



Australian Government
Inspector-General of Taxation

STANDING COMMITTEE ON TAX AND REVENUE

Opening statement by the Inspector-General of Taxation

30 November 2016

Thank you for the invitation to provide a briefing and to meet with the Standing Committee on Tax and Revenue (the Committee). The Committee's ongoing interest in key scrutineering agencies such as the Inspector-General of Taxation (IGT) and the improvement of the federal tax system is much appreciated.

Background

The IGT was established by the *Inspector-General of Taxation Act 2003* (IGT Act). Its main aim was to review systemic tax administration matters and make recommendations for improvement to Government or the Australian Taxation Office (ATO). To date the IGT has completed 42 such reviews. One such review¹ was conducted at the Committee's request as part of its Inquiry into Tax Disputes.

In the 2014 Federal Budget, the Government made a policy decision to extend the role of the IGT by transferring the tax complaints handling service from the Commonwealth Ombudsman (Ombudsman) to the IGT and expanding its scrutineering function to include the Tax Practitioners Board (TPB). This decision, which took effect from 1 May 2015, was aimed at enhancing the systemic review role of the IGT and providing taxpayers with more specialised and focused complaints handling of tax matters.

The Government decision had bipartisan support and was firmly endorsed by other stakeholders who supported the creation of a 'single port-of-call' for tax administration matters to improve outcomes for taxpayers and the system more generally.

By way of completeness, it should be noted that the Australian National Audit Office (ANAO) remains responsible for financial statement and performance audits of the ATO and TPB whilst the Ombudsman is only responsible for Freedom of Information (FOI) and Public Interest Disclosure (PID) matters.

Recent Activities

Last financial year was one of the busiest and most productive years for the IGT since its inception. I am delighted to report that we have met the challenges of developing and establishing a 'single port-of-call' for addressing taxpayer complaints and conducting broader reviews into tax administration. We have sought to provide high quality service to taxpayers and tax practitioners through the progressive recruitment and training of tax specialist staff.

¹ IGT, *The Management of Tax Disputes* (January 2015).

We received 2148 complaints of which over 95 per cent were processed and finalised within the same period. Of the finalised cases, almost 80 per cent were finalised within 15 business days of receipt. Almost 40 per cent of all complaints were resolved by my staff without the involvement of the ATO or TPB.

In the first quarter of this financial year, we have received over 600 new complaints and have finalised approximately 540 complaints.

We have also progressed work on four remaining reviews on our current work program. Two of these reviews, *Debt Collection* and *Services and Support for Tax Practitioners*, were publicly released last financial year whilst two others, *Taxpayers' Charter and Taxpayer Protections* and *Employer Obligations Compliance Activities*, are almost completed.

Looking ahead

As the reviews from the existing work program are coming to an end, I have commenced the consultation process to develop a new work program of reviews for 2017. I will also draw on themes emerging from our complaints handling function.

Moving forward, the work program will be increasingly informed by the complaints handling function which can provide real-time insight into emerging issues and an opportunity to address problems before they escalate into major causes of taxpayer discontent.

The development of this work program, in line with our previous practice, will involve extensive consultation with community and public sector stakeholders including the Treasury, ATO, TPB and ANAO. Consistent with the Committee's recommendations² to improve the communication between my office and the ATO, the Commissioner and I have met several times this financial year on a range of issues including the work program.

My legislation provides for either or both Houses of Parliament as well as any of its committees to request that I conduct reviews on areas of their choosing. In closing, I would like to extend an invitation to the Committee members, either collectively or individually, to suggest review topics which may be based on feedback from your constituents. The closing date for submissions is 9 December 2016.

Ali Noroozi
Inspector-General of Taxation

² Standing Committee on Tax and Revenue, *External Scrutiny of the Australian Taxation Office* (May 2016).