

## Theme 3 – Policy Development

- 4.1 This chapter examines matters relating to policy development, including:
- Superannuation administration
  - Foreign investment and revenue leakage
  - The tax gap
  - Private rulings
  - The ATO's role in shaping legislation

### **Superannuation administration**

#### **Employer superannuation guarantee charge obligations**

- 4.2 The Committee asked the ATO about monitoring, auditing and prosecutions in relation to superannuation guarantee obligations on employers.
- 4.3 The Commissioner of Taxation replied that most employers do voluntarily pay their superannuation contributions, and that while complaints about superannuation not being paid were 'important', that they made up a low proportion on aggregate, making up only 0.17 per cent of the Australian workforce.<sup>1</sup> Further, it was noted that complaint levels related to the superannuation guarantee charge had been steady since 2007-08.<sup>2</sup>

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1 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 7.

2 Mr Peterson, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 8.

- 4.4 The ATO noted that of that 0.17 per cent of employees that lodged a complaint, approximately a third of complaints did not result in a liability being raised because there had been a misunderstanding, superannuation may have been paid into an account the employee hadn't looked at, or the employee was not eligible for superannuation.<sup>3</sup>
- 4.5 The Commissioner also reported on recent trends in casework and collection:
- Last year, in 2011-12, we had 19,440 complaints. That was up from about 18,000 in 2010-11. In 2010-11 we raised super guarantee liabilities of something like half a billion dollars, of which we collected just under \$300 million – \$291 million. We were able to transfer to employees \$269 million last year. This year, in 2011-12, which is the current closed year, we raised \$553 million in super guarantee. We are bringing back into the net half a billion dollars a year. We collected \$314 million and were able to put into employee accounts \$293 million. We did something like 11,000 cases to 30 June 2012. We also did some proactive work which bought in \$143 million in 2011-12.<sup>4</sup>
- 4.6 The ATO indicated that it had 711 full time equivalent employees on superannuation guarantee and choice initiatives, and that just under 250 of those employees were specifically engaged on superannuation guarantee audits.<sup>5</sup>
- 4.7 It was reported to the Committee that when the ATO started a complaint case relating to the superannuation guarantee, it would risk rate the employer by examining whether there had been previous complaints, whether the ATO had previously raised assessments, and the compliance history of the business. If the employer was rated anything other than 'low', the ATO would look at the complaint, and also all of the other employees across the business.<sup>6</sup>
- 4.8 The Inspector-General of Taxation reported that he had conducted a review of the superannuation guarantee back in 2010, titled *Review into the ATO's administration of the Superannuation Guarantee Charge*.<sup>7</sup>

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3 Mr Peterson, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 7.

4 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 7.

5 Mr Peterson, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 7.

6 Mr Peterson, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 8.

7 Mr Noroozi, IGT, *Committee Hansard*, Canberra, 14 September 2012, p. 8.

- 4.9 The Committee reviewed the recommendations made by the Inspector-General in his report<sup>8</sup>, and was pleased to see that, for the most part, these recommendations had been implemented.
- 4.10 Examining the three recommendations directed to Government, recommendations 2 and 3 were adopted, and recommendation 11 was adopted in part. As a result, it is now law that:
- employers report on an employee's payslip the amount of superannuation paid into the employee's account;
  - superannuation funds notify an employee on a quarterly basis if superannuation is not paid into an account; and
  - if a company fails and owes superannuation to employees, that the directors of the company are made strictly liable for the unpaid superannuation liabilities of the company.<sup>9</sup>
- 4.11 The Inspector-General of Taxation emphasised the value of the Government adopting his recommendation concerning payslip reporting, noting that it would bring potential superannuation payment irregularities to an employee's attention more quickly.<sup>10</sup>
- 4.12 However, the Inspector-General also cautioned about increased regulatory burdens for employers, noting the balance that needed to be struck:
- All of this needs to be balanced because with the tax system there are so many issues. When you start wanting all this extra reporting, you have the small business community then complaining that there is too much red tape. There is a very fine balance to be reached. For example, if I said that there should be more audits there, I am sure that the small business community might also have something to say about that. All of this is a delicate balance and there are not necessarily quick fixes.<sup>11</sup>
- 4.13 Examining the recommendations directed to the ATO, the vast majority of these were adopted. The one recommendation not adopted by the ATO
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8 IGT, *Review into the ATO's administration of the Superannuation Guarantee Charge*, March 2010, pp. 8-15.  
[http://www.igt.gov.au/content/reports/super\\_guarantee/superannuation\\_guarantee.pdf](http://www.igt.gov.au/content/reports/super_guarantee/superannuation_guarantee.pdf), (Accessed 10 October 2012)

