taxpayer can order paper forms via the IVR system or they can download and print the forms from our website
 - shop fronts and regional and remote agents can print publications however taxpayers are usually referred to the PODS IVR service.

Tax Practitioners services

16. Tax practitioners are important stakeholders in helping taxpayers engage with the tax system, given approximately 67 per cent of individual taxpayers (not in business) lodged their income tax return through a tax agent.
17. The ATO provides a range of services and support for tax practitioners, including:
 - providing the latest news and advice through our online newsroom
 - weekly tax professionals newsletter
 - our series of livestream webcasts, tax professionals conversations videos and recorded webinars
 - social media and alert services.
18. Registered tax and BAS agents can also use the registered agent phone line – 13 72 86, which is a dedicated phone line with fast key codes.
19. If tax practitioners are unable to resolve a complex administrative or tax technical interpretation issue through our online channels or by telephone, they can submit a query to the ATO Complex Issue Resolution Service. We aim to answer these queries within five working days.
20. The ATO run a program of Open Forums nationally to hear directly from tax practitioners about matters affecting them, their practice and the broader tax professional community, and provide them with the opportunity to raise questions. There are 45 Open Forums held annually and approximately 15 of these are in regional areas.

Specific details of services offered to individuals

	Interactions 2016-17	Other information
Tax Help	Assistance provided to 30,400 low income taxpayers	610 centres 820 volunteers All states in Australia
Pop-ups	5,460 visitors	31 pop-up booths
Shopfronts	204,412 visits	97 per cent of these interactions were self-managed by the taxpayer
Care packs	231 care packs	Includes current and prior year lodgments
Self-help telephone service (IVR) – refund of franking credits return	37,552	
Individual tax return paper forms downloaded	16,555	Includes tax returns and tax return instructions downloaded in 2017 year
Individual tax return paper forms via PODS (ordering system)	149,525	This is the total of tax returns, tax return instructions and tax return supplementary sections
Regional and remote	10,600	181 locations
Translating and Interpretation Service	65,970 calls	
National Relay Service	Information not available	

Ensuring the online security of individuals using digital services

21. The ATO takes the security and privacy of taxpayers personal information is very seriously and take steps to ensure data and online transactions are secure and safe. This is integral to building confidence and trust in the tax and superannuation systems. Our digital priority is ensuring the technology which we, our intermediaries (such as tax practitioners and software developers) and clients depend on is secure, reliable and available.
22. Our online services are accessed through the myGov platform to provide our clients with a single government credential to access our authenticated services. The myGov platform, including its security from a technical and administrative point of view, is managed by the Department of Human Services.

23. The ATO manages the security of our online platform, including when clients link their myGov account to our online services and when clients access our services after authenticating with their myGov credentials. We take a multilayered approach to client online security, including:
- Before any client is able to link their myGov account to the ATO, they must first successfully pass a proof of record ownership process.
 - Supporting clients through engagement and education (refer to further information in the 'Protecting against scams' section).
 - Governance controls for our infrastructure and software. The ATO conforms with the Information Security Manual, the Protective Security Policy Framework and follows the National eAuthentication Framework.
 - Fraud detection. We employ a wide range of sophisticated analytical tools to identify fraudulent behaviour, particularly around false income tax returns. The ATO also shares data and intelligence with partner agencies and obtain information about suspected fraud from the community.
24. In August 2016 the ATO commissioned a Cyber Security Operations Centre (CSOC) to provide the organisation with an enhanced security monitoring capability. Equipped with state-of-the-art technology, the CSOC provides real-time monitoring of attempts to infiltrate, disable or compromise our information systems through methods such as phishing, scams, malicious software, potential denial-of-services and data exfiltration. This enables us to respond promptly to the dynamic nature of cyber threats with protective security measures and to mitigate damage if our systems are compromised.
25. The ATO has established the Cyber Security Working Group (now transitioned to the Cyber Security Stakeholder Group), a consultative forum that brings together key participants from tax professional associations, government and industry specific bodies. The group considers the risks of tax related information and identity theft and determines how they can be reduced and managed from the tax practitioner perspective.
26. The ATO engages and supports affected stakeholders, eg tax agents, to inform the ATO where they believe that there may be a breach of client data so that they can continue to engage in the tax and superannuation systems.
27. For clients who have been impacted by identity theft the ATO undertakes additional checks to ensure that we only interact with the correct client. These checks include:
- additional proof of record ownership, use of passwords and recommending clients enrol their voiceprint
 - depending upon the risk level the ATO may also add the client to a watch list to monitor future activity of any high risk transactions

