



Australian Government
Inspector-General of Taxation

Level 19, 50 Bridge Street
SYDNEY NSW 2000
GPO Box 551
SYDNEY NSW 2001

Telephone: (02) 8239 2111
Facsimile: (02) 8239 2100

PRESS RELEASE

INSPECTOR-GENERAL OF TAXATION ANNOUNCES TERMS OF REFERENCE FOR REVIEW INTO THE ATO'S LARGE BUSINESS AUDIT AND RISK REVIEW POLICIES, PROCEDURES AND PRACTICES

The Inspector-General of Taxation, Ali Noroozi, today released the Terms of Reference and Submission Guidelines for his inquiry into the ATO's large business audit and risk review policies, procedures and practices.

Mr Noroozi said, "During consultations on my work program last year, various large business and tax practitioner groups asserted that although audits and risk reviews are generally being finalised within the ATO's specified timeframes, the way they are being handled is not achieving the aim of trying to resolve issues and disputes as early as possible. The large business community are particularly concerned about how the ATO interacts and engages with them as taxpayers and believe that that the ATO is not resolving audits and risk reviews in the most efficient and effective manner."

In addition, the review will examine the ATO's use of its information-gathering and access powers and its application and remission of penalties and interest. Mr Noroozi said, "Large business and their advisers have expressed strong concerns about how the ATO exercises its powers in the course of an audit and the resulting financial and reputational impacts on them. Some have gone so far as to allege that these ATO practices can be tantamount to forcing taxpayers into a corner."

Mr Noroozi said, "All these aspects have the potential to cause unnecessary disputes and increased compliance costs. I intend to review these allegations, and any other related issues, to determine if the concerns are justified and whether the system could be improved."

The review will also necessarily consider the suite of ATO audit and risk review products, including Annual Compliance Arrangements and Forward Compliance Arrangements, to determine the best use of each product. Mr Noroozi said, "We are seeking to better understand large businesses experiences and their interactions with the ATO in relation to these products including the circumstances that one type of product should be employed over another and whether these products could be better tailored around particular taxpayers."

"I will also explore the optimal amount of information that taxpayers could provide as part of their annual tax return as a means of reducing the more intrusive information requests in risk reviews or audits. Clearly there is balance to be reached and taxpayer input on this issue is particularly important."

"I strongly encourage interested parties to use the Submission Guidelines in preparing their submissions. The Submission Guidelines are intended to provoke thought and indicate the kinds of

taxpayer experiences and related evidence that would be of assistance to the review. My aim is for balanced thinking on the issues to lead to better outcomes for both the tax administration and taxpayers alike” said Mr Noroozi.

The Terms of Reference and Submissions Guidelines for the review are available on the Inspector-General of Taxation website: www.igt.gov.au.

SYDNEY

17 November 2009

Contact: Ali Noroozi