Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Supplementary Budget Estimates

21 – 22 October 2009

Topic: **Tax Returns**

Hansard Page: **Written**

Question: **sbt 6**

Senator PARRY asked:

1. What are the figures of interest payments made on tax lodgments that took more than 30 days for the financial years:

    a. 2005-06

    b. 2006-07

    c. 2007-08

2. Is there a policy/action plan in relation to the minimisation of interest paid out by the ATO for delayed tax assessments? (Is the interest paid a consideration when processing the tax assessments?/Is it a concern?)

3. Has there been a staff decrease for the area of the ATO that process tax assessments? If so, how many and what levels of staff?)

Answer:

1. In the financial years 2005-06 to 2007-08 the interest paid on overpayments and early payments was:

    (a) 2005-06 - $238 million
    (b) 2006-07 - $246 million
    (c) 2007-08 - $314 million

    These figures relate directly to overpayments and early payments for original income tax lodgments and amendments. ATO systems do not distinguish between the interest payable on delayed processing of original lodgments and interest payable on amendments.

2. To mitigate unnecessary payments of interest, the ATO identifies income tax lodgments from large clients (annual turnover of more than $100 million) and expedites the processing of these to reduce the likelihood of interest being incurred.

    Key client managers are assigned to large entities to improve service delivery and assist in timely processing of tax returns. They monitor the top 150 corporate groups and follow processes to minimise the amount of interest paid by the ATO. Where necessary, priority processing is given to tax returns to reduce the likelihood of interest being payable.

3. There has not been a decrease in the number of staff directly processing income tax returns, amendments and objections.