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SUBMISSION NO. 8 - TRANSCRIBED COPY

131 Aitken Street
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20 October 1999

The Chairman and Members

House of Representatives Standing Committee
on Economic Finance & Public Administration

Ladies and Gentlemen

I dare not proffer this document on company letterhead, as it would probably increase unemployment in an industry which over the past 5 years has suffered significant reductions in numbers employed.

The barrow I have been pushing on deaf ears for some 20 years is the mandatory quoting of TFN's for beneficiaries of Trusts, be they Deceased Estates of All Other Types of Trusts. Deceased Estates enjoy some privileges, and probably morally so, provided they are not used as a vehicle to circumvent the intent of Legislation. However, with the introduction of Self-Assessment they perhaps have become a mode of abuse for the "smart" operators, who are familiar with the workings and limitations of ATO computer systems.

I read not long ago that Henry VIII made self-assessment work with deft use of the sword, perhaps we are more refined than our forebears, and can get it to work with modern technology. On Trust/Estate income tax return forms there is a field to declare beneficiaries TFN's, but it is voluntary, not mandatory.

Back in the bow and arrow days ATO Trust Assessors manually advised the Individual Assessors of trust distributions paid to say, Jo Blow whose address was Unit 1, Rialto Tower, 525 Collins Street, Melbourne, a cumbersome manual process prone to transcription error. From many conversations with ATO employees/assessors over the years I believe this was not an effective method of income tracing/matching.

Would it not be simple to make this field mandatory, and if the TFN is not disclosed for resident beneficiaries, assess the Trustee at the highest rate plus Medicare. This would be similar to the TFN provisions regarding interest and dividends, but I have taken it further by including a Medicare Levy.

I am proposing extending the TFN tentacles, and you could also consider one of the great remaining rorts, Solicitors Mortgage and other cash accounts under their control.

Whilst I am not overly pro ATO I am opposed to open abuse of the system, which due to "oversights" still favours those cunning enough to exploit weaknesses.

Yours sincerely

Peter John O'Connell

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(21 years in the Statutory Trustee Industry, the more moral part of the industry the ATO is currently trying to rein in through a clumsy long-winded method of divulging names and addresses on yet another ineffective report, which will require manual intervention)