



Australian Government
Inspector-General of Taxation

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

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

PRESS RELEASE

MORE ATO AUDITS UNDER IGT REVIEW

The Inspector-General of Taxation (IGT), Ali Noroozi, today announced terms of reference for his review into the Australian Taxation Office's (ATO) audits of high wealth individuals (HWIs) and small and medium enterprises (SMEs) with annual turnovers of between \$100 million and \$250 million.

In the last two years, the Government has allocated an additional \$559 million to enhance the ATO's audit focus on HWIs and SMEs, amongst other taxpayers. As a result, the ATO announced that over 4 years it will review all SMEs with turnovers between \$100 million and \$250 million. The ATO will also increase its compliance focus on HWIs.

"SMEs, HWIs and their representatives have raised concerns in relation to fairness and equity with the ATO's audits and risk reviews. These taxpayers have asserted that they incur significant unnecessary costs stemming from the wide scope of ATO information gathering requests and delays. They have also alleged that ATO audit staff lack sufficient commercial awareness and tax technical skills as well as engage in inappropriate conduct," said Mr Noroozi.

It has also been suggested that despite this additional funding, the ATO may not have sufficiently resourced its technical areas (such as the Centres of Expertise and Tax Counsel Network) to adequately deal with the increased workload that these compliance activities may generate for the ATO.

"This review will seek to establish whether taxpayer concerns about SME and HWI compliance activities are justified. It will examine the appropriateness of the ATO's resourcing, information gathering, initial compliance decisions, management of technical issues, project management and conduct in SME and HWI reviews and audits. This will provide a basis for conclusions to be drawn and recommendations of best practice for these compliance activities", said Mr Noroozi.

"I assure people that, where required, all submissions and identities will be kept strictly confidential and will not be disclosed to anyone, including the ATO. I strongly encourage interested parties to use the Terms of Reference in preparing their submissions. My aim is for balanced thinking on the issues to lead to better outcomes for both tax administration and taxpayers alike. Please outline both positive and negative aspects in responses," he said.

The Terms of Reference for the review are available on the Inspector-General of Taxation website: www.igt.gov.au. Submissions are due by 31 May 2010.

SYDNEY

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Media contact: Ali Noroozi