

Senate Economics Legislation Committee

Inspector-General of Taxation Bill 2002

Submission No. 1

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Attachments? No Attachments

CORPORATE TAX ASSOCIATION OF AUSTRALIA INC.
SUBMISSION TO SENATE ECONOMICS LEGISLATION COMMITTEE
INSPECTOR-GENERAL OF TAXATION BILL 2002



The Corporate Tax Association, which represents the taxation interests of some 114 of the largest corporate groups in Australia, is pleased to make this submission to the Senate Economics Legislation Committee in respect of the above Bill.

Although our primary focus at the present time is on implementation of Business Tax Reform measures, to which the Senate has made a substantial and on-going contribution, the CTA is, in general terms, supportive of the Government's initiative to establish an office of the Inspector-General of Taxation to strengthen the advice provided to Government in respect to matters of taxation administration and process.

Notwithstanding the highly commendable endeavours by both the community, and the business community particularly, and the Australian Taxation Office to implement the Government's tax reform program over the past few years, it is undeniable that the role of the ATO has expanded rapidly to encompass significantly more than its core activities of administration and collection of a wide variety of taxes and imposts levied by Parliament. That expansion has, we feel, come at a significant increase in costs to the taxpayer community who is shouldering a substantial, and ever increasing, burden in meeting compliance and administration costs associated with meeting its tax obligations.

Furthermore, the CTA has been concerned for an extended time that the self-assessment system has transferred too much of the risks associated with complying with those obligations away from the ATO and onto taxpayers, without the originally intended reductions in compliance and administration costs. Indeed, the ATO increasingly operates on a basis of transferring the risks of self-assessment to taxpayers whilst still requiring a true and full disclosure of all matters associated with a typical assessment system. That was not the basis on which the self-assessment system was intended to apply or was designed back in the early 1990's.

Whilst the CTA membership is comparatively small in absolute numbers, it does comprise the ATO's largest clients by value, and does have a relatively large volume of interactions with the ATO over any period of time. Despite profound improvements in consultations with affected stakeholders by the ATO, we continue to struggle to secure substantial and lasting reductions in compliance and administration costs imbedded in the current system.

We will continue to pursue our concerns with the Commissioner of Taxation, however we perceive that an office of the Inspector-General of Taxation would operate effectively as an independent advocate for taxpayers and as a source of advice to Government on such matters, subject to the following reservation and suggestions that were included in our submission to the Board of Taxation earlier this year:

- administrative matters should, as much as possible, be resolved by the ATO directly with affected taxpayers;
- written reports by the I-GT should be published, with suitable protection for taxpayer confidentiality;
- the I-GT role must be a statutory authority with broad investigative powers and access to information;
- the I-GT role should not overlap the Commonwealth Ombudsman role, particularly with respect to the handling of individual complaints;
- the scope of the roles of the I-GT may not need to be restrictively defined;
- the I-GT role must cover all taxes and imposts for which the ATO is responsible;
- the office of the I-GT must be adequately funded; and
- it is considered unlikely that a career public servant or former politician would be most appropriate to fill the I-GT role.

An individual with direct empathy and understanding of practical taxpayer experiences of dealing with the tax system would be highly beneficial for all stakeholders.

If required, we would be pleased to appear before the Committee to answer any further questions we can and to provide a business perspective on the operation of the proposed office.

Frank Drenth

(Executive Director)

7 November 2002