

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**TREASURY**

**Australian Taxation Office**

(Budget Estimates 30 May 2006)

**Question BET-152**

**Topic: SUPER GUARANTEE--UNCOLLECTABLE AMOUNTS**

**Hansard Page: E83**

Senator **Sherry** asked:

—I have a bit more to go through, as well as on general tax. In terms of the figures that you have provided on notice about moneys wiped off and that you cannot collect, could you take on notice what is an average figure that is wiped off per year as uncollectible? The figures that you have provided vary so much. I appreciate what you did provide. There is no relationship with the period where the debt is outstanding. In one sense, your figures were a bit misleading, but not deliberately so. It gave the impression that, as I say, in 2000-01, there was \$3.8 million, and it jumped to \$84 million in December 2003 to June 2005. It looked like there was a massive increase in moneys wiped off. Could you work out an average figure for me that is wiped off per year?

*Mr D'Ascenzo—And some explanation of why the differential?*

**Senator SHERRY**—Yes. I suspect that the amount is going up, but it seems to me that the figures that were provided gave a somewhat skewed picture.

*Mr D'Ascenzo—It may be that it is just a backlog of write-offs all in one year for prior periods.*

**Senator SHERRY**—Yes, that is right.

*Ms Vivian—In terms of that increase, there are two elements that might help to explain it. Firstly, in 2003 the actual amounts we started recording started to include both the penalties and the GIC involved. Prior to that, the amounts had not. Secondly, from about July 2003 we started putting a lot more resources into quite specifically looking at superannuation guarantee debt and cleaning up the old debt. Up to that point, the focus on the debt had been more where the superannuation guarantee was part of a composite debt. That is another reason why you are seeing such a major increase in terms of debt write-off; cases are being cleaned up.*

**Senator SHERRY**—In taking that on notice, you might indicate for the periods the number of employers approximately—you know how reasonable I am; I would not hold you to the nearest employer—and the approximate number of employees for whom a debt has been uncollectible.

**Answer:**

- The average amount of Superannuation Guarantee Charge debt written off / awaiting write off\* per employer per year over the past five years is as follows:

| <i>Financial Year</i> | <i>Average Amount(\$)</i> | <i>Total Amount(\$M)</i> |
|-----------------------|---------------------------|--------------------------|
| 2000-01               | 1,405                     | 3.79                     |
| 2001-02               | 2,027                     | 5.35                     |
| 2002-03               | 2,083                     | 11.81                    |
| 2003-04               | 24,725                    | 48.57                    |
| 2004-05               | 21,223                    | 55.03                    |

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- The number of employers whose Superannuation Guarantee Charge debts were written off / are awaiting write off\* over the past five years is as follows:

| <i>Financial Year</i> | <i>No of employers</i> |
|-----------------------|------------------------|
| 2000-01               | 2,698                  |
| 2001-02               | 2,639                  |
| 2002-03               | 5,671**                |
| 2003-04               | 1,964                  |
| 2004-05               | 2,593                  |

- The number of cases written off / awaiting write off\* over the past five years has remained relatively stable.
- The debt write off process does not capture the number of employees involved when a Superannuation Guarantee Charge debt is written off.

\*The business system for Superannuation Guarantee was replaced in December 2003. The new system did not provide the same write off functionality. Records of cases that were determined as suitable for write off have been maintained to enable write off action to be taken when the required system functionality is provided.

The system functionality will be released in three stages. The first stage is currently undergoing final testing, and will allow for a percentage of held write off cases to be actioned, commencing late October 2006. The second stage is expected in November 2006 with release of the final stage expected in April 2007.

\*\* Result of increased focus on Superannuation Guarantee Charge debt in preparation for data migration to the new system.