

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Supplementary Budget Estimates 1-2 November 2006)

Question

SBT 105

Topic:

**HIGH-WEALTH INDIVIDUALS SETTLEMENTS –
REDUCED PENALTIES AND INTEREST**

Hansard Page:

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Senator Sherry asked:

In respect of the settlements of high-wealth individuals in the aggregate, are you able to inform the committee as to the reduced penalties and interest that may have flowed as a result of the settlements?

Mr D'Ascenzo—*I am not sure what records are kept in that sense. I can take that on notice.*

Senator SHERRY—*If anyone can find it before 8.30, I would appreciate it, otherwise you can take that on notice.*

Mr D'Ascenzo—*One of the problems with that side of it is that you only have penalty and interest posted after the assessment period, and some of these are done prior to assessment. In other words, as we go through an audit process, we then talk about the application of what the likely event might be. So sometimes it is hard to determine what the penalty might have been but for the settlement.*

Senator SHERRY—*In respect of the settlements of high-wealth individuals in the aggregate, are you able to inform the committee as to the reduced penalties and interest that may have flowed as a result of the settlements?*

Answer:

Penalties and interest are not 'reduced' in the sense contemplated in the question.

Penalties, along with primary tax, are sensibly determined in the settlement by consideration of the strength of the ATO's and the high wealth individual's case.

In determining an agreed "settled" result the Commissioner may, where he believes it to be fair and reasonable, remit that part of the interest where the circumstances justify the Commonwealth bearing part or all of the cost of the delayed payment.

Records are not kept of the estimated penalties and interest that might theoretically have been owed in settled cases had the Commissioner's position been unassailable.