

House of Representatives Tax and Revenue Committee
Inquiry into Taxpayer Engagement with the Tax System
ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

29 MARCH 2017

Department/Agency: ATO

Question: Hansard Page 6-7

Topic: T&R Taxpayer Engagement Inquiry - IT Expenditure

Question:

1. A total figure on annual investment in IT development, including running costs, since 2012.
2. A breakdown for main expenditure items, including software development, over the same period.

Answer:

Total ICT Expenditure by Technology Output (Operating Only)	12/13 (\$)	13/14 (\$)	14/15 (\$)	15/16 (\$)
IT Infrastructure including Mainframe, Midrange, Storage, Network, Communications, Service Desk and Software Licensing	379,932,865	395,492,886	343,606,601	390,473,591
Application Support and Maintenance	78,864,713	80,039,164	124,044,966	138,155,128
Foundation and Common Services including Architecture, Service Management, Solution Design, Strategy, Planning and IT Security	52,250,052	66,477,242	54,412,429	64,448,129
Investment in IT and Business Transformation including New Policy Proposals (NPP)*	149,459,343	99,716,021	108,034,327	152,580,531
TOTAL OPERATING EXPENDITURE	660,506,973	641,725,313	630,098,323	745,657,379

*Software Development costs are incorporated under 'Investment in IT and Business Transformation'.

The technology expenditure increased 18% in 2015/16 due to the following:

- Increased investment in key digital transformation programs including Smarter Data, Single Touch Payroll, Outbound Transformation, Client Contact Centre, Software Development and enhancing the overall ATO client experience
- Infrastructure sustainment increased due to the increased infrastructure capability required for Supporting Tax Time, Smarter Data program and enhancing the Client and Staff digital experience.

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Question: Hansard Page 8

Topic: T&R Taxpayer Engagement Inquiry - myTax project FTE

Question:

An FTE Breakdown on the number of people employed in the development of the myTax project over 2014–15 and 2015–16

Answer:

	2014–2015	2015–2016
FTE breakdown	40	97 ¹

¹ In 2015–2016, myTax was expanded to cover the full individual income tax return as a replacement for the existing e-tax system.

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Australian Taxation Office

29 MARCH 2017

Department/Agency: ATO

Question: Hansard Page 7

Topic: T&R Taxpayer Engagement Inquiry - Advertising Expenditure/myTax

Question:

1. A total investment figure for marketing the myTax project, over 2015–16, and for this year.
2. A breakdown of key expenditures such as advertising, printed matter, and online platforms, over the same period.

Answer:

1.

Total investment spent for marketing myTax	
2015 – 2016	\$609,592
2016 –2017 (Year To Date)	\$265,598

2.

Financial Year paid		
Key expenditure	2015-2016	2016-2017 (Year To Date)
Advertising	\$308,418	\$229,943
Printed collateral	\$350	\$707
Engagement	\$1,021	\$34,778
PR	\$65,788	
Research	\$157,040	
Videos	\$76,975	\$170
Total (excl GST)	\$609,592	\$265,598

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Question: Hansard Page 7

Topic: T&R Taxpayer Engagement - myTax investment returns

Question:

An estimate on returns for investment in the myTax project since 2012 (in terms of utility to users, actual savings etc).

Answer:

MyTax was introduced in Tax Time 2014 for taxpayers with simple tax affairs and expanded to cover the full individual income tax return by 2016 as a replacement for the existing e-tax system.

Since the introduction of myTax it is estimated that it has delivered a reduction in the cost of compliance for individual taxpayers of approximately \$285 million per year.

As at April 2017, over 3.2 million 2015–2016 individual income tax returns have been lodged using myTax. It is available on any device, at any time convenient to the taxpayer.

The return on investment for the Australian Tax Office arises from the fact that taxpayers are more likely to voluntarily comply with their obligations when doing so is quick and easy.

Taxpayers using myTax also have access to a pre-filing service that makes it easy to ensure they have not omitted income such as salary and wages or dividends and interest.

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Australian Taxation Office

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Department/Agency: ATO

Question: Hansard Page 7-8

Topic: T&R Taxpayer Engagement Inquiry - Tax Practitioner usage

Question:

Percentage of Australians using tax professionals to lodge their tax returns annually since 2012, and trends since self-assessment was introduced.

Mr DICK: Has the figure that you gave of 74 per cent of Australians using tax professionals to help them with their return decreased over the years? It just seems strange that we are moving towards online compliance and online lodgement, but 74 per cent of Australians are still taking their receipts or whatever in a box to their tax agents.

Mr Jordan: They do not need to take their receipt boxes. On the income side, the agent uses all the prefilled information as well. The bank interest and all of that is already prefilled for the agent. It is only the deductions they would need to take, and they could do that themselves on MyTax if they wanted to. But that is, again, for people with straightforward affairs. The 74 per cent figure is a blended thing; something like 90 per cent of businesses use an agent and something like 60-something per cent—

Mr Olesen: Sixty-eight per cent of non-business individuals.

Mr Jordan: The key point there is business is about 90 per cent.

Ms BUTLER: But you would have the change, over time, on those figures, wouldn't you?

Mr Jordan: Probably.

Mr DICK: So could I get those figures since 2012. I would assume that it is coming down over the years as we move—

Mr Olesen: I think you will find it is pretty steady. It has been pretty steady over the last five years; it has maybe come down a shade towards self-preparation. We are happy to get you the figures.

Mr FALINSKI: Do you have a longer time frame on that than the last five years?

Mr Olesen: There is a longer story I have read recently, but I cannot recall it clearly. We are happy to look at what the longer time-frame story is. I have a feeling that there was a spike in the use of tax agents when self-assessment was introduced back in the late eighties. So when we moved to a self-assessment system was when there was a jump to tax agents. I think it has plateaued—

CHAIR: I think it was around 20 per cent in 1980, from something else I have read.

Mr Olesen: Yes, that is right.

Answer:

Income Year ¹	Total percentage of all income tax returns lodged via an agent	Percentage of individuals income tax returns lodged via an agent	Percentage of businesses income tax returns ² lodged via an agent
2011-2012	77.6	74	96.8
2012-2013	78	74.3	96.9
2013-2014	78	74.3	96.9
2014-2015	77.5	73.7	97

¹ Figures as at 21 January 2017

² Companies, trusts and partnerships

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Available data indicates a slow rise in the number of businesses using tax practitioners over recent years, while the number of individual taxpayers using a tax practitioner has remained steady at approximately 74%.

In relation to the longer term trend in the use of tax agents since self-assessment was introduced, this data is not available and the preparation of a response would cause an unreasonable diversion of the agency's resources.

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Question: Hansard Page 12

Topic: T&R Taxpayer Engagement - Cash Economy

Question:

An estimate of the extent of criminal activity in the cash economy and the size of the revenue gap associated with it.

Answer:

The Australia Taxation Office does not separately measure the level of criminal activity in the cash economy.