

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Supplementary Budget Estimates

20 October 2011

**Question No:** SBT 3

**Topic:** Written off tax debts

**Hansard Page:** 120

**Senator XENOPHON:** I will put some other questions on notice about that, but I appreciate that. Can I just go to the issue of the writing-off of tax debts. If I could put this to the commissioner: in the Adelaide *Sunday Mail* of 24 September 2011 it was reported that tax debts worth a record \$5.45 billion have been written off by the Australian Tax Office and that this amount, according the report, amounts to a five-fold increase on the \$837 million deemed unrecoverable in 2007-08. Are those figures accurate, or broadly accurate, Commissioner?

**Mr D'Ascenzo:** I think in the year 2009-10 it was something like \$2.4 billion, but it did increase significantly. Mr Butler can be more clear.

**Mr Butler:** The debt written off in total in 2008-09 was \$2.2 billion; in 2009-10 it was \$1.7 billion and in 2010-11 it was \$3.8 billion. The drop in 2009-10 was reflective of the economic circumstances at the time, and we had taken quite an appropriate approach to work with small business people particularly to help them go on payment plans and things like that. So 2010-11 was actually quite a catch-up year, in a sense, and there was also one particularly large case, where the debt was uncollectable, that affected that figure as well. But the figures in that article that you read out are not correct in that sense.

**Senator XENOPHON:** But it has increased significantly from 2007-08, has it not?

**Mr Butler:** I do not have the 2007-08 figure with me but I believe it is in the same order, of that magnitude.

**Senator XENOPHON:** My figure indicates \$837 million, but if that is wrong you could take that on notice.

**Mr Butler:** I believe that is correct but I will take it on notice and confirm it.

#### Answer:

The amount of tax debt written off in 2007-08 was \$1.827 billion.

The amount of \$837 million is the impairment expense for taxation receivables in 2007-08 as reported in the ATO's financial statements for that year. The figure can be found on page 274 of the *Commissioner of Taxation's Annual Report 2007-08*.