

SENATE STANDING COMMITTEE ON ECONOMICS QUESTION
(Supplementary Budget Estimates 20 October – 21 October)

Question: SBT 222

Topic: Audits undertaken with regards to sham contracting

Senator Cameron asked:

Senator CAMERON—What is the percentage of those audits where you had to take remedial action in terms of the taxpayer?

Mr Quigley—I have not got figures to say how many of those 1,263. There were particular adjustments that were made. I have only the average figure that I have provided to you.

Senator CAMERON—Would you not think that that would give you some idea, given that you have done these spot audits, as to what the proliferation of this problem is in the industry?

Mr Quigley—Certainly. I am sure we have that figure, but I do not have it. I will take it on notice.

Senator CAMERON—Can you take it on notice and provide me with that figure? (Question 1)

Mr D'Ascenzo—Can I just add that they are not actually spot audits. We actually do a prioritisation and risk assessment. So they are actually targeted audits and you would expect that there would be a high rate of conversion of those in terms of people not doing the right thing.

Senator CAMERON—Are you doing this across all industries?

Mr D'Ascenzo—We are highlighting some specific industries that are more high risk than others, such as the building and construction industry.

Senator CAMERON—Can you provide a list of those industries? (Question 2)

Mr D'Ascenzo—Yes, we can.

Answer:

1. Cases are selected for audit based on indicators of risk, therefore the results will not be typical of any industry or segment. For the 2009-10 year the ATO does not hold a record of the access where remedial action was required. However out of 294 field audits carried out to date this financial year (2010-2011), 38.7% (114 businesses) were found to be incorrectly treating workers as contractors, the workers should have been treated as employees for taxation and superannuation purposes. These businesses were advised of the correct way to treat their workers and arrears of superannuation guarantee were established.

2. In addition to building and construction, reviews have also been undertaken in the following industries: finance, logistics, services, tele-sales, retail, transport, education, health and aged care, restaurants and hospitality. We will review the tax and superannuation affairs of businesses in any industry where intelligence indicates sham contracting may be occurring.