9 Assistant Treasurer The Hon. Bill Shorten MP, *Government and Inspector-General of Taxation See Eye-to-Eye on Providing Strongest Ever Protection for Workers' Super*,  
<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2010/016.htm&pageID=003&min=brs&Year=&DocType> (Accessed 10 October 2012).

10 Mr Noroozi, IGT, *Committee Hansard*, Canberra, 14 September 2012, p. 8.

11 Mr Noroozi, IGT, *Committee Hansard*, Canberra, 14 September 2012, p. 9.

(recommendation 4), is however already largely occurring, and that other portions of the recommendation would require a reallocation of resources that would not be beneficial to the operations of the ATO.<sup>12</sup>

## Foreign investment and revenue leakage

4.14 During the public hearing, the Committee asked the Commissioner of Taxation whether there was revenue leakage out of Australia when foreign capital entered and exited the country, and whether the Australian tax system was being exploited by foreign sovereign or corporate structures.

4.15 The Commissioner replied that he was unaware of any circumstances in which this had occurred when involving sovereign structures, noting Australian laws dealing with capital inflows were complex and cover a range of contexts.<sup>13</sup>

4.16 He noted that in relation to capital gains tax, there was a foreign investment concession in terms of not having to pay capital gains tax except in relation to land-rich companies. Further, the Commissioner advised that international tax arrangements had been reviewed relatively recently.<sup>14</sup>

4.17 Looking at the issue of revenue leakage, the Commissioner noted there were always risks with dealings that occurred offshore or were conducted with offshore arrangements. He identified the role of the ATO as follows:

Our role is to work out whether or not there has been abuse of the existing law in some way, and we have seen arrangements that involve international legs that tried to apply situations that do not reflect the underlying economic substance of the transaction.<sup>15</sup>

4.18 The Commissioner also noted two recent public determinations that covered arrangements involving leveraged buyouts by overseas investors:

A leveraged buyout is when someone gets a big loan, buys out a shareholding in Australia and then divests some of the Australian

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12 IGT, *Review into the ATO's administration of the Superannuation Guarantee Charge*, March 2010, p. 10.  
[http://www.igt.gov.au/content/reports/super\\_guarantee/superannuation\\_guarantee.pdf](http://www.igt.gov.au/content/reports/super_guarantee/superannuation_guarantee.pdf),  
(Accessed 10 October 2012)

13 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, pp. 13-14.

14 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 14.

15 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 14.

assets and uses the proceeds to pay back that loan. Where they do it as a matter of business – this operates in terms of offshore private equity firms for instance – they do it on a regular basis and their modus operandi is to buy companies and divest of those companies in a short time, we have maintained our position that we think that is on revenue account. So they are liable to Australian tax if that occurs. What often occurs in some of these arrangements is that they try to take advantage of what benefits exist in terms of the treaty network around the world.<sup>16</sup>

