

**Parliamentary Joint Committee on Corporations and Financial Services**

**Inquiry into Corporate Insolvency in Australia**

**ANSWERS TO QUESTIONS ON NOTICE**

**Australian Taxation Office**

January 2023

**Agency:** Australian Taxation Office  
**Question No:**  
**Topic:** Value of info reported by Registered Liquidators to ASIC (illegal phoenixing)  
**Reference:** Written (22 December 2022)  
**Senator/MP:** Senator Deborah O'Neill

**Question:**

In its submission the ATO stated on page 8 that 'The importance of the information reported by Registered Liquidators to ASIC in relation to illegal phoenix cannot be underestimated. This information is integral to the effectiveness of our data fusion program and therefore in detecting illegal phoenix activity.' Other submitters have commented on the high costs of obtaining that information. How could the value of the information be estimated to enable some understanding of the benefit-cost tradeoff?

**Answer:**

In the 2019-20 Mid-Year Economic and Fiscal Outlook the ATO and ASIC were funded for the Combatting Illegal Phoenix measure, which included establishing better data sharing, data fusion and improved analytics capabilities between ATO and ASIC (the Data Fusion Program). Therefore, the Data Fusion Program is a relatively new functionality.

The value of information reported by registered Liquidators can be seen through its contribution to enhancing ATO phoenix risk models, which result in the improved detection of illegal phoenix activity and the identification of advisors that promote and/or facilitate this behaviour.

Registered Liquidator information provides the ATO with an ability to better identify those involved in illegal phoenix activity that seek to harm the Australian community, as well as untrustworthy advisors who exploit vulnerable businesses; it enables relevant action to be undertaken by the ATO and Phoenix Taskforce agencies to address this egregious behaviour. The information is beneficial to not only the ATO, but our State and Federal Phoenix Taskforce partner agencies; its utilisation is instrumental in creating a level playing field for all Australian businesses.

In the absence of this information, the ATO would need to revert to a series of manual processes to identify those exhibiting behaviours indicative of illegal phoenix activity. Any reduction in information would significantly reduce the effectiveness of both the ATO's and the broader Phoenix Taskforce response to illegal phoenix activity.

The ATO is unable to directly attribute the additional value from the Registered Liquidator data. However in 2021-22, as part of the Phoenix Taskforce, the ATO:

- completed 1,497 audits and reviews
- collected more than \$156 million in cash, contributing to government spending on essential services

- received more than 2,115 referrals of suspected illegal phoenix activity through the Tax Integrity Centre.

The Phoenix Taskforce agencies also:

- recorded five criminal convictions
- banned or disqualified eight directors from being involved in the management of a corporation
- shared 711 disclosures of information between agencies, helping identify those engaging in or promoting illegal phoenix activity.

More broadly, from the establishment of the Phoenix Taskforce in 2014 to 30 September 2022 the ATO has raised more than \$1.83 billion in liabilities from audits and reviews of illegal phoenix activities, returning more than \$874 million to the community.