

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20 October 2011

Question No: SBT 5

Topic: Pre-issue refund integrity (PIRI) checks

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Senator XENOPHON: I want to go to the answer on question on notice BT 33 about the PIRI check, the pre-issue refund integrity check, to be performed and I do appreciate the comprehensive nature of the answer. This is an important issue for small businesses in the time it takes to get their refund cheques back and I understand the integrity issues at stake. But it concerns me that only 37.6 per cent are finalised within 14 days, another 58.4 per cent are finalised within 30 days and there are still some 10 per cent that take more than 90 days to finalise. How many people do you have working on PIRI and are you satisfied with those standards?

Mr Quigley: There are integrity checks we undertake on these risky refunds.

Senator XENOPHON: Which is quite appropriate. But do you have enough people?

Mr Quigley: Yes, and that responded to that question on notice previously about those particular figures. I could give the process that we undertake if you like. We do keep the relevant taxpayer or their agent informed of what is going on, and of course if we do not issue refunds in the statutory time then under the law interest is paid.

Senator XENOPHON: Sure. How many staff do you have working on PIRI refunds?

Mr Quigley: I have not got that on hand. I could take that on notice.

Answer:

Pre-issue refund integrity checks are conducted, usually initiated by a telephone call to the taxpayer or their nominated tax agent, by the Refund Integrity branch of the ATO's Indirect Tax business line.

For the 2011-12 financial year, the Refund Integrity branch has 409 full time equivalent staff which is an increase of 24 staff, or 5.8% compared to 2010-11.

The number of staff allocated to resource this work is determined annually by a set of metrics that take into account:

- the projected number of cases that will be generated by the ATO's automated risk filters (risk based case selection process)
- the projected case volumes for each case type i.e. different case types are used to cater for the differing complexities of cases by allocating appropriate cycle and direct case times
- the estimated case time per case type – the average amount of time required to action the different types of cases based on historical data.

There will always be exceptions in regard to the length of time a case takes to action, and as detailed in Budget Estimates 2011 question on notice BET 33, the different factors that can lead to delays in finalising cases and subsequent release of refunds include:

- difficulties in making initial contact with the taxpayer or their representative in order to gather information and/or documentation to support their claim(s)
- taxpayers or their representatives not providing the requested information and/or documentation in a timely manner
- complexity of the issue(s) and/or the requirement to contact third parties to substantiate claims in some circumstances
- extended investigation timeframes essential to combat attempts to undermine the goods and services tax system where high risk cases are identified as potential fraud.