

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 228

Topic: ATO Change Program - Release 3 #2

Hansard Page: Written

Senator XENOPHON asked:

1. Does the Government recognise the financial strain put on taxpayers as a result of this [ATO Change Program Release 3] debacle? People have been forced to live off credit cards, cancel surgeries, cancel holidays, etc.
2. On March 26, the Prime Minister said he would get Treasurer Wayne Swan to go on air on ABC Radio to talk about complaints received by individuals and small businesses with cash flow problems as a result of the tax refund delays. Has the Treasurer addressed this issue?

Answer:

The Government is aware that some taxpayers experienced frustration and annoyance when their income tax refund was delayed because the Australian Taxation Office (ATO) implemented a new system in February this year. I can advise that the ATO closely monitored delays in processing income tax returns and used significant additional resources to minimise the impact on the community and to ensure that people experiencing genuine financial hardship were receiving their refunds.

It should be noted that in a number of cases refunds can take longer to process because the ATO needs to scrutinise some returns to confirm the accuracy of information provided. For refunds that were delayed by more than 30 days, the law provides for the payment of interest and the ATO has paid and continues to pay interest on any delayed refunds.

The Government considered the most effective way to respond to the cash flow concerns of individuals and small businesses was to conduct a comprehensive review

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of the implementation of the Australian Taxation Office's Change Program. As such, the then Assistant Treasurer announced on 16 April 2010 that he had asked the Inspector-General of Taxation to carry out such a review. The then Assistant Treasurer subsequently released the wide-ranging terms of reference for this review in his media release number 65 of 19 April 2010. The terms of reference are:

In accordance with subsection 8(2) of the *Inspector-General of Taxation Act 2003*, I, Senator the Hon Nick Sherry, Assistant Treasurer direct you to conduct a comprehensive review of the implementation of the Australian Taxation Office's Change Program.

The review should include an examination of:

- (a) the impacts of the Change Program on taxpayers, taxpayer representatives and other external clients of the Australian Taxation Office;
- (b) the impacts of the Change Program within the Australian Taxation Office;
- (c) the resources used to implement the Change Program and whether these resources have been efficiently applied; and
- (d) any other related matters.

Submissions to this review closed on 7 June 2010.