

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

Supplementary Budget Estimates 3 November 2005

Outcome

Topic: Clearing houses

SBT-93 Hansard Page: E51(i)

Senator Sherry asked:

And the issue that arose with APRA and ASIC was that a lot of clearing houses, whilst they are part of super funds or part of life companies, are regulated, but there are many clearing houses that are not regulated by APRA or ASIC because they are not financial institutions as such. There is a potential issue there about compliance in the case of super, but I would have thought there is also some broader experience in the case of other contributions. Are you aware of any work generally by the tax office on clearing houses, aside from the super issues we have discussed?

Mr Carmody—I am not aware that it has come up as a major risk factor for us.

Senator SHERRY—Perhaps you could take that on notice and see if there is anything that you have available on that.

Answer:

The Tax Office has significant resources in the field undertaking audits that identify and escalate possible risks to the tax system. The Tax Office has undertaken audits where taxpayers have utilised the services of a clearing house. In each of these cases it was determined that the clearing house did not pose a mischief.

There are also dedicated sections within the Tax Office conducting analysis and identifying risk across a range of contributions which enables the Tax Office to effectively and efficiently administer the tax system.

Clearing houses are not as yet considered to be a risk to the tax system in general, and as such the Tax Office has taken a business as usual approach. The Tax Office has recently begun some initial research into clearing houses as they relate to the superannuation system. If risks do emerge the Tax Office will undertake appropriate action to address the risk.