

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 136**

**Topic: Assistance for Small Business**

**Hansard Page: Written**

**Senator Bushby asked:**

1. Government has allocated \$100m to ATO to assist small business and other taxpayers.
  - a) What restrictions have been placed upon the \$100m?
  - b) Can this money be spent to fix problems within the ATO – departmental problems?
  - c) Has the Government provided the ATO with any other funding to address internal departmental issues?
  - d) Budget Paper 2 09-10 says that the \$100m allocated to the ATO to assist small business and other taxpayers has an estimated revenue outcome of \$56m. How was this calculated?

**Answer:**

a) The deterioration in economic conditions has directly impacted on the ongoing viability of businesses and other taxpayers, placing some of these in serious financial distress. To address the consequences of these impacts, the ATO has been allocated the funding to support small businesses and other taxpayers experiencing difficulties meeting their reporting and payment obligations.

Specific initiatives include:

- reducing red tape and administrative burden on the community through better access for and greater responsiveness to taxpayers experiencing severe difficulty in meeting tax liabilities
- increasing assistance and support for taxpayers and their intermediaries to finalise lodgment obligations and optimise voluntary lodgment compliance
- providing additional support for insolvency practitioners at a time when increased liquidations and bankruptcies are anticipated
- increasing assistance to community groups who provide financial counselling and other support to taxpayers
- ensuring earlier intervention and more tailored treatment for taxpayers
- establishing a dedicated ‘hardship service’ team to provide advice and assistance to taxpayers in regard to the non-pursuit of debt, debt release and debt waiver.

b) The money has been allocated as per the initiatives provided in (a).

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c) The Government allocated an additional \$80 million in the Budget to address the ATO's projected overspending for the 2008-09 year forecast last December. The ATO is implementing a range of strategies aimed at improving their budget management.

d) Budget Paper No 2 for the 2009-10 year states on page 390 that the measure is estimated to result in an additional \$29.0 million in revenue in fiscal balance terms over four years. This estimate comprises revenue that would be received from taxpayers who either would have lodged later (a timing difference in when revenue is recognised) or not lodged at all but for the additional support provided by the ATO. The debt assistance element of this proposal had no revenue consequences as the liability to pay tax had already been established.