- 4.19 The Commissioner concluded by noting that such ‘treaty shopping’ was subject to the ATO’s general anti-avoidance rules.<sup>17</sup>
- 4.20 The Deputy Inspector-General of Taxation noted that there was an inherent tension between what Australia wanted to do, and what other jurisdictions did, and that the aim was to try and reduce any overall tax that was unnecessary in cross-border transactions, and that there was always some tension in dealing with other jurisdictions to ensure that everyone perceives there to be a fair system and that there is a ‘fair game’ being played between jurisdictions.<sup>18</sup>
- 4.21 The Inspector-General noted that there was always going to be some revenue leakage in foreign transactions, but that there was a balance to be struck in considering these issues:
- ...at the end of the day you want to make sure that there is not leakage that is really hurting the country. But, on the other hand, as a Prime Minister of another country has said, we want the world to know we are open to business. So there is a delicate balance to be reached here.<sup>19</sup>
- 4.22 The Commissioner of Taxation agreed for the need for balance, and that Australia had to bear in mind the fact that it was an open, small economy in a global world, and that it was a capital-hungry country seeking to sell its resources, and it had to work within that context.<sup>20</sup>

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16 Mr D’Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 14.

17 Mr D’Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 14.

18 Mr McLoughlin, IGT, *Committee Hansard*, Canberra, 14 September 2012, p. 15.

19 Mr Noroozi, IGT, *Committee Hansard*, Canberra, 14 September 2012, p. 15.

20 Mr D’Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 15.

## The tax gap

- 4.23 The Committee has previously taken an interest in the tax gap. The tax gap can be defined as the difference between the amount of tax payable if there was complete compliance with tax laws in a defined period, and the amount actually collected for that period. There is no generally recognised formula for calculating the tax gap.

## Methodologies to measure the tax gap

- 4.24 The ATO reports a growing interest in measurement of tax gaps internationally, and that work is being done that may lead to better methodologies. Further, different countries favour different approaches. The United States focuses on non-filing, under reported income, and underpayment of tax. The United Kingdom takes a 'top-down' approach, comparing actual revenue with what might be expected from a comparison with national accounts. The ATO takes a similar approach when looking at indirect taxation.
- 4.25 It was unclear whether the ATO calculates a comprehensive national tax gap estimate.
- 4.26 The Commissioner informed the Committee that there had been some tax gap analysis conducted using a 'top-down' approach, in the area of the GST. He expressed optimism that this analysis would be made public in time, and that preliminary work had suggested the tax gap in this area was small compared to most modern countries, and that it was also trending downward.<sup>21</sup>
- 4.27 In relation to direct taxation, the ATO has started to use a 'bottom-up' approach, estimating components of the tax gap using surveys and administrative and operational data. The ATO indicates that it will continue to follow developments overseas with interest.<sup>22</sup>
- 4.28 The Inspector-General of Taxation advised that to do full tax gap analysis, random audits would need to be conducted to provide an untainted dataset, but noted this would have a significant impact on the Commissioner of Taxation's resources, moving resources from conducting audits that may raise some revenue to audits that would not be able to raise any revenue at all. However, the Inspector-General also noted the usefulness of tax gap analysis, and that even though gap analysis may

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21 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 4.

22 ATO, *Submission No. 1*, p. 24.

provide an imprecise figure, that some measure was better than no measure at all.<sup>23</sup>

- 4.29 The ATO noted the differences between gap analysis and the definition of the tax gap in Australia and other jurisdictions. It reported that in Australia, the term tended to mean people who didn't submit returns and operated in the cash economy, whereas many international measures included timeliness of lodgement and debt repayment, and the accuracy of returns. Further, Australia's system of full lodgement of returns for all income earners was not the case internationally. The Committee heard that to obtain a robust sample with which to do gap analysis, approximately 40,000 random audits would be required.<sup>24</sup>
- 4.30 The Commissioner also noted the work the ATO did with Treasury to forecast expected revenue. He advised that Treasury had models of the economy that were used to indicate the level of tax that should be collected, and that the ATO worked closely with the parameters created by this modelling.<sup>25</sup>

## Private rulings

- 4.31 The Committee has also previously taken an interest in the ATO's provision of private rulings. A private ruling sets out the Commissioner of Taxation's opinion about the way a tax law applies, or would apply, to a taxpayer in relation to a specified scheme or circumstance. The Commissioner of Taxation must administer the law in the way set out in the ruling, unless the ruling is found to be incorrect and applying the law correctly would lead to a better outcome for the taxpayer.<sup>26</sup>
- 4.32 The Committee asked about developments surrounding private rulings. The ATO replied that there had been a slight reduction in the number of private rulings sought recently, and that most businesses were happy with the guidance provided by the ATO. The Commissioner advised that private rulings were primarily used for cases that are genuinely contentious, but that the ATO had focused on improving its guidance materials:

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23 Mr Noroozi, IGT, *Committee Hansard*, Canberra, 14 September 2012, p. 16.

