

14 April 2009

The Secretary,  
Senate Community Affairs Committee,  
PO Box 6100,  
Parliament House,  
Canberra ACT 2600

Dear Sirs/Madams,

**Submission: Inquiry into Compliance Audits on Medicare Benefits**

**Referring to: Chapter 4. Administrative penalty. Page 29**

The administrative penalties suggested in the exposure draft are inadequate in relation to the seriousness of the illegal activities.

A more appropriate penalty regime would be based on recent Australian Taxation Office convictions for fraud.

Please find following copies of Australian Taxation Offices' Media releases relating to these convictions.

**Conviction 1:**

**Liverpool man jailed for GST fraud**

**Media release 2009/23**

A Liverpool man was today sentenced to five years and four months jail in the Campbelltown District Court for fraudulently claiming over \$130,000 in GST refunds.

Andrew Joseph Thorn, 26, was found guilty of 11 counts of obtaining property by deception, one count of attempting to obtain a financial advantage by deception and one count of dealing in proceeds of crime.

Over 2002 and 2003 Mr Thorn lodged 26 false activity statements for four companies that ceased trading within a few months and generated no income.

He claimed a total of \$114,586.92 in false GST refunds and attempted to claim a further \$17,323.

Tax Commissioner Michael D'Ascenzo said taxpayers who defraud the Commonwealth are involved in criminal activities.

"The risk of getting caught are very high and the consequences severe. It's not worth stealing from the community," Mr D'Ascenzo said.

"So far this financial year we have prosecuted 36 people for offences such as identity and refund fraud.

“We compare information from external sources against our own and monitor unusual and high value GST and income tax refund claims.

“Our procedures involve pre and post refund verification checks by telephone, visits to the businesses and contacting third parties.

“Those people who commit tax fraud are disadvantaging the majority of taxpayers who meet their tax obligations.”

In 2007-08 phone and field verification checks resulted in adjustments to 21,600 activity statements.

Thorn was ordered to pay a reparation order of \$114,586 and will serve three years jail before being eligible for parole.

## **Conviction 2:**

[Businessman jailed for GST fraud](#)

### **Media release 2009/22**

A Victorian businessman was today sentenced to three years and one day jail by the Victorian County Court for GST fraud of over \$400,000.

Darrel Victor Whitney, 42, of Latrobe Valley pleaded guilty to 39 counts of obtaining a financial advantage by deception.

The court heard that between 2001 and 2005, Whitney deliberately falsified his activity statements to include extra sales and purchases that were never made.

Tax Office checks uncovered the fraud and further investigations led to charges.

Tax Commissioner Michael D’Ascenzo said the sentence sends a strong message to the community that tax fraud doesn’t pay.

“Tax fraud ultimately affects everyone in the community by placing an unfair burden on honest taxpayers,” Mr D’Ascenzo said.

“We are continuing our strong focus on refund fraud by strengthening the tools and techniques we use to identify these transactions.”

Mr Whitney will serve 12 months before he is eligible for parole.