- in cases of significant or multiple fraud attempts, the ATO may place a compromised indicator onto the client's account to prevent lodgment of future income tax returns until the correct client is identified.
28. The ATO is an accredited member of IDCARE who provide counselling support to clients about the compromise or misuse of their identity.
29. The Digital Transformation Agency (DTA) is leading a program of work for Digital Identity known as the GOVpass program. The intent of the program is to deliver an identity eco-system where users are able to securely prove their identity online and register for credentials that can then be re-used to access services across government. The solution is underpinned by the Trusted Digital Identity Framework which sets out the standards, rules, and protocols that govern the online eco-system and ensures client security and integrity. The ATO is a key participant in this program and is building a core component of the eco-system that will enable users to prove their identity online. Once delivered the ATO will transition users to the new solution in a phased approach which will increase the security and integrity of our online channel.

Protecting against scams

30. In today's technological society, identity crimes and scams are more prevalent world-wide. As such, raising awareness of identity and cyber security practices and scam vigilance is really important to the ATO in helping the community identify and self-protect against scams and identity theft.
31. The ATO uses a range of channels to maximise awareness in the community and continually reevaluate our communication tactics to keep up with the latest trends in these criminal activities, and ensure our messaging reaches our target audiences.
32. Our communication and awareness activities focus on two core themes:
- Education - raising awareness of identity and cyber security practices, scam vigilance, how to self-protect and how to identify if a communication they receive from the ATO is genuine or a potential scam.
 - Report and support – providing information about how to report issues as well as support to taxpayers who may be impacted by these crimes. When we become aware of trending ATO impersonation scams or tax crime incidents, communication messages to the community are timely and coordinated.
33. Earlier this year we ran an online advertising campaign *Be aware of what you share* designed to raise awareness of ATO-related scam activity, educate the public on self-protection and drive traffic to ATO online resources for more information. The campaign

delivered 8.6 million views of the advertisements, over 800,000 video views and 12,600 clicks on these advertisements.

34. A recurring scam during tax time relates to scammers impersonating the ATO demanding iTunes cards as a form of tax debt payments. The ATO has worked with major retailers of iTunes vouchers to provide them with point of purchase warning signs about tax related scams to inform shoppers. These retailers have subsequently undertaken in-house training programs to ensure their front line staff can identify and assist shoppers who may be purchasing iTunes cards as a result of a phone scam.
35. Following ongoing work between the ATO and Apple Australia, warning messages on iTunes gift cards are now being rolled out, including 'Do Not Share This Code With Anyone You Don't Know' and 'Card cannot be used for any payments outside of the Australian App Store or iTunes Store, including taxes'.
36. The ATO works with a range of community based organisations, through our consultation groups and other government agencies, on how we can distribute our information via their channels to more vulnerable individuals. Our scam warning messages are translated and aired in 15 different languages via SBS Radio. We also include the *Be aware of tax scams* postcard in the ATO's Migrant Education Resource Toolkit, and routinely target seniors' organisations with specific mail outs containing information relevant to them.
37. Our scam awareness video *Be aware of what you share* is available at all points of contact with the ATO. It plays in myGov shopfronts, on the ato.gov homepage and is on our YouTube channel playlist.
38. The ATO website contains detailed information for taxpayers on what they can do to keep their information safe including a specific publication titled *Security Tips for Individuals*. This publication was authored by the Cyber Security Working Group. Our website also provides links to:
 - Scamwatch, a website managed by the Australian Competition and Consumer Commission (ACCC), providing information to consumers and small businesses about how to recognise, avoid and report scams. The ACCC works with State and Territory consumer protection agencies and other government agencies to promote awareness in the community about scams.
 - The Australian Cybercrime Online Reporting Network (ACORN) which is a national policing initiative of the Commonwealth, State and Territory governments, where the public can securely report instances of cybercrime. ACORN also provides advice to help people recognise and avoid common types of cybercrime.
39. The ATO has a dedicated 'scam' phone line – 1800 008 540. Taxpayers can call this number to confirm the identity of someone claiming to be an ATO officer or to report a scam.

