



**Australian Government**  

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**Inspector-General of Taxation**

**FOLLOW UP REVIEW INTO THE TAX OFFICE'S IMPLEMENTATION  
OF RECOMMENDATIONS INCLUDED IN REPORTS PREPARED  
BY THE INSPECTOR-GENERAL OF TAXATION  
BETWEEN JUNE 2006 AND OCTOBER 2008**

**Terms of Reference and Consultation Plan**

This document contains the terms of reference for the follow up review which will be undertaken into the Tax Office's implementation of agreed recommendations included in reports prepared to date by the Inspector-General of Taxation between June 2006 and October 2008. It also outlines how the Inspector-General proposes to consult the community on this review.

**Background**

As of October 2008, the Inspector-General of Taxation had completed the following reports on systemic tax administration issues identified through consultation as relevant to stakeholders:

- *Review of Tax Office Management of Complex Issues - Case Study on Service Entity Arrangements* (publicly released 24 April 2007)
- *Review of Tax Office Management of Complex Issues - Case Study on Living Away From Home Allowances* (publicly released 10 May 2007)
- *Review of Tax Office Management of Complex Issues - Case Study on Research and Development Syndicates* (publicly released 16 August 2007)
- *Review of the Potential Revenue Bias in Private Binding Rulings Involving Large Complex Matters* (publicly released 25 February 2008)
- *Review of the Tax Office's administration of GST audits for large taxpayers* (publicly released 11 June 2008)
- *Report on improvements to tax administration arising from the Inspector-General's case study reviews of the Tax Office's management of major, complex issues* (publicly released 29 October 2008)

Included in each of these reports are recommendations, agreed by the ATO, that seek to improve administration of the tax laws in Australia. It is now appropriate to determine how the Tax Office has responded to these reports.

## **Terms of Reference**

In accordance with subsections 8(1) of the *Inspector-General of Taxation Act 2003*, the Inspector-General conducts the following review.

The Inspector-General will investigate to what extent the Tax Office has implemented the recommendations included in the above mentioned reports. Particular attention will be given to:

- evidence of timely implementation;
- Tax Office systems used to monitor implementation and to report progress to senior management;
- processes adopted by the Tax Office where relevant to communicate to taxpayers changes brought about by the implementation of the recommendations;
- determine whether the Tax Office has addressed systemic issues identified in the reports.

The Inspector-General will also review the timeliness of publication of Decision Impact Statements by the Tax Office following on from his recommendations in the 2006 report *Review of Tax Office management of Part IVC litigation*.

Furthermore, the Inspector-General's findings regarding the implementation of recommendations from the 2008 report *Review of the Potential Revenue Bias in Private Binding Rulings Involving Large Complex Matters* will also form part of his current review into the Tax Office's administration of private rulings.

## **Consultation Processes**

The Inspector-General will:

- publish a copy of the terms of reference for this review on his website at [www.igt.gov.au](http://www.igt.gov.au); and
- request the Commissioner of Taxation to provide information and/or documents relevant to this review.