

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Review of Auditor-General's reports Nos 1-20 (2006-07)

WEDNESDAY, 28 FEBRUARY 2007

CANBERRA

Australian Taxation Office

Topic: Sampling of Non lodgers

Hansard page PAA 3

Ms King asked:

CHAIR—Before I hand over to my colleagues, can the ATO give me their view about what they are doing about the nonlodgers? Is it too small an amount of money for you to get serious about?

Mr Reardon—That is certainly an issue about finite resources and where we actually focus our effort, but we are working collaboratively with the other agencies and assisting in the development of some of those products that we just talked about—the reminders et cetera. We have done sampling of the nonlodgers and we also found some levels of ‘no requirement to lodge’, where there is actually no requirement to lodge. Prima facie, the tax law sets out obligations for people to lodge, but there is no obligation on people to tell us if they have not got a requirement to lodge. So within the broad numbers, when you actually get into it, you find that some people do not have that lodgement obligation. But we do have to make some decisions about where we focus our efforts. The ATO’s effort is primarily focused around high revenue risks, on individuals—we have been focusing on things like the legal profession, high profile, high conspicuous wealth et cetera. So we have to make those decisions. Our preference is to continue working across the agencies to identify high-risk cases together and work at ways of getting those people to lodge.

CHAIR—I am concerned about that as an answer, Mr Reardon, because, while you are going for people with higher incomes, I would imagine that for a lot of the people who are nonlodgers and receiving family benefits, a small debt is probably a large slab of their income and it is probably going to hurt them a lot. So are we not inadvertently putting greater pressure on them by not helping them out?

Mr Reardon—No, and I think by working together across the agencies we will actually focus our effort on the people who require assistance to lodge. That is an important distinction: the ATO assisting people to lodge versus the ATO forcing people to lodge. The sanction for nonlodging is prosecution in the courts. I am not sure that the people who are involved in having these debts are the sort of people we would want to put before the court. So we need to find that middle ground, that strategy that actually encourages them to lodge and assists them to lodge, and that is where working across agencies, we believe, would be a better approach.

Ms KING—What are the characteristics of this particular category of nonlodgers that you said you did some sampling of? Can you tell us what income levels they are?

Mr Reardon—No, I do not have that detail with me. But we can certainly provide information to you.

Ms KING—Do you collect information about those specific nonlodgers?

Mr Reardon—We have some information on those that we sample.

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Review of Auditor-General's reports Nos 1-20 (2006-07)

**WEDNESDAY, 28 FEBRUARY 2007
CANBERRA**

Australian Taxation Office

Ms KING—I would be very interested to have that. Part of the reason that I am interested in that is that the ATO runs Tax Help and I have some general concerns about the ATO's commitment to Tax Help, having run it out of my office for the last five years. We have a large number of people who use that as their method of lodging returns, some not having done so for several years. I want to pursue a little bit of that. Does Centrelink collect any information? Do you have any data or information about the incomes, types or characteristics of people who are in that nonlodger debt category?

Response

The analysis of income levels of this category of non lodgers is not presently available. Analysis of the sample group is presently underway and will be provided as soon as possible.

As noted in our response to the ANAO's report, we fully support the need to develop an understanding of the circumstances surrounding non-lodger debt in order to develop strategies to reduce the incidence of non-lodger debt.

To this end we plan to undertake further analysis of this population, in conjunction with FACSIA and Centrelink in order to determine characteristics, including income levels. This will provide a platform from which a range of measures can be developed to address non-lodgment of income tax returns by FTB recipients. This analysis will also be provided to the Committee.