

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 32

Topic: Service Standards

Hansard Page: Written

Senator Xenophon asked:

In the Estimates hearing on 1 June this year, the ATO stated that it will not meet its service standards for the 2011 tax year (that is, 1 July 2010 to 30 June 2011).

What steps has the ATO undertaken to ensure that the community, other government departments (eg Centrelink and CSA) and tax agents are aware of processing delays?

Answer:

Tax time 2010 was the first peak processing period in the ATO's new processing system, and the system proved it could cope with extremely large volumes of work.

During July and early August 2010 the ATO experienced some delays which meant some taxpayers did not receive their refunds within the ATO's usual service standards.

In particular, July 2010 performance was affected by:

- delays in processing electronically lodged tax returns until 9 July 2010 to test new software for Tax Time, and
- returns held in the 'Safety Net' until 23 July 2010, particularly those with Higher Education Loan Program, Student Financial Supplement Scheme obligations, and some Eligible Termination Payments.

Each year, the ATO prepares a comprehensive communication strategy to engage with the community, other government departments and tax practitioners in the lead up to, and during, Tax Time.

In 2010 the ATO ensured all stakeholders were aware of the progress of processing returns through:

- publishing regular online updates at www.ato.gov.au to inform the community of the progress of income tax return processing, and issues and common errors that may delay the processing of a return,
- providing regular briefings to representatives of professional associations regarding tax return processing performance, and

- notifying of scheduled outages and other issues on the ATO's Systems Maintenance and Issues page on www.ato.gov.au.

Throughout Tax Time 2010, the ATO regularly communicated with stakeholders including tax practitioners, Centrelink and Child Support Program to keep them informed of any issues or delays through existing channels of communication and engagement.

In preparation for Tax Time 2011 the ATO issued correspondence to tax practitioners in June 2011 outlining that:

- during the first few weeks of every Tax Time each year, the ATO checks early lodgments carefully to ensure that the system is operating as intended,
- the ATO plans to process 94% of electronically lodged income tax returns in 14 days and most of the balance will be processed in 30 days, and
- the ATO will be meeting weekly with tax practitioner representatives and will publish weekly online updates.

The ATO has an agreement with Centrelink, Child Support Program and the Department of Education Employment and Workplace Relations to keep them informed of the Tax Time 2011 deployment. Regular meetings will occur to determine appropriate responses if incidents arise.