24 Ms Granger, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 16.

25 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 17.

26 ATO, *How to apply for a private ruling*, <http://www.ato.gov.au/businesses/content.aspx?menuid=0&doc=/content/34047.htm&page=2&H2> (accessed 12 October 2012).

We have a lot of guidance materials and we have stepped up practical plans and common-sense rules of thumb that most taxpayers follow and which usually get them the right sort of answer.<sup>27</sup>

- 4.33 The Second Commissioner noted there had been a major review and re-engineering of the private rulings process, as the ATO had struggled with timeliness of rulings, rather than quality, but that the process had yielded improvements in timeliness and maintenance of quality. She further advised that the ATO would prefer more people, if they required definitive answers, to use the private ruling system to secure certainty.<sup>28</sup>
- 4.34 The Committee was also advised that there tended to be more ruling requests when new provisions were enacted rather than when there were periods in which taxation legislation was relatively settled.<sup>29</sup>
- 4.35 The Committee asked whether private rulings were being codified, with the ATO advising:

Part of our process is to look at ruling requests from two angles. One is: is it telling us there is a need for education, or is there a risk that we will need to do further reviews? The preference is to opt for education if we can. [Secondly] ...is there something here that could be codified in a public ruling, a class ruling, or some other product. Rulings are not always the answer to what's being asked; sometimes it is something like a simple checklist, but it can be a whole range of things.<sup>30</sup>

## **The ATO's role in shaping legislation**

### **Increased consultation between the ATO and Treasury**

- 4.36 The ATO noted that a closer relationship with Treasury in discussing proposed tax legislation had yielded significant benefits:

I strongly believe our early involvement in policy and law design helps ensure that implementation and ongoing administration

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27 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 10.

28 Ms Granger, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 10.

29 Ms Granger, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 11.

30 Ms Granger, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 11.



issues, as well as compliance costs for the community, are taken into account during the development process.<sup>31</sup>

4.37 The ATO also noted the existing protocol between Treasury and the ATO had recently been revised to encourage greater cooperation and consideration of practical implementation during the law designing process. It was further noted that the protocol was consistent with a number of other government initiatives designed to support greater consideration of the implementation issues at the Cabinet stage of decision making.<sup>32</sup>

4.38 Mr John Malkovich, a long standing member on several ATO forums noted the benefits of greater Treasury involvement to understand the practical application of legislation:

...I talk to a lot of people who say: 'The last thing I feel like doing is sitting down and doing any books, reading brochures, or doing this. I just wish I didn't need to do it. What can we do to simplify it?' If Treasury heard that sort of feedback on what some of the hurdles are for small business people before anything becomes law, before it becomes policy and before the ATO needs to administer it that would help immensely. A lot of the time the ATO says 'We only administer it. There is only so much we can do,' and they go back to Treasury and say, 'What can be done?' But I think if it were done earlier on it would make things a lot easier.<sup>33</sup>

4.39 COSBOA reported to the Committee that it had noticed the increased coordination and cooperation between the ATO and Treasury, noting that Treasury was openly working through policy propositions to understand the practical implications of legislative changes, and that this visible liaison had contributed to marked improvements in outcomes for small businesses.<sup>34</sup>

4.40 In reply, the ATO noted there had been Treasury participation in the Commissioner's Small Business Consultative Forum, and that Treasury had found their involvement with the forum useful. Further, Treasury was involved as an observer at the National Tax Liaison Group meeting.<sup>35</sup>

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31 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 2.

32 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 10.