We report on the number of these calls and use the intelligence from these reports to issue targeted community awareness messaging. We also encourage taxpayers to report suspicious emails claiming to be from the ATO by forwarding the entire email to ReportEmailFraud@ato.gov.au and deleting the email.

Emerging payment technologies

40. The ATO looks to identify potential future developments (including technologies) that might impact the tax and super system. This includes research and intelligence capabilities across the political; economic; social; technology; environmental; and legal landscapes and research and testing of emerging technologies and digital innovations that have the potential to make a significant impact on the ATO and taxpayers. This extends to working with other jurisdictions including the OECD, New Zealand Inland Revenue (NZIR), Her Majesty's Revenue and Customs, and Inland Revenue Authority of Singapore.
41. An Emerging Technology Working Group has been established to explore and guide research and analysis of emerging technologies including emerging payment technologies. Findings and recommendations from these activities are made to relevant areas within the ATO. NZIR also participate in this working group.
42. The ATO has been in discussion with a number of technology and advisory providers to explore the potential for emerging payment technologies to enhance aspects of administration of the tax and super system.

Fraud and tax risk from Cryptocurrencies

43. The ATO has been examining and assessing the risks of bitcoin and other cryptocurrencies since 2014. We have a network of officers within the ATO across law, risk, audit and computer forensic capabilities that provide input into our provision of advice and treatment strategies.
44. In addition, an Emerging Technology Technical Community of Practice has been established to bring together tax law and technology expertise to ensure consistent and educated responses to requests for law clarification on emerging technologies both from clients and from within the ATO. There is a sharp focus on understanding all aspects of cryptocurrencies (including Initial Coin Offerings) as a result of current legislative drafting to remove the double taxation of these.

Blockchain and emerging payment technology opportunities for the tax and super system

45. The ATO has been working with technology and industry partners to research, understand and develop recommendations about the potential opportunities of blockchain, Distributed Ledger Technology, the New Payments Platform and other emerging payment technologies. Currently we are engaged in a variety of research, experimentation and proof of concept projects with a wide range of external industry technology and advisory partners to develop robust, evidence based recommendations internally and to Government.
46. A review into the future of the tax profession by the Inspector-General of Taxation was announced on 6 June 2017. The review is forward-looking and seeks to raise awareness about the risks, challenges and opportunities presented by technological, social, policy and regulatory changes.

Phoenix Reforms

47. On 12 September 2017, the Minister for Revenue and Financial Services announced the intention of the Government to introduce a Director Identification Number (DIN) and to consult on a range of other measures to deter and penalise phoenix activity.
48. On 28 September 2017, the Treasury released a consultation paper on reforms to Address Illegal Phoenix Activity, with comments closing on 27 October 2017. The Treasury discussion paper was informed by input from the Serious Financial Crime Taskforce, the Phoenix Taskforce and the Black Economy Taskforce. The ATO is a member of each of these taskforces and believe that the various proposals in the Treasury discussion paper could contribute to the reduction in illegal phoenix activity.
49. The ATO has consulted with the Australian Securities and Investment Commission (ASIC), the DTA and other agencies, including the Department of Employment in relation to the Fair Entitlement Guarantee about how a DIN, if implemented, could deter illegal phoenix activity and provide better outcomes for the community. We have also held consultations with other agencies about how a DIN could be implemented, subject to the parameters of enabling legislation.
50. As there is no enabling legislation or further public detail, we cannot provide definitive advice about DIN.

