

Mr Rick Matthews  
Deputy Inspector-General of Taxation  
Office of the Inspector-General of Taxation  
Level 19, 50 Bridge Street  
Sydney, NSW 2000

3 March 2009

Dear Rick

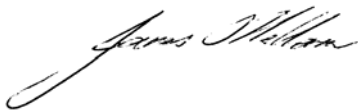
**Responses to matters raised from meetings held between the Office of the  
Inspector-General of Taxation and Tasmanian tax agents**

On 25 July, 8 September and 11 November 2008 I provided responses to some matters raised with your office from tax agents from Tasmania.

I am pleased to be able to enclose the final set of 3 responses (*refer Attachment A2*). To assist with collation we have left the matters grouped into various parts to compliment the previous responses.

Should you wish to discuss any matters arising from these responses please contact myself or Annamaria Carey, Assistant Commissioner on (02) 9374 8174.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'James O'Halloran', written in black ink.

James O'Halloran  
Deputy Commissioner

Encl

**RESPONSE TO LIST OF CONCERNS FORWARDED BY THE  
INSPECTOR GENERAL OF TAXATION**

Responses are divided into five parts:

- Part A      SYSTEM ISSUES**
  
- Part B      ACTIVITY STATEMENT SYSTEM AND INCOME TAX  
SYSTEM INTERFACE PROBLEMS**
  
- Part C      PHONE CALL ISSUES**
  
- Part D      CORRESPONDENCE ISSUES**
  
- Part E      GENERAL**

## **Part A        SYSTEM ISSUES**

### **1. Inability to update client lists**

Tax agents ask the ATO to take certain clients off their lists. However, the ATO is not doing so in all cases. Tax agents assume that this is because the ATO does not have any other postal address. For example, one agent received a “lost super” letter from a client that he had not seen in 9 years. This causes unnecessary inconvenience for tax agents. Tax agents ask that the ATO take clients off their lists when requested.

#### **Tax Office Response**

In regards to Lost Member superannuation correspondence issuing from the ATO, the information is sourced from the residential address held on ATO systems. The query raised therefore is a rare occurrence with possible causes being:

- At the time of lodgment an agent address was inadvertently inserted into the residential address field;
- An operative issuing a manual letter incorrectly selected an agent's postal address instead of sourcing the residential address as procedures direct them to.

This is not a situation which should have a high occurrence rate into the future as similar sourcing rules for residential address apply within the change program for lost member superannuation, which is now being administered via ICP.

## **Part B        ACTIVITY STATEMENT SYSTEM AND INCOME TAX SYSTEM INTERFACE PROBLEMS**

Nil responses outstanding.

## **Part C        PHONE CALL ISSUES**

Nil responses outstanding.

## **Part D        CORRESPONDENCE ISSUES**

Nil responses outstanding.

## **Part E        GENERAL**

### **2. Problems with member contributions statements**

Tax agents need to lodge a 15 page paper amendment for incorrect member contribution statements. Often the tax agent will not have all the information from the original MCS. Tax agents observe that the ATO takes about a year to process these requests and have observed many ATO mistakes – for example, effectively doubling the liability by adding the amended figures rather than replacing the original figures with the amendment. Further, the GIC is accrued in cases of wrong liability and the ATO refuses to automatically remit – asking the agent to lodge a request for remission. In the interim the ATO may also send out overdue notices even though the amendment has been lodged but not processed by the ATO. This all causes unnecessary time and unrecoverable costs for tax agents to correct.

Tax agents ask that ATO quickly and accurately process these amendments, flagging a stopper on any overdue notices and automatically adjusting or remitting the GIC.

#### **Tax Office Response**

The Member contributions statement (MCS) has undergone a number of substantial changes in the last few years. There have been recent changes to the legislation that governs MCS and the superannuation products that it supports. For this reason many of the comments made do not have current relevance - what may have been an issue for tax agents in the past will not be so now.

The small self managed funds, with which most tax agents would interact, no longer use the MCS but provide contributions information (only 1 page per member) in the new SMSF Annual Return. Lodgment and amendment requirements are now more clearly defined but are necessarily more rigorous than most tax returns given the additional regulatory nature of the return. As these arrangements are new, the Tax Office is keen to hear and learn more about how tax agents perceive the changes and what suggestions they have for further improvement.

Issues relating to assessments of superannuation surcharge have also been raised, but the surcharge has been abolished. As a result, for contributions after 1 July 2005, the number of surcharge assessments and amendments has declined to very low levels and the issues raised would affect very few tax agents.

If tax agents have specific examples of issues relating to the current MCS, the SMSF Annual Return or to surcharge assessment/amendments, it would be appreciated if they could provide details of the case to Tax Practitioner Services on 13 72 86, Fast Key Code 32 so they can be investigated and resolved.

### **3. Applying for a tax file number for migrants**

The ATO will not give a TFN to migrants until they have a work visa. However, there are delays in DIMIA processing work visas. Tax agents understand this. However, Centrelink will not give Medicare and child benefits to migrants until they have a TFN. These entitlements should not rely on the issuing of a TFN.

Tax agents ask that the ATO talk with Centrelink so that Centrelink no longer requires a TFN before providing Medicare and child benefits.

### **Tax Office Response**

To be effective, a claim for payment of the family tax benefit must comply with the statutory TFN requirement in section 8 of the *A New Tax System (Family Assistance) (Administration) Act 1999*. The Commissioner does not have the discretion to alter the requirement. Relaxing this would, therefore, require a law change.

Eligibility and enrolment for Medicare does not require a TFN to be quoted to Medicare Australia. The *Medicare Enrolment Application* is available at [http://www.medicareaustralia.gov.au/public/migrants/files/ma\\_3101\\_medicare\\_enrolment\\_application\\_form\\_011005.pdf](http://www.medicareaustralia.gov.au/public/migrants/files/ma_3101_medicare_enrolment_application_form_011005.pdf).