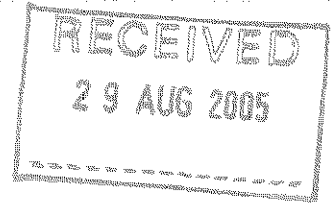




Australian Government
Australian Taxation Office

COMMISSIONER OF TAXATION



Parliamentary Joint Committee on The Australian Crime Commission
Parliament House
Canberra ACT 2600

Attention Mr Jonathan Curtis
Committee Secretary

PARLIAMENTARY JOINT COMMITTEE ON
THE AUSTRALIAN CRIME COMMISSION

REC'D: 29 AUG 05

FROM: ATO

AUTHORISED FOR PUBLICATION:

SECRETARY: [Signature]

Dear Mr Curtis,

Thank you for the opportunity for the Australian Taxation Office (Tax Office) to provide submissions to the Review of the Australian Crime Commission Act 2002.

The Tax Office has a close and robust working relationship with the Australian Crime Commission (ACC).

The ACC's Money Laundering and Tax Fraud Determination, referred to as Midas, is our principle means of cross agency interaction. The Midas Determination has a Financial Intelligence Assessment Team and the Gordian Task Force that are closely aligned with the determination. The Tax Office actively supports the Midas Determination via around 10 secondees (5 of whom are funded by the ACC), and through a small number of officers providing input to matters reviewed by the Financial Intelligence Assessment Team.

Earlier this year the Tax Office was invited by the Parliamentary Joint Committee to comment on the ACC's 2004 Annual Report and we were pleased to provide positive feedback on the achievements within the review period. Following is a summary of comments provided:

- A Memorandum of Understanding between the Tax Office and ACC exists. The Memorandum of Understanding identifies a framework for the timely communication and resolution of issues between agencies that arise in the course of our joint work.
- During 2003/04 Operation SPADA, a joint ACC/Tax Office 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 Tax Office secondees assisted the ACC on the criminal investigation, extradition and litigation processes. Operation SPADA is believed to have had a significant deterrent impact within the community, and the tax scheme promotion industry in particular.
- The Tax Office 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 Tax Office risk assessments. The Tax Office also acknowledges the opportunity to have had input into several of the Risk

Assessments, through our Serious Non-Compliance Strategic Intelligence Capability.

- In addition to staff secondments pursuant to the Midas Determination, the Tax Office also participates on the Financial Intelligence Assessment Team that is a cross agency intelligence and case assessment strategy concerned with the identification of suitable cases for investigation.
- The Tax Office continues to provide assistance to the ACC through the provision of information pursuant to the Section 3E provision of the Taxation Administration Act.
- Acknowledgement of the assistance being provided to the Tax Office by the ACC at both operational and strategic assessment levels in respect of several significant tax investigations.

Recently the Tax Office provided seven full-time secondees, funded by the Tax Office to Task Force Gordian, which is investigating and monitoring specific persons/groups of interest to establish if tax evasion and/or money laundering practices are occurring. It is possible that the Gordian Task Force may uncover a large range of illegal activities, including tax evasion, the treatments of which will require a significant number of officers with specific expertise.

Dealing effectively with those who choose to criminally attack the Australian Revenue system is a difficult task. In this technological era we are finding that criminal elements are extremely adaptive in pursuing their agendas.

Those involved in organised crime are usually also involved in money laundering, tax fraud and/or tax evasion. Similarly, tax fraud and evasion is often used as a platform to commit other crimes such as the money laundering of legal profits to avoid taxation obligations. These crimes usually involve multiple persons who orchestrate a series of complex financial structures to frustrate authorities.

There will continue to be criminal tax activity that the Tax Office will seek to address via a whole of Government approach. In the more serious and organised cases we will continue to seek involvement of the ACC to lead joint operations. The ACC's special powers and skills add a further dimension to these investigations.


The Tax Office has signalled its concern at the challenges posed to Australia's revenue system through the use of international tax schemes. These concerns have been borne out by the current Operation Wickenby, that has also confirmed that these schemes extend to potential criminal activity. Operation Wickenby has highlighted the level of expertise required to bring matters such as these to a successful conclusion. Our concern is that we see more rather than less of this type of activity being uncovered. Should this eventuate there will be questions about whether the resources available to the ACC will be sufficient to meet this challenge.

Irrespective of that, there is a need to continue to develop the skills of people charged with meeting the challenges posed by schemes of this type. This is true of all agencies involved, including my own. In this regard the Committee may like to examine the scope for implementing a multi-agency professional development program covering core activities such as computer forensics, criminal investigations, financial and intelligence analytics. Some initial work has commenced under the auspices of the Heads of Commonwealth Law Enforcement Agencies group.

The activities of the Midas Financial Intelligence Assessment Team are currently under review by the ACC. The Tax Office supports the review as we see a need to broaden the current major source of information being reviewed and we will play an active role in managing the capability.

In closing, the Tax Office is supportive of the role and performance of the ACC. We strongly support the continuing development of its role in ensuring a firm response to criminal attacks on Australia's revenue system.

Yours sincerely



Michael Carmody
Commissioner of Taxation

26 August 2005