

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question No: AET 153

Topic: Error Codes

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Senator Xenophon asked:

Senator XENOPHON—I want to go to the issue of error codes. We had a long discussion a couple estimates hearings ago about error codes. You indicated there were a number of error codes, or systems errors. For this year are there any error codes or system errors that are stopping or delaying the electronic processing of tax returns?

Mr Butler—There are always error codes in the system. Even the national taxpayer system was 30 years old. There were error codes. So there are, yes.

Senator XENOPHON—Could you supply some more details about the extent of that? How many hardship cases have there been in the 2009 year compared to the 2010 year, and how many are you expecting this year?

Mr Butler—I will take that on notice.

Answer:

Error Codes

There are no errors in the new system which prevent the processing of a return to be finalised. However, there are a number of different reasons why the processing of returns may be delayed or stopped. These are commonly referred to as error codes. For these returns manual intervention would be necessary for processing to be finalised.

Common reasons for a delay in processing are the date of birth or surname in a return is different to the previous year. A common reason for stopping the processing of a return is where there is a larger refund than in prior years.

About 10% of all returns require a manual intervention for processing to be completed. This is less than the old system where 12% of returns required a manual intervention. The processing of about 70,000 returns were stopped between 1 July 2010 to 28 February 2011 because of potentially fraudulent or over claimed deductions as well as returns where there were concerns about identity theft.

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Hardship

Following the implementation of the ATO new system, the ATO implemented a number of measures to mitigate the impacts of delayed refunds on the community. For example, in early 2010 new hardship processes were introduced including the introduction of electronic channels for taxpayers to make requests for early processing due to hardship. Further, the normal evidentiary requirements for those claiming hardship were relaxed.

The following table provides total hardship requests for the 2009, 2010 and current financial years.

Requests for Individual Hardship claims

	Individual Hardship claims*		
	2008-09	2009-10	2010- Feb 11
Total	360	4,402	3,107**

* Under standard ATO Hardship Guidelines, hardship status was not routinely available to non-individuals.

** From January 2011 non-individuals are able to apply for hardship, however individual and non-individual breakdown of figures is not available.

As hardship requests are reliant on personal economic and broader economic factors, the ATO is unable to accurately forecast likely numbers of hardship requests for future years.