

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 12
Topic: Income Tax Assessments
Hansard Page: Written

Senator Parry asked:

1. What is the normal turn around time on tax assessments?
2. Is the normal turn around time longer now than it has been in the past?
3. If so, are there any factors that you can point to within the ATO and its agencies that have caused this slow down?
4. Could you please list for the 07-08 and 08-09 financial years, by month, the number of tax returns processed in the following time frames:
 - Within 6 weeks of date it is lodged?
 - Within 8 weeks of lodgement?
 - Within 12 weeks of lodgement?
 - After 12 weeks of lodgement?
5. Regarding the above timeframes, are there any reasons for certain amounts of time being taken process tax assessments?
6. Are there any policies which dictate that assessments that provide for a refund of over \$4,000.00 are to be dealt with more slowly than smaller claims?
7. Of claims assessed for refunds greater than \$4,000, what is the average turnaround time?
8. What is the rate of interest paid on these payments that have suffered a delay?
9. Can you give me a quantum figure of the interest paid on tax refunds owing to taxpayers:
 - Between June 2008 and March 2009?
 - Between March 2009 and present?
10. Is any special consideration given to deceased estates, especially when an assessment turns up that there is a tax bill owing on the estate?

Answer:

1. In the 2008-09 financial year the average turnaround time was 8.2 days for individual electronic income tax assessments and 27.9 days for individual paper income tax assessments.

The turnaround times are within the service standard for individual electronic returns and paper returns of 14 and 42 days respectively.

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- The average turnaround time for individual electronic income tax assessments in 2008-09 was 8.2 days. This is largely unchanged from the 8.1 day turnaround achieved in 2007-08.

The average turnaround time for individual paper income tax assessments was 27.9 days for the 2008-09 financial year, as compared with 31.6 days for 2007-08.

- Turnaround times in 2008-09 are comparable to those for 2007-08 despite a substantial increase in individual income tax lodgments in 2008-09.
- The tables below provide information for individual income tax returns.

Individual tax returns processed in the period 1 July 2007 to 30 June 2008					
Month of Processing	Age Analysis of individual returns processed				
	Within 6 weeks of lodgment	Within 6 & 8 weeks of lodgment	Within 8 & 12 weeks of lodgment	More than 12 weeks after lodgment	Total
July	1,440,441	1,431	1,627	761	1,444,260
August	2,494,791	2,009	1,382	1,047	2,499,229
September	1,478,637	2,370	1,315	785	1,483,107
October	1,424,104	1,720	1,607	726	1,428,157
November	1,206,416	1,455	1,482	1,130	1,210,483
December	632,702	28,472	2,131	1,305	664,610
January	335,536	30,129	9,922	1,078	376,665
February	442,408	10,816	6,663	1,649	461,536
March	381,344	1,580	886	1,057	384,867
April	469,005	957	935	874	471,771
May	670,965	1,485	804	658	673,912
June	385,108	1,519	869	720	388,216
Total	11,361,457	83,943	29,623	11,790	11,486,813

Individual tax returns processed in the period 1 July 2008 to 12 June 2009					
Month of Processing	Age Analysis of individual returns processed				
	Within 6 weeks of lodgment	Within 6 & 8 weeks of lodgment	Within 8 & 12 weeks of lodgment	More than 12 weeks after lodgment	Total
July	1,775,712	3,759	2,436	662	1,782,569
August	2,651,845	3,192	2,297	1,093	2,658,427
September	1,918,777	4,584	3,502	1,393	1,928,256
October	1,544,416	6,418	4,400	1,818	1,557,052
November	1,433,137	11,943	6,457	3,703	1,455,240
December	691,165	10,048	4,159	3,281	708,653
January	303,105	3,874	14,041	6,745	327,765
February	467,098	16,428	38,414	16,448	538,388
March	678,642	8,989	4,101	8,226	699,958
April	618,625	1,252	1,373	2,153	623,403
May	692,005	1,103	811	1,135	695,054
June	348,052	378	309	373	349,112
Total	13,122,579	71,968	82,300	47,030	13,323,877

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5. The tables provided at the response to question four show a significant improvement in the number of returns processed within six weeks of lodgment and a significant upturn in the total number of returns processed.

There was an increase in overall lodgment volumes (1,168,241) for 2007-08 income tax returns as a result of the tax bonus payment initiative and there were 2,418,624 instances where incomplete and inaccurate data was provided by taxpayers, an increase of 403,239 over 2007-08.

Processing delays can occur as a result of managing lodgment peaks throughout the year, incomplete or inaccurate data being provided by the taxpayer and closure of the Tax Office due to significant public holidays.

Delays in processing high risk refunds can occur where further information is to be provided by the taxpayer.

6. There is no policy within the Tax Office of processing refunds over a certain dollar value more slowly.
7. For the 2008-09 financial year:
- the average turnaround time for an individual electronic income tax assessment which resulted in a refund of greater than \$4,000 was 8.6 days.
 - the average turnaround time for an individual paper income tax assessment which resulted in a refund of greater than \$4,000 was 31.2 days.
8. Between 1 April 2009 and 30 June 2009, the rate of credit interest paid on income tax refunds that are delayed by 30 days or more is 3.16 per cent (90 day Bank Accepted Bill rate).
9. For individual taxpayers between 1 July 2008 and 31 March 2009 - \$30,847,256.
For individual taxpayers between 1 April 2009 and 12 June 2009 - \$11,914,802.
The Tax Office is unable to narrow the data any further and the figures cited above represent interest on overpaid tax in a range of circumstances, including:
- the Tax Office taking more than 30 days to issue a Notice of Assessment on a tax return where the taxpayer is eligible for a refund
 - a taxpayer claiming certain credits after an assessment has been made
 - a taxpayer requesting an amendment to an assessment after they have paid, and that amendment reducing their tax liability, and
 - a taxpayer making a request for a refund of a credit amount to them and the refund occurring more than 30 days after the request.
10. After the death of a person, the executor or administrator of the estate stands in the place of the deceased to collect the assets and pay the debts of the deceased, including any tax.

When dealing with the tax debt of a deceased estate, the Tax Office's community first approach ensures that they work with the executor or administrator to find a solution that fits the individual circumstances of the estate and, where appropriate, the beneficiaries.