33 Mr Malkovich, *Committee Hansard*, Canberra, 14 September 2012, p. 23.

34 Mr Halton, COSBOA, *Committee Hansard*, Canberra, 14 September 2012, p. 21.

35 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 24.

- 4.41 The Second Commissioner reported that while Treasury was a comparably small agency, they had sought to consciously engage the ATO at senior levels, and had also started their own consultative forum to meet with key members of the tax industry for 'frank and confidential discussions' on key issues.<sup>36</sup>
- 4.42 The Tax Institute supported the remarks of the Second Commissioner, agreeing that Treasury had increased its consultation following a strategic review.<sup>37</sup>
- 4.43 The Commissioner of Taxation noted the importance of his role in relation to Treasury:

In terms of the advice, part of the role – and it is not a role associated with the application of the law to taxpayers – is to see how the tax provisions and the superannuation provisions are working on the ground. There is an implicit responsibility, albeit not under the independence rules, to advise Treasury and the government of the day about what we are seeing on the ground. That is a very strong and important role of the commissioner. When we play this role, we play it wearing a different hat; we play the role wearing a hat as an advisor to the government through Treasury on what we are seeing in the marketplace.<sup>38</sup>

## Government Response to Recommendation 2 of *JCPAA Report 426*

- 4.44 In its last report on tax administration, the JCPAA recommended that ATO notifications to the Government, either directly or through Treasury, on tax policy and legislative problems be made public within 12 months of submission, along with the Government's response. The Government responded, disagreeing with the recommendation, stating:

There is a significant risk that publishing ATO notifications to the Government about potential legislative problems could lead to uncertainty and confusion in the taxpaying community about how the ATO will administer the existing laws. Dialogue between the ATO, Treasury and the Government may canvass a range of issues

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36 Ms Granger, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 24.

37 Mr Jeremenko, The Tax Institute, *Committee Hansard*, Canberra, 14 September 2012, p. 24.

38 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 3.

which could colour the interpretation of the existing law and existing ATO published views.<sup>39</sup>

- 4.45 At his appearance before the Committee, the Commissioner was asked for his opinion on the Government response, with the Commissioner noting the matter was one for the Government, and that his statutory responsibility was to remain independent of decisions made by the Government:

The Australian system gives the Commissioner the opportunity to make those decisions with integrity in accordance with the law in a way that meets the statutory responsibilities that are on the Commissioner.

...it is my experience that this Government and successive governments have been very careful in not impeding the statutory independence of the Commissioner in relation to the application of the law to various taxpayers nor regarding the risk management choices that we make in terms of how we allocate our resources. I can state quite categorically that the level of independence in Australia is very strong and very rigorously protected.<sup>40</sup>

- 4.46 In considering the Government response further, the Committee inquired as to the volume of advice provided to government that could be considered to be technical, with the Commissioner replying:

The majority of them are of a technical nature, but they all build in terms of the ongoing legislative workload that a government might have. It would need to make choices in terms of whether or not it decides to accept advice that we provide through Treasury and when that can happen. Sometimes minor changes can take a long time. The more significant ones from the Government's perspective are done more quickly.<sup>41</sup>

## Committee Comment

- 4.47 The Committee remains concerned that failure to comply with the superannuation guarantee charge remains a problem for working

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39 Australian Government, *Australian Government Response to Joint Parliamentary Committee of Public Accounts and Audit report: Report 426 - Ninth Biannual Hearing with the Commissioner of Taxation Recommendations 2 and 3*, p. 2.

40 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 3.

41 Mr D'Ascenzo, ATO, *Committee Hansard*, Canberra, 14 September 2012, p. 4.

Australians. Ensuring employers pay into employee superannuation is of critical importance, as losing a job and finding no superannuation has been paid into an account has the potential to be devastating. However, the Committee notes that this remains an issue because of unaware or unscrupulous employers. The Committee was pleased to hear that complaints in this area had been steady, and compromised a small percentage of the Australian workforce.

