

# Senate Standing Committee on Economics

## ANSWERS TO QUESTIONS ON NOTICE

### Treasury Portfolio

#### Additional Estimates

23 – 24 February 2011

**Question No:** AET 150

**Topic:** Delayed Returns

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**Senator Xenophon asked:**

**Senator XENOPHON**—In terms of the amount that was paid by the ATO to taxpayers in interest for delayed returns, that is higher this year, isn't it, than it was in previous years? Is that the case?

**Mr D'Ascenzo**—I think that is the case. I think there are two large payments for two large companies in relation to the outcome of court decisions. You have to see interest in the light of adjustments to previous assessments through court processes.

**Senator XENOPHON**—Is it just that, or are more taxpayers being paid for delays?

**Mr D'Ascenzo**—We have further details there. Mr Butler might be able to give you more details. That has influenced the greater number. That is the significant material change.

**Senator XENOPHON**—Again, Mr Butler, I am happy for that to be taken on notice, unless you want to elaborate on it now.

**Mr Butler**—I will take it on notice, but generally speaking there were certainly more cases where taxpayers received interest because of the delays this time last year in processing returns.

**Answer:**

The following table provides the interest on overpayment (IOP) paid for current year\*\* income tax returns for the 2009, 2010 and 2011 (as at 28 Feb 2011) financial years.

	IOP payments 2008-09			IOP payments 2009-10			IOP payments 2010-11 as at 28 February 2011		
	Value-Current year Only** (\$)	Number of taxpayers	IOP rate* %p/a	Value-Current year Only** (\$)	Number of taxpayers	IOP rate* %p/a	Value-Current year Only** (\$)	Number of taxpayers	IOP rate %p/a
<b>Total</b>	<b>\$36,117,101</b>	<b>447,629</b>	<b>3.16</b>	<b>\$40,604,901</b>	<b>636,507</b>	<b>4.16</b>	<b>\$15,027,093</b>	<b>320,161</b>	<b>5.02</b>

\* IOP rate for 2009 and 2010 as at 30 June. IOP rate for 2011 as at 28 Feb 2011.

\*\* The term 'current year returns' refers to income tax returns for the financial year immediately prior to the applicable period, for example 2009-10 year returns are current year returns for the period 1 July 2010 to 30 June 2011.

It should be noted that as the above figures for the 2010-11 year are as at 28 February 2011, it is expected that the IOP value will increase over the remaining four months of the financial year.