



Australian Government
Australian Taxation Office

Reply to
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13 April 2005

Mr Jonathon Curtis
Committee Secretary
Parliamentary Joint Committee on the Australian Crime Commission
Parliament House
Canberra ACT 2600

Dear Mr Curtis

Examination of the Annual Report of the Australian Crime Commission

Thank you for your invitation to make a submission to the Parliamentary Joint Committee on the Australian Crime Commission for the Annual Report 2003 – 04. The Commissioner has asked me to respond on his behalf.

The Australian Taxation Office (ATO) has a strong and effective working partnership with the Australian Crime Commission (ACC). This relationship is managed through the Serious Non-Compliance business line.

The Money Laundering and Tax Fraud Determination (MIDAS) is our principle means of cross agency interaction, building on the relationship developed through the earlier National Crime Authority Swordfish reference. I can confirm that during the review period staff were seconded from the ATO to work jointly with ACC on a range of MIDAS related issues.

In addition to confirming the information contained in the Annual Report I would like to highlight several elements of the interagency relationship during the review period, as indicators of an effective and developing relationship.

- A draft Memorandum of Understanding between the agencies was developed during the review period and was subject to review by the respective agencies. That Memorandum of Understanding has subsequently been finalised. The Memorandum of Understanding puts in place a framework for the timely communication and resolution of issues between agencies that arise in the course of our joint work.
- During the review period operation SPADA, a joint ATO/ACC investigation was brought to a successful conclusion in the criminal courts, resulting in custodial sentences for several parties involved in the marketing of a particular tax evasion scheme. During this operation ATO officers worked closely with ACC on the criminal investigation, extradition and litigation processes. The SPADA matter is believed to have had a significant deterrent impact within the community, and the tax scheme promotion industry in particular.

- Throughout the review period ATO has benefited from access to ACC produced Alerts, Information Reports, Assessments and Case Studies, in particular those pertaining to Identity Fraud and Credit Card Fraud. That information has been incorporated into various ATO risk assessments. ATO also acknowledges the opportunity to have had input into several of the Risk Assessments, through the Serious Non-Compliance Strategic Intelligence Capability.
- In addition to staff secondments pursuant to the MIDAS reference, ATO has also participated in the Financial Intelligence Assessment Team (FIAT) – a cross agency case assessment strategy concerned with the identification of suitable case for investigation.
- Although limited by taxation secrecy provisions in the information it can provide to the ACC Identity Protection Register, the ATO does analysis suspect identities provided to it from that Register.
- The ATO also continued to provide assistance to the ACC through the provision of information pursuant to the Section 3E provision of the Taxation Administration Act.

I would like to take this opportunity to acknowledge the current assistance being provided to the ATO by the ACC at both operational and strategic assessment levels in respect of several significant tax evasion investigations currently in their early stages.

The efficacy of the relationship throughout the review period is demonstrated by the significant recoveries pursuant to Proceeds of Crime forfeiture and Seizure and the raising of additional tax and penalty assessments, as highlighted at page 68 of the Annual Report, along with the significant deterrent impact of those matters once they are brought to trial.

I would be happy to provide further information to the Committee in support of this submission.

Yours sincerely



Michael Monaghan
Deputy Commissioner of Taxation