

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury

Australian Taxation Office

Additional Estimates 17 February 2005

Outcome 1

Topic: Number of audits resulting in disendorsements

Hansard Page: E70

Senator Mason asked:

Looking at the answers to questions I received last time, Mr Konza—and I thank you for them again—I understand that between 1 July 2000 and 8 June 2004 there were 162 Tax Office initiated revocations of the ITEC endorsement and 106 revocations of the DGO endorsement, and 35 to 40 of these entities lost their endorsement as a direct result of a full audit by the Tax Office. That is what you told me last year. Can you tell me how many audits the ATO conducted resulting in that number of disendorsements. In other words, how many entities were audited and got a clean bill of health?

Mr Konza—I would need to take that on notice. You understand that we are talking there about both income tax exempt and DGR. So there are two lots there. But we can take that on notice.

Answer:

The Tax Office initiated 477 endorsement reviews over the period from 1 July 2000 to 30 June 2004. The reviews covered both ITEC and DGR endorsements.

Previous advice that 35-40 endorsements were revoked as a consequence of these reviews understates the position. Those numbers relate to a single major project.

From the total of 477 reviews, 88 ITEC or DGR endorsements were revoked.

Accordingly, in 389 cases a decision was taken to allow then existing endorsements to remain on foot.

Also, post-endorsement revocation of ITEC and DGR status may flow from Tax Office activities other than audits or reviews. For example, in considering a DGR application it may be determined that the applicant and perhaps similar organisations are not entitled to other DGR or ITEC endorsements. In such cases the Tax Office would also revoke endorsements.