Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question No: AET 25

Topic: BUSINESSES MAKING A TAX LOSS

Hansard Page: Written

Senator Ryan asked:

1. How much outstanding tax debt does the ATO expect to collect this financial year?

2. How much outstanding tax debt does the ATO expect to collect from small businesses with less than $2 million in annual turnover this financial year?

3. How much tax debt has the ATO written off?

4. How much revenue did the ATO expect to collect from unpaid tax debts at the beginning of the 2010-11 financial year?

5. How much revenue does the ATO expect to collect from unpaid tax debts at the beginning of the 2011-12 financial year?

6. How much revenue does the ATO expect to collect from unpaid tax debts at the beginning of the 2012-13 financial year?

7. Is this expected revenue included in the forward estimates?

Answer:

1. The amount of tax expected to be collected in 2010-11 that could be directly attributed to ATO debt collection action is approximately $13 billion. This is based on an estimate of collections, the inflow of new debt cases and additional debt on existing cases to date.

2. The ATO does not estimate debt collections for specific market segments such as small businesses.

3. In 2009-10, $1.7 billion of tax and superannuation debt was written off because it was either irrecoverable or uneconomic to collect. Some debts can, however, be re-raised where a taxpayer's circumstances change or there is a subsequent credit available.

4. At the beginning of the 2010-11 financial year, the amount of tax estimated to be collected in 2010-11, that could be directly attributed to ATO debt collection action, was approximately $12-14 billion. This is based on the level of collectable debt at the beginning of the 2010-11 financial year, available resources and debt collection activities planned for the year.

5. The ATO does not estimate debt collections beyond the current financial year. The estimate for 2011-12 will be produced at the beginning of that financial year.

6. The ATO does not estimate debt collections beyond the current financial year. The estimate for 2012-13 will be produced at the beginning of that financial year.

7. The Treasury has advised that forward estimates include estimated total revenue collections, projected from a historical revenue base that includes the result of ATO debt collection activity. While included in the revenue forecasts through this approach, debt collections are not separately identified.