

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Australian Taxation Office
Supplementary Budget Estimates
22 October 2009

Topic: **BAS refunds being credited to accounts**

Hansard Page: **E31**

Question: **sbt 39**

Senator BUSHBY—In relation to BAS lodgements in 2009, have there been any instances where a taxpayer who was not under investigation by the ATO who was entitled to a refund has had their account put into credit instead of receiving their refund? Similarly, were there any taxpayers not under investigation by the ATO who were entitled to a refund but instead of receiving their refund were notified that their refund will be credited to their account with the ATO?

Mr Quigley—It is a part of the system that, if there are outstanding debts from one particular activity or revenue head and then there are credits that come in, they are offset against the existing debits. That is a normal part of what we call a running balance.

Senator BUSHBY—Is that the only instance when that would happen?

Mr Quigley—What was the first scenario?

Senator BUSHBY—Where a taxpayer not under investigation was entitled to a refund and instead of receiving a refund they had their account put into credit.

Mr Quigley—That is certainly not my understanding of how the system would work. That is not to say that there might not be special circumstances. I could take that on notice.

Senator BUSHBY—If you could take that on notice to see whether that actually has occurred with any taxpayers it would be much appreciated. In doing so could you explain why those taxpayers were not sent a refund, how many taxpayers were affected, what was the total amount that was credited to taxpayers' accounts rather than refunded and what effect that might have had on the ATO's cashflow?

Mr Quigley—Can I just clarify one thing. What period are you looking at?

Senator BUSHBY—Over the last financial year, the last 12 months.

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Answer:

There has been no instance where a taxpayer who was not under investigation and was entitled to a refund has had their account placed into credit without being notified.

There have, however, been instances where taxpayers that were not under investigation and who were entitled to a refund have been notified the refund will be credited to their account. This occurred when either:

- information necessary for the payment of the refund was missing or invalid, or
- the refund was pending transfer to another agency due to an outstanding debt.

For the period 1 July 2008 to 30 June 2009:

- 171,317 taxpayers were affected.
- Some 4.4% of total activity statement refunds were credited to the taxpayers' account rather than being refunded.

The amount of tax collected and refunded forms part of consolidated revenue but has no impact on overall ATO cash flow.

In circumstances where information is provided which was previously missing, and the refund does not issue within 14 days, the ATO is required to pay interest.