

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 52

Topic: Safety net

Hansard Page: 105

Senator Xenophon asked:

Senator XENOPHON: I return to the issue of a safety net. I am happy for you take this on notice. Can you give the full extent of the safety net? My understanding is that it was used more widely than that.

Mr Butler: Not since July. In the initial deployment, we did, absolutely. But since tax time—

Senator XENOPHON: I see. But since July it has been quite limited?

Mr Butler: Absolutely, yes. We have put that information on our website, the sort of categories and cases that were held.

Answer:

The Safety Net provides the ATO with a capacity to manage the release of income tax assessments if there are any identified defects or potential impacts on the community. This functionality was developed prior to deployment of the Change Program Income Tax Release (implemented in January 2010).

The Safety Net functionality enables the selective 'trapping' of income tax return forms based on predetermined criteria. The primary reason for the Safety Net is to trap specific returns and enable ATO staff to verify or correct results before releasing income tax assessments. Other returns not stopped by the Safety Net continue to issue.

Deployment and governance of the Safety Net is managed through a formal process which evaluates alternative options and assesses impacts prior to its application. Once a Safety Net is deployed, this governance process includes a review point for the ongoing requirement for the Safety Net when volumes held reach a threshold of 5,000 or the Safety Net has been in place for four weeks, whichever occurs first.

The Safety Net is also used following the roll-out of updates to the system that processes income tax returns, which happens shortly before the end of each financial year. This is referred to as a Tax Time production pilot. For Tax Time 2011, the only planned use of the safety net functionality is for a period not exceeding seven business days to manage the controlled processing and verification of 2011 income tax returns.