



**Australian Government**  
**Inspector-General of Taxation**

**PRESS RELEASE**

**INSPECTOR-GENERAL TO EXAMINE  
REVENUE BIAS IN PRIVATE BINDING RULINGS**

David Vos, Inspector-General of Taxation, today released the Terms of Reference and Consultation Plan for his review into the Tax Office's potential revenue bias in private binding rulings involving large complex matters.

The Minister for Revenue and Assistant Treasurer has asked the Inspector-General to examine whether there is a pro-revenue bias in private binding rulings issued by the Tax Office. Taxpayers and their representatives have also raised key concerns with the Tax Office's approach to determining those private binding rulings involving large complex matters.

The Inspector-General stated, "This review will examine the evidence and extent of any revenue bias in the Tax Office's dealing with private binding rulings. It will examine the basis for any perception of such a revenue bias. It will also examine the Tax Office's governance measures aimed at preventing a revenue bias from arising."

Mr Vos said, "Taxpayers and their advisers tell me that a pro-revenue bias exists in private binding rulings involving large complex matters because the Tax Office provides unfavourable rulings, delays or refuses to rule in these cases. The Tax Office tells me that most rulings are favourable and that delays and refusals are generally due to applicants not making full and true disclosures in their application. It claims it has adequate processes and checks to prevent a revenue bias."

"The private binding ruling system provides binding Tax Office advice on how it will administer the income tax laws in a taxpayer's specific arrangements. This advice stops the Tax Office from later assessing a taxpayer's affairs inconsistently with that advice, provided the taxpayer implements the arrangements in accordance with that advice."

"We are told that there are over 10,000 applications for private binding rulings each year but only 3 per cent of these involve large complex matters. The vast majority of applications involve simple issues or non-controversial views of the law."

Mr Vos said, "Certainty of the Tax Office's application of the tax laws is an important aim of the private binding ruling system. However, taxpayers must be confident that the Tax Office objectively determines private binding rulings. In our review, we will be examining the concerns of taxpayers and their representatives on these matters and the extent to which they are valid."

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

The Terms of Reference and Consultation Plan for the review are available at [www.igt.gov.au](http://www.igt.gov.au)

SYDNEY 25 August 2005  
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