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Economics, Finance and Public Administration
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**The Secretary
House of Representatives Standing Committee on
Economics, Finance and Public Administration**

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I have been an ATO employee for 14 years and have worked in a number of areas. Several years ago, I worked in the TFN duplications area - before we had the current system. It was my impression that the current system was supposed to prevent duplications - obviously it hasn't.

From the things I have read it seems the major problem is to correctly identify people who are applying for a TFN. I believe we should strive for a system where the issuing of TFN happens at limited times and at limited places. This should limit the opportunity of individuals to deliberately obtain multiple numbers, and should also limit the "accidental" duplications as well.

Even in the work I do now, I am constantly surprised at the number of individuals who manage to get through life without TFN's. Individuals who claim to have always been Australian residents are applying for TFN's in their late 20's and 30's. These people have obviously not lodged tax returns, can never have been employed and cannot have received government benefits. While there may be legitimate situations in which this could occur, the instances would seem to be fairly rare.

Now that TFN's are required for the receipt of government benefits and, effectively, for holding income producing investments, the only people now applying for TFN's should be young people and immigrants. I believe we could limit this even further by

1. Allocating TFN's to school children at age 14 (if they don't already have them) while we have clear proof of their identity (we already do this to some extent - although incredibly, this program has recently been cut).
2. Issuing TFN's for life, regardless of periods of non lodgement
3. Refining the method of issuing TFN's to immigrants and persons working temporarily in Australia.

I believe a lot of work could be done regarding point 3. The problems in this area have been highlighted to me as the result of some recent work I have been doing in which temporary residents and foreign students are paid to allow their TFN's to be used to set up "shell" companies which are used for money laundering operations. In many cases, it appears that the individuals who supply their TFN's leave the country shortly after supplying their TFN's, but the shell companies continue to trade for some time after they have left.

I believe it would be beneficial to introduce a numbering system which would identify that a TFN had been given to a person temporarily - perhaps even incorporate 3 digits within the number to indicate the end date of validity, so that it would be obvious to ATO officers dealing with that TFN that the person to whom it originally related was a temporary resident of some kind. Alternatively, the end date could be stored on our system. This would potentially allow us to identify companies being controlled by public officers who had "outdated" TFN's. We could then report this to the Securities Commission to investigate the bona fides of the company in question, as well as using the information internally.

I am not sure of the current procedures for issuing TFN's to migrants, but I believe it is essential that they present themselves and their identification in person. An effective way to do this might be for individuals intending to work in Australia (and their Visa should show this?), to complete the relevant forms at the airport on arrival, and their identification could be sighted by customs officials (who are probably in a better position to judge the authenticity of the documents than ATO staff).

Ideally, the above two procedures would take care of just about everyone, but there would perhaps be exceptional instances where individuals admitted as tourists were later granted the right to work etc. Any TFN's granted outside the two standard procedures should be subject to extremely rigorous controls, as it would represent the only opportunity for individuals to obtain multiple numbers (with forged identification etc).

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