



Australian Government
Inspector-General of Taxation

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Hearing – 26 June 2013

Opening Statement

I thank you for the invitation to attend today's hearing of the Joint Committee of Public Accounts and Audit (JCPAA).

The JCPAA's interest and support for the improvement of the federal tax system, including key scrutineering agencies such as the Inspector-General of Taxation (IGT), is much appreciated.

As you may be aware, the IGT Office has just celebrated its 10th Anniversary. The occasion was marked by an event, on 30 April 2013, which was supported by a wide and diverse range of stakeholders. I am particularly grateful to the Assistant Treasurer, the Hon David Bradbury MP, the Secretary to the Treasury, Dr Martin Parkinson PSM, and the Commissioner of Taxation, Chris Jordan AO, for attending and speaking at the event.

To further mark our 10th anniversary, a new booklet has been released, which outlines in concise and clear language the mission, goals, strategies and challenges of the office. We have also adopted a simple motto that firmly directs the IGT office's future and informs the public of its role and function. This motto is Consult – Review – Advise – Improve, i.e.:

Consult with the community to ensure tax administration issues are identified;

Review the identified issues;

Advise on improvement options; and

Improve by publicly reporting on review outcomes, observations and recommendations.

I would now like to briefly update you on the status of my reviews since we last met.

IGT Reviews

The first of my publicly released reports, since we last met, is my review into *“the ATO's use of benchmarking to target the cash economy”*. The feedback on this report has been very favourable and once the recommendations within it are implemented, there should be significant improvements for taxpayers and tax agents operating in this market segment.

The second report that has been released is *“Improving the Self Assessment System”* which is quite wide ranging. It contains a large number of recommendations which are evenly split between improvements directed at administrative change by the Australian Taxation Office (ATO) and those for policy consideration by the Government.

I also have five reviews in progress at the present time. These are:

- Review into aspects of the ATO’s use of compliance risk assessment tools
- Review into the ATO’s administration of penalties
- Review into the ATO’s management of transfer pricing matters
- Review into aspects of the ATO’s compliance approach to individual taxpayers. There are three discrete sub-reviews that make up this review, namely:
 1. income tax refund integrity program;
 2. administration of superannuation excess contributions tax; and
 3. use of data matching.
- A follow up review of the ATO’s implementation of agreed recommendations arising out of reports published between August 2009 and November 2010.

The last review on my current work program, scheduled to commence next quarter, is the:

- Review of the ATO’s interaction with the Australian Valuation Office.

Future Work Program

I plan to formally call for submissions for a new work program late this year or early next year. In this regard, I would welcome any submission or input from the committee.

As you know while I may self-select matters for review, my office has a proud history of engaging with the community to better understand their concerns with the tax system. This consultative approach often draws attention to issues that may not otherwise be heard and ensures optimal application of my office’s resources in delivering improvements through an open and transparent process.

The consultation on my work program also extends to seeking input from government agencies including the ATO and its other scrutineering agencies.

In closing, I would be happy to take questions or to discuss any matters that are of interest to you.

Ali Noroozi
Inspector-General of Taxation