

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Supplementary Budget Estimates 1-2 November 2006)

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Question SBT 97

Topic: SUPERANNUATION GUARANTEE AVERAGE WRITTEN-OFF

Hansard Page: E76

Senator Sherry asked:

Senator SHERRY—Okay. We have discussed the issues of the system's problems on previous occasions. The other issue involved a person who did receive their unpaid superannuation contribution from the ATO. However, the interest was not paid. Again, I can give you the name.

Ms Vivian—I am more than happy to follow that up if you want to provide us with the details.

Senator SHERRY—I will give you the correspondence. The core issue is that apparently she now has to now provide written documentary evidence of the lack of interest in order to collect it. That seems to me to be an odd process for her to have to go through, having received the money. You kindly provided some useful information in respect of super guarantee non-collection in an answer to question on notice BET150. It contains the total amounts that were written off in five financial years. In 2004-05, for example, it was \$55 million; in 2003-04, it was \$49 million; in 2002-03, it was \$12 million. They are not moneys that are uncollected. The amount of moneys uncollected in a year is much higher. These are quantum's that have been written off. One of the difficulties in providing the information is that moneys written off may have accrued over a period of time—a year, two years or three years. What I am trying to identify is the approximate level of money that is on average written off each year. The reason I ask this is that the figure for 2000-01 is \$4 million and the figure that you gave for 2004-05 was \$55 million. On the face of it, that looks like a dramatic increase. But there is the issue of the write-off being difficult to relate to one year—it may relate to a couple of years or it may go back eight years. Are you able to make a considered assessment about the average write-off in a given financial year?

Ms Vivian—We can certainly take that on notice. One of the issues for us has been that we have started doing some major work in this area over the last few years. That has combined with some systems issues. We have also moved from just including in those totals the amount of SJ to also including penalties and interest. Can we take on notice and see what we can provide?

Answer:

The Tax Office is not able to provide either a valid breakdown or a reliable estimate of write off amounts of Superannuation Guarantee Charge (SGC) by year of assessment.

In nearly all cases, the decision not to pursue SGC debt is made in relation to the total current debt. The Tax Office does not write off the debt for each year of assessment separately.

No further dissection of the yearly write off amounts previously advised in BET 150 is available.

The number and value of cases written off and the average value of these write offs vary from year to year. The rise in the number of write off cases in 2002-03 was due to an increased focus on these cases prior to the transition to a new computer system to support the new quarterly superannuation guarantee system.

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The increase in the value of write off cases since 2002-03 is indicative of:

- compliance activity that has continued to raise debt
- an increase in the value of SGC debt cases in more recent years, and
- an increase in the level of debt collection activity.