

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Additional Estimates

23 – 24 February 2011

**Question No:** AET 152

**Topic:** Manual Keying

**Hansard Page:** E 39

#### **Senator Xenophon asked:**

**Senator XENOPHON**—There are some returns that you key manually; is that right?

**Mr Butler**—Very few, but there are some.

**Senator XENOPHON**—On notice, could you provide me with details of what percentage and number of tax returns were keyed manually for the 2009 and 2010 years and what do you envisage the level of any manual keying to be for this year?

**Mr Butler**—I will take it on notice. I am not sure how far we can go back accurately for manual keying.

**Senator XENOPHON**—I am just trying to get a sense of whether there is any difference in manual keying before the new system and post the new system. Presumably there would be less manual keying.

**Mr Butler**—Manual keying is a very small part of the work. Returns go through a system. They come out for exceptional review items. We know there are fewer exceptional review items in the new system than in the old system. In the old system our staff could only action one at a time; now they can do three or four at a time. We can give you the information about that, if that is of interest to you.

#### **Answer:**

Each year the ATO processes some 15 million income tax returns which are received via a number of electronic channels or lodged in a paper format. The following table provides the volume and percentage of original paper income tax returns that have to be manually keyed into the system.

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#### Volume of original paper income tax returns manually keyed

Financial Year	2008-09	2009-10	2010-11 <sup>1</sup>
Total original income tax returns received	16,482,840	14,959,883	15,367,471
Volume of original income tax returns manually keyed	1,484,000	1,288,628	1,133,699
Percentage of total original income tax returns manually keyed	9.00%	8.61%	7.38%

Some returns also require manual intervention by ATO staff during processing, for example where there is either a data or field mismatch. The volume of returns requiring this kind of manual intervention under the new system is about 10% of the returns which are processed each year. In the old system this was about 12% of returns.

In some instances, a return may require a manual assessment, rather than proceeding through the normal batch processing phase. Manual assessments are most commonly required in situations of financial hardship and the ATO has manually assessed 14,906 income tax returns in the new system since February 2010 when it was implemented.

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<sup>1</sup> Volumes for 2010-11 include actual volumes of received and manually keyed returns for the period from July 2010 to February 2011 and forecast volumes for the period from March 2011 to June 2011. The relevant percentages have also been calculated using figures inclusive of the forecast volumes.