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PRESS RELEASE

INSPECTOR-GENERAL TO EXAMINE \$22 BILLION OF GST REFUNDS

David Vos, Inspector-General of Taxation, today released the Terms of Reference and Consultation Plan for his review into the ATO administration of GST refunds arising from the lodgment of Business Activity Statements.

Mr Vos said, “Last financial year, 14.5 million Business Activity Statements were lodged with the ATO. Of these, 12.7 million were debit BASs raising approximately \$124.8 billion dollars of revenue while the remaining 1.8 million BASs represented refunds of approximately \$22.8 billion. The ATO states it has exceeded its performance standards by processing 94% of refunds within 14 days—but that still leaves 110,000 refund claims every year not processed within the time frame.”

The review has arisen from the issue being raised by taxpayers and their representatives as a key concern throughout the Inspector-General's scoping study.

The Inspector-General stated, “This review will determine whether the Commissioner of Taxation is striking an appropriate balance between protecting the revenue from mistaken or fraudulent refund claims and the necessity of maintaining cash flows for businesses and other entities by expeditiously issuing GST refunds.”

The legislative framework supporting the GST system requires the ATO to process all GST refunds arising from activity statements within 14 days or else pay interest to affected taxpayers. Mr Vos said, “Cash flow is critical to the survival of any business. This issue affects both small business and the big end of town. The ATO's handling of \$22B of refunds has a dramatic effect upon thousands of Australian businesses. Clearly the ATO has a responsibility to investigate suspect BASs, but it also has a responsibility to promptly pay legitimate claims.”

“I am actively seeking community feedback for this review” said Mr Vos.

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

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