

**Joint Committee of Public Accounts and Audit**

**ANSWERS TO QUESTIONS ON NOTICE**

**Australian Taxation Office**

Bi-annual hearing with the Commissioner of Taxation

22 April 2010

**Topic:** Provision of open standard format electronic document records to the National Archives

**Hansard Page:** PA 14

**Question:** 1

**Senator LUNDY**—As one of the parliamentary members of the National Archives of Australia Advisory Council, I am very conscious of the ongoing effort by the National Archives of Australia to improve compliance with electronic document management recordkeeping. To what extent does the change program address any deficiencies in Tax's capacity to provide records to the Australian archives? Are you able to report to the committee the level of compliance in the provision of open standard format electronic document records to the National Archives in accordance with your responsibilities under the legislation?

**Mr Gibson**—The change program being a tax administration system, I do not believe we provide archive records of that to National Archives.

**Senator LUNDY**—But you are required, as an agency, to provide records to the National Archives of the business of the Commonwealth. So perhaps it is less related to the change program and more related to a general IT systems management issue. I am happy for you to take that on notice.

**Mr Gibson**—I would rather do that, because I would not want to misrepresent the program.

**Senator LUNDY**—Yes. I think you should be quite careful about that, too.

**Answer:**

The ATO's Change Program has introduced new systems and processes which ensure compliance with electronic document management recordkeeping for tax payer records. These records are now managed electronically through to destruction, whilst protecting the integrity and security of these records.

Under the Change Program, the ATO implemented a version of the IBM records manager system which is based on open source data standards and utilises the XML standard. In addition to managing taxpayer records, the ATO intends to use this system for managing most of its complex file records (including those requiring future transfer to National Archives of Australia). Although records transfers from this new platform have not yet been trialled with National Archives of Australia, the ATO has invested in the core capabilities it needs to undertake this when the need arises.

In accordance with legislative responsibilities, eligibility of ATO records to be transferred to the National Archives of Australia is contained within the ATO's disposal authorities. To-date, due to their ongoing value to the ATO these eligible files have remained active, and therefore have not been transferred to National Archives of Australia.

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**Topic:** Third party verification of Tax File Numbers

**Hansard Page:** PA 26

**Question:** 2

**Senator LUNDY**—I just want to go back to the issue of open government and transparency that you were describing. Do you think there is a possibility of enabling the use of the TFN for identity verification purposes?

**Mr D'Ascenzo**—Basically—and this is my own break-up of when you look at specific identifiers—I break up the community in terms of individuals and businesses and, wearing my hat as the Australian Business Registrar, I believe that the use of the ABN/ABR system is really the key to unique identifiers for business. A lot of the developments in the whole-of-government's sphere are based on using the ABR/ABN as that unique identifier. I think that is core to us. In terms of individuals, that runs a policy agenda that impacts on other government agencies so we have taken a back seat in terms of that wider question of unique identifiers for individuals. The other area in terms of individuals, that runs a policy agenda that impacts on other government agencies, so we have taken a back seat in terms of that wider question of unique identifiers for individuals.

**Senator LUNDY**—I am not asking the question in the context of the TFN being a shared unique identifier at all. I do not want to be misunderstood. Rather I mean enabling the use of a third party to verify that a TFN is associated with a real person without them actually accessing that data; it is really seeking a verification that that person exists in association with a TFN as a point of verification. It is very important that my question is not misinterpreted. I am not talking about the sort of unique identifier that you described, I am talking about a third party being able to ask the tax office whether that TFN is associated with that person and providing a verification as opposed to any detail about that person.

**Mr D'Ascenzo**—I understand. That is what the ABR/ABN does for businesses.

**Senator LUNDY**—So can you do that?

**Mr D'Ascenzo**—We have done some of that in our work with superannuation funds in relation to a super fund having to know whether or not this taxpayer might want to roll over or might want to take out funds from their super fund—they can look up our TFNs for that purpose. There may be other examples.

**Mr Quigley**—In those situations we have actually got the legislative power to do that. We have not got it in a more general sense to do that.

**Senator FEENEY**—The credit reporting agencies have data on individuals or individual corporate entities. Do you avail yourselves of that knowledge, that information, through credit reporting?

**Mr Quigley**—We do, but not via a TFN.

**Senator LUNDY**—My understanding is that the sorts of verification purposes enabling verification use of TFN would not require a legislative change, that it is currently within the capacity of the tax office to do that. I am happy for you to take my question on notice, but I would like more detail about what the tax office

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perceives as potential barriers to this kind of enabling use of the TFN identity verification purpose as opposed to accessing any data that the tax office holds.

**Mr Quigley**—Maybe I misunderstood your question, Senator. I am sorry.

**Mr D'Ascenzo**—I think we will take it on notice. I understand the issue. As I said, we have done it in certain respects and I am not sure how much wider or what those applications are. We will take it on notice and get back to the committee.

**Answer:**

The current laws do not enable the Australian Taxation Office (ATO) to offer a Tax File Number verification facility that is similar to the Australian Business Number verification process.

The secrecy provisions in the various taxation acts, the specific Tax File Number provisions of the *Income Tax Assessment Act 1936* (Part VA) and the *Taxation Administration Act 1953* provisions relating to offences relating to tax file numbers (subdivision BA), confirm that Tax File Numbers are to be used for internal ATO purposes to facilitate the administration of the tax laws, or by specified other parties for limited purposes defined by legislation.

A generic third party verification process as is suggested would have no safeguards to ensure that the Tax File Number was being used for an authorised purpose and accordingly could result in routine breaches of the relevant laws and secrecy provisions which may constitute an offence.