



Australian Government
Inspector-General of Taxation

UPDATE TO THE IGT's 2009/10 WORK PROGRAM

In the IGT's work program for 2009/10, which was released in March 2009, one of the reviews listed was:

- *Review into the efficiency of the ATO's compliance and regulatory approaches to Self Managed Super Funds (SMSFs).*

In May 2009 the Government announced a wide ranging review into the governance, efficiency, structure and operation of Australia's superannuation system, known as the Super System Review. Given this wider Government review, the IGT has decided not to proceed with a review into SMSFs at this time.

Instead, the IGT is currently considering undertaking the following review:

- *Review into the ATO's administration of class rulings.*

Concerns about class rulings were raised in a number of the submissions that were made to the IGT's current review of the ATO's administration of private rulings. However, the IGT was not able to consider these concerns about class rulings during this other review, as class rulings are not issued as private rulings, but as public rulings.

These concerns were that:

- class rulings sometimes take too long to issue and sometimes are not issued at all;
- ATO processes for dealings with class rulings are not well known to taxpayers;
- ATO processes for class rulings can involve poorly targeted requests for information;
- there can be communication issues between the ATO and taxpayers during the class rulings process. For example, taxpayers asserted that the ATO can be reluctant to communicate early in the class ruling process that it has changed its view on the application of the law to arrangements of the kind being considered in the class ruling; and

- there can be ATO delays in establishing agreed facts or in establishing the correct view of the law that is to be applied to those facts.

This review will supplement the IGT's current review on the administration of private rulings and will seek to establish whether taxpayer concerns about class rulings are justified. It will examine the management of selected class rulings with a focus on important milestone events and the underlying issues and behaviours. It will consider if ATO behaviours and decision-making processes are leading to extended timeframes. This will provide a basis for conclusions to be drawn and recommendations of best practice in the handling of class rulings.

The terms of reference and submission guidelines for this proposed review will be announced shortly.