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Australian Taxation Office

Commissioner's Statement

ATO submission to Joint Committee of Public Accounts and Audit
hearing: Wednesday 26 June 2013



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This eleventh submission to the Committee is my first as Commissioner and I welcome the opportunity to share my directions for the ATO.

I come to this position with more than 30 years experience working across a broad spectrum of business and tax matters. My experience has given me an appreciation of the issues faced by those interacting with the tax and superannuation systems, and a good understanding of tax policy and law and their practical implementation.

I am very fortunate to join an organisation with a rich history of over 100 years and am pleased to note comments from the Chair in the *JCPAA report 434: Annual public hearing with the Commissioner of Taxation - 14 September 2012*:

‘Considering this year’s review, the Committee found that the administration of Australia’s tax system remains robust’

Our response to recommendations in this report was provided to the Committee on 27 May 2013 (and also appears at Attachment A). Our progress towards implementing these recommendations is a demonstration of our commitment to continuous improvement and our collaborative approach to identifying issues and solutions.

In taking on the leadership of this organisation, I want to build on the reputation of the ATO as a trusted and respected administration both domestically and internationally. I have a higher goal in mind too, where the tax and superannuation systems are fair, efficient and sustainable for our nation.

The Second Commissioners and I have set out what we plan to achieve in the next year. To ensure that tax and superannuation are recognised and valued as a necessary part of our community, we must:

- simplify administrative requirements and make participation in the tax and superannuation systems as easy and seamless as possible
- ensure our services and communications match contemporary practices of business and governments
- use our expertise to influence policy and law design
- drive collaborative approaches on international taxation matters to ensure jurisdictions get their fair share of taxation, and
- build a results focused culture characterised by:
 - a sense of purpose and timeliness
 - a service ethic in both internal and external dealings
 - effective working relationships with government, agencies, small and large business, the tax profession, individuals and our employees
 - targeted consultation
 - streamlined business processes
 - sensible risk management
 - a professional and productive workforce

We have already made progress in these areas. Earlier this year we initiated work on three significant commitments: an integrated tax design function, a new independent review function, and new consultation and engagement initiatives.

The new integrated tax design function will draw on the ATO's insight and expertise to influence policy and law design. This function is on track to be implemented by 1 July 2013 and will sit in the newly established Law Design and Practice Group.

The integrated tax design function will allow the ATO to:

- provide valuable feedback and input to Treasury and government on new and existing laws
- engage early with the right stakeholders, at the right time, to contribute to tax policy and develop solution-based responses, and
- meet new challenges in a rapidly changing environment

We have committed to resolving disputes with taxpayers in a reasonable and timely manner. New independent review arrangements are being implemented in addition to the alternative dispute resolution approaches already being used. The new structure and processes to achieve this will take effect for large business income tax audits from 1 July 2013.

The independent review function will:

- give large business taxpayers an option for a 'fresh set of eyes' to consider how the law applies based on the facts provided to our auditors
- be undertaken by someone in our Law group, who has had no previous involvement in the matter
- address external concerns over a lack of transparency and independence, and
- assist in a planned reduction in the number of disputes and objections from large business.

We commissioned a review in January to establish effective and dynamic consultation arrangements that ensure the ATO consults with the right people, about the right issues, in a timely way. In practice, this means we are consulting to ensure we provide enduring benefits and add value to Australia's tax and superannuation systems.

From 1 July 2013 we will have a new consultation framework which reduces the current 68 consultative forums to eight (8) formal consultative committees that focus at the highest level on stewardship of the tax and superannuation systems. This group will comprise four (4) 'liaison groups' focusing on strategy and relationships through an audience lens (individuals, small business, large business and tax professionals) and four (4) 'advisory groups' that focus on the 'system in operation' by product or program (superannuation, GST, charities/not for profit and tax practitioners). This framework is in addition to managing stakeholder relationships in our usual way as part of our normal day-to-day work.

This new framework will:

- deliver consultative processes that are responsive, dynamic and take a holistic view of our interaction with people
- allow for participants, methodology and timeframe to be determined by the nature of the issue, and
- include an intelligence hub that will facilitate analysis of issues and development of enterprise solutions.

Since providing our response to last year's JCPAA report, we have received the Australian Public Service Commission's Capability Review report. This objective perspective is timely for me as a new Commissioner and further informs our direction. We agree with the review's findings and are currently developing our action plan to address suggested areas for improvement. Our action plan will focus on the priority areas of strategic planning, ICT efficiency and agility, building our future workforce, streamlining governance arrangements and improving our external connectedness. The report remains under embargo until released by the Public Service Commissioner later this year.

I hope to continue to have your confidence and that of other scrutineers. With that confidence, and my personal commitment to deliver improvements, I look forward to returning to next year's JCPAA and reporting beneficial changes.

Chris Jordan AO
Commissioner of Taxation

14 June 2013