- 4.48 The Committee notes the resources put in place to address superannuation guarantee charge issues, as well as the way in which the ATO deals with these issues, risk rating employers who have been subject to a complaint, and conducting further investigations when justified.
- 4.49 Additionally, the Committee notes the Auditor-General's statement that he was considering adding examination of the superannuation guarantee charge to his forward planning program.<sup>42</sup>
- 4.50 The example raised by the Inspector-General of Taxation surrounding payslip reporting of superannuation payments serves as a good example of the Inspector-General identifying systemic issues and recommending changes that assist all taxpayers.
- 4.51 Considering the positive reception of the recommendations of the Inspector-General of Taxation in his *Review into the ATO's administration of the Superannuation Guarantee Charge*, the implementation of the majority of recommendations, and the rationale behind the rejection of recommendation 4, the Committee is of the opinion that there is no need to specifically encourage further implementation of these particular recommendations.
- 4.52 With regard to the tax gap, the Committee would also like to see more work done on tax gap analysis. While the evidence presented to the Committee doesn't suggest that Australia has a significant tax gap, it would still like to see more work done in this area.
- 4.53 The Committee notes that requiring a sample of approximately 40,000 random audits would make comprehensive gap analysis difficult in several ways. However, the Committee does not believe that a large tranche of random audits is the only way to conduct some meaningful analysis of the tax gap.
- 4.54 The Committee wishes to see more information on gap analysis measurement in next year's submission, and resolves as follows:
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42 Mr McPhee, ANAO, *Committee Hansard*, Canberra, 14 September 2012, p. 8.

### **Recommendation 5**

**That the Australian Taxation Office examine tax gap methodologies to produce a comprehensive national estimate, and report to the Joint Committee of Public Accounts and Audit on the positives and negatives of these methodologies and whether implementation is practical.**

**That this report form part of the Australian Taxation Office's submission to the Joint Committee of Public Accounts and Audit's 2013 Annual Public Hearing with the Commissioner of Taxation.**

- 4.55 The Committee was pleased to hear that the ATO had done some tax gap analysis related to GST collections, and would like to see this document made public as soon as it is finalised.

### **Recommendation 6**

**That the Australian Taxation Office publicly release its tax gap analysis relating to Goods and Services Tax collections when the analysis has been completed.**

- 4.56 Looking at the issue of private rulings, the Committee was pleased to hear there has been some levelling of the playing field in the use of private rulings, with a move to guidance materials, rather than making determinations for individual taxpayers. While there is a place for private rulings, in the interests of openness, all taxpayers should generally be subject to the same provisions.
- 4.57 The Committee was also extremely pleased to see improved cooperation between the ATO and the Treasury on both revenue analysis and policy development. ATO involvement in evaluation of legislation allows for the practical implications of legislation to be considered, and should generally lead to better outcomes for Treasury, the Australian Taxation Office, and, most importantly taxpayers in general.
- 4.58 The recent adoption of a new protocol to provide a framework for working arrangements between the Treasury and the ATO provides an important formal mechanism to guide interactions between the organisations, and should support greater collaboration.

- 4.59 The Committee notes the response of the Commissioner of Taxation to its queries about the Government Response to *JCPAA Report 426*, and supports the statutory independence of the Commissioner of Taxation.
- 4.60 However, the Committee voices its dissatisfaction with the response made by the Government. Although the Government Response highlights the potential for taxpayer confusion, it fails to acknowledge or consider the potential benefits of transparency and showing the continuous improvements made to the tax system.
- 4.61 While the position of the Government is understandable, the Committee believes taxpayers can determine the difference between formal statements made by the ATO to taxpayers, and advice to Government from the ATO that may never become law. Further, the Committee believes that taxpayers would understand the risks involved in relying on information from the ATO that had not become law.
- 4.62 Further, the Committee notes the Commissioner's statement that the majority of advice provided to government regarding legislation is technical in nature.
- 4.63 However, at this stage, the Committee falls short of reiterating its recommendation, acknowledging the formal position of the Government on this matter. The Committee believes that the principles of increased transparency and demonstrated improvements should be further considered by the Government in relation to ATO notifications.