

Senate Economics Committee

Inquiry into Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

FEBRUARY 2020

Department/Agency: ATO

Question: 1

Topic: Statistics on the accuracy of payroll data

Question:

Senator Helen POLLEY: Does the ATO or another agency have statistics on the accuracy of payroll data?

- a) What proportion of the time is payroll data inaccurate?
- b) Is this more likely in certain business types or sizes?
- c) Is there any concern that STP will compound the impact of payroll errors and make it less likely they will be picked up (because people are less likely to be doing their own calculations and estimations to report social security income)?

Answer:

- a) When an employer submits their STP reports to the ATO, there is a requirement that they complete the declaration to state the information reported is 'true and correct'. This declaration is required, even if the employer uses an intermediary to prepare and/or lodge their payroll on their behalf. Information reported through STP is an approved form to the Commissioner of Taxation under subsection 388-50(1) of Schedule 1 to the Taxation Administration Act 1953.

Where an employer has identified an error, omission or new information that comes into light after the STP report has been submitted they are required to:

- Report the fix within 14 days of identified if the impacted employees have no continuity of employment (i.e. unlikely to be paid again); or
 - Report the fix in the next regular pay run (i.e. weekly, fortnightly, monthly) even if it is greater than 14 days.
- b) The ATO do not have sufficient data to ascertain whether there are certain employer sizes that are more likely to have inaccuracies.
 - c) No - there is no concern from the ATO that STP will have a negative impact on payroll errors.

Senate Economics Committee

Inquiry into Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

FEBRUARY 2020

Department/Agency: ATO

Question: 2

Topic: Simplifying Income Reporting and Other Measures - Cost to Government of errors in payroll data

Question:

Senator McCarthy: What is the cost to Government of errors in payroll data – in terms of social security payments made because workers are underpaid? And lost taxation revenue?

Answer:

When an employer submits their STP reports to the ATO, there is a requirement that they complete a declaration to state the information reported is ‘true and correct’.

The ATO does not estimate income tax notionally forgone if higher wages were actually paid.

The ATO is unable to comment on any impacts to social security payments.

Senate Economics Committee

Inquiry into Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

FEBRUARY 2020

Department/Agency: ATO

Question: 3

Topic: Simplifying Income Reporting and Other Measures - Release of STP data to Services Australia

Question:

Senator McCarthy: What will trigger the release of STP data about a person to Services Australia?

- a) Will they have to give permission?
- b) Will DSS/Services Australia request it? Will the ATO know a person is eligible for social security?

Answer:

- a) No, the individual does not need to give permission.

The taxpayer information confidentiality provisions (Table item 1 in subsection 355-65(2) of Schedule 1 to the Taxation Administration Act 1953) allow the Commissioner to disclose information to an Agency Head dealing with matters relating to the social security law for the purpose of administering that law. In this case that would be the Chief Executive Officer of Services Australia.

- b) The ATO will know who is a customer of Services Australia as it will be on the mutual client register.

It will be Services Australia's responsibility to identify customers to be added and when to be removed.

Services Australia can request STP data for a customer based on the customer's assessment requirements.

Senate Economics Committee

Inquiry into Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

FEBRUARY 2020

Department/Agency: ATO

Question: 4

Topic: Simplifying Income Reporting and Other Measures - New compliance activities

Question:

As a result of this Bill, will the ATO be able to conduct any new compliance activities?

a) Will data profiles for individuals be built across agencies? Who will keep and manage the data?

Answer:

The ATO will not be able to conduct additional compliance interactions as a result of the Bill.

a) The ATO has always held mutual client registers for the purpose of sharing information between the ATO and Services Australia.

It will be Services Australia's responsibility to identify customers to be added and when to be removed.

Senate Economics Committee

Inquiry into Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

FEBRUARY 2020

Department/Agency: ATO

Question: 5

Topic: Simplifying Income Reporting and Other Measures - Access to social security payment information by third parties

Question:

Will this Bill or STP allow any information about a person's social security payments – or any other information at all – to be reported back to or accessed by their employer or third parties?

Answer:

No. The taxpayer information confidentiality provisions (see Division 355 of Schedule 1 to the Taxation Administration Act 1953) prohibit the ATO from providing any information to employers regarding the employee's social security payment(s).