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Australian Government
Inspector-General of Taxation
Taxation Ombudsman

Opening Statement by Karen Payne (IGTO) to Senate Economics Legislation Committee

Budget Estimates Hearing 2020-21

26 October 2020

The Inspector-General of Taxation and Taxation Ombudsman (IGTO) acknowledges that these are challenging and globally unsettling times for all Australians - mentally, physically, personally, professionally and commercially – whether you run a family, a small business or a large multinational business. The ability of Australian communities to work together has never been more important and we appreciate that it is important for everyone to perform at their best.

One of the roles that we perform is to assist and assure taxpayers, especially small business - individuals and entities - that their experience in the tax system is a fair one. And, if it is not a fair one, we exercise our statutory powers to appropriately engage with tax officials and independently mediate action which will restore the balance of fairness. This is an important role which builds community trust and confidence that Australia's taxation and superannuation systems are operating as intended, and are being administered:

- Correctly;
- Fairly;
- Consistently; and
- in a manner that it is understood and accessible by all taxpayers and tax practitioners

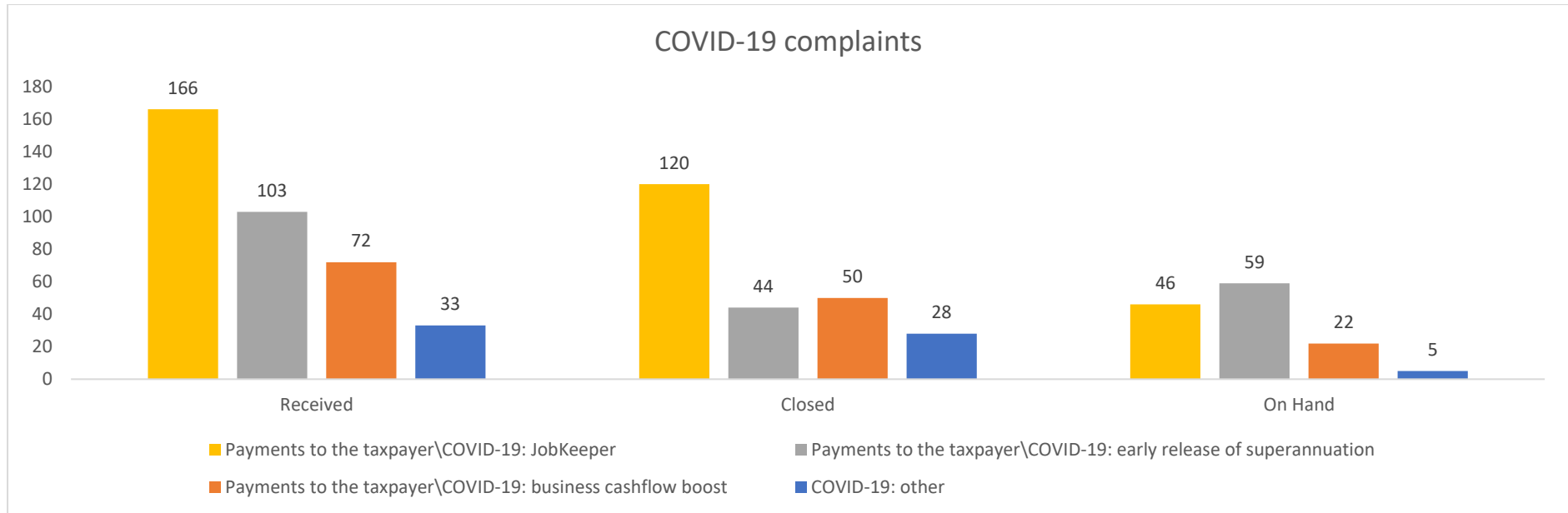
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The IGTO's assistance in achieving these objectives is perhaps even more critical when the tax system delivers financial assistance to the community. The IGTO has been playing an important role in helping Australians to navigate these very disruptive times, especially in accessing the economic stimulus measures introduced by the Government and passed by the Australian Parliament.

Since March, our team has been busy:

- helping individuals and small businesses resolve their concerns with adverse ATO actions and decisions that they could not resolve with the ATO directly;
- helping new small businesses with access to the Jobkeeper measure so they may continue to trade, by engaging directly with senior ATO executives to clarify technical views, improve guidance to ATO staff and obtain ATO commitments to reconsider its decisions;
- helping established businesses to access the Cash Flow Boost payments when they were overlooked by the ATO due to simple mistakes they made on their Business Activity Statements (BAS); and
- assisting individuals who were unsuccessful in accessing their superannuation to help them with the necessities of life. Many made simple mistakes in their application form or relied on pre-populated information.

We have provided some further details below in relation to the complaints that we have received about COVID-19 support measures and the manner in which we have assisted those taxpayers.



A selection of remedies and outcomes achieved for finalised (closed) Covid-19 complaints

Where *no investigation* was required to resolve the complaint

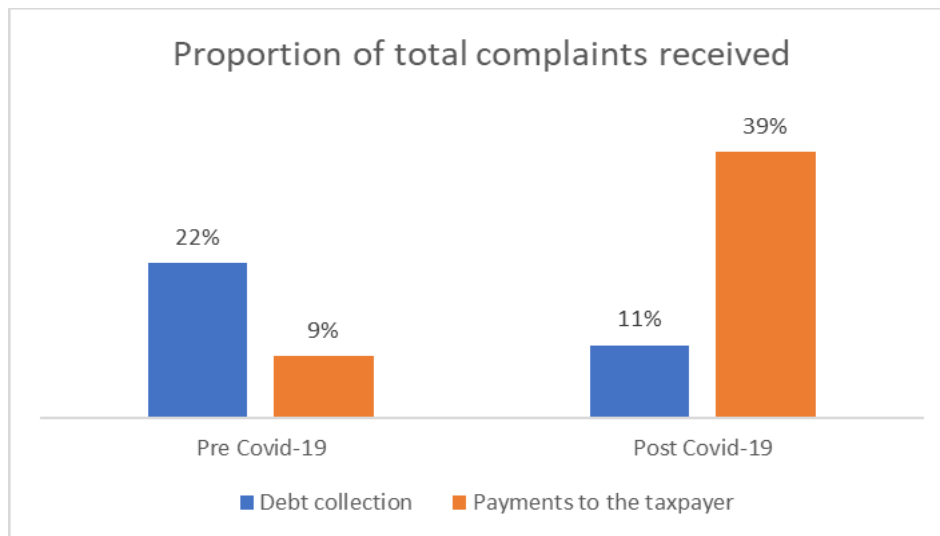
<i>We assisted by</i>	No.
Providing information to address concerns	75
Helping people direct their concerns to the appropriate agency	37
Providing feedback to the ATO	11
Providing a better explanation of what had occurred	2

Where *an investigation* was required to resolve the complaint

<i>We assisted by</i>	No.
Expediting resolution of the matter	31
Providing a better explanation of what had occurred	21
Obtaining an ATO commitment to reconsider the matter	12
Having the ATO change its decision	9
Obtaining an apology for the complainant	9
Having the ATO release the complainant from debt	3
Providing independent assurance	3
Facilitating a change to ATO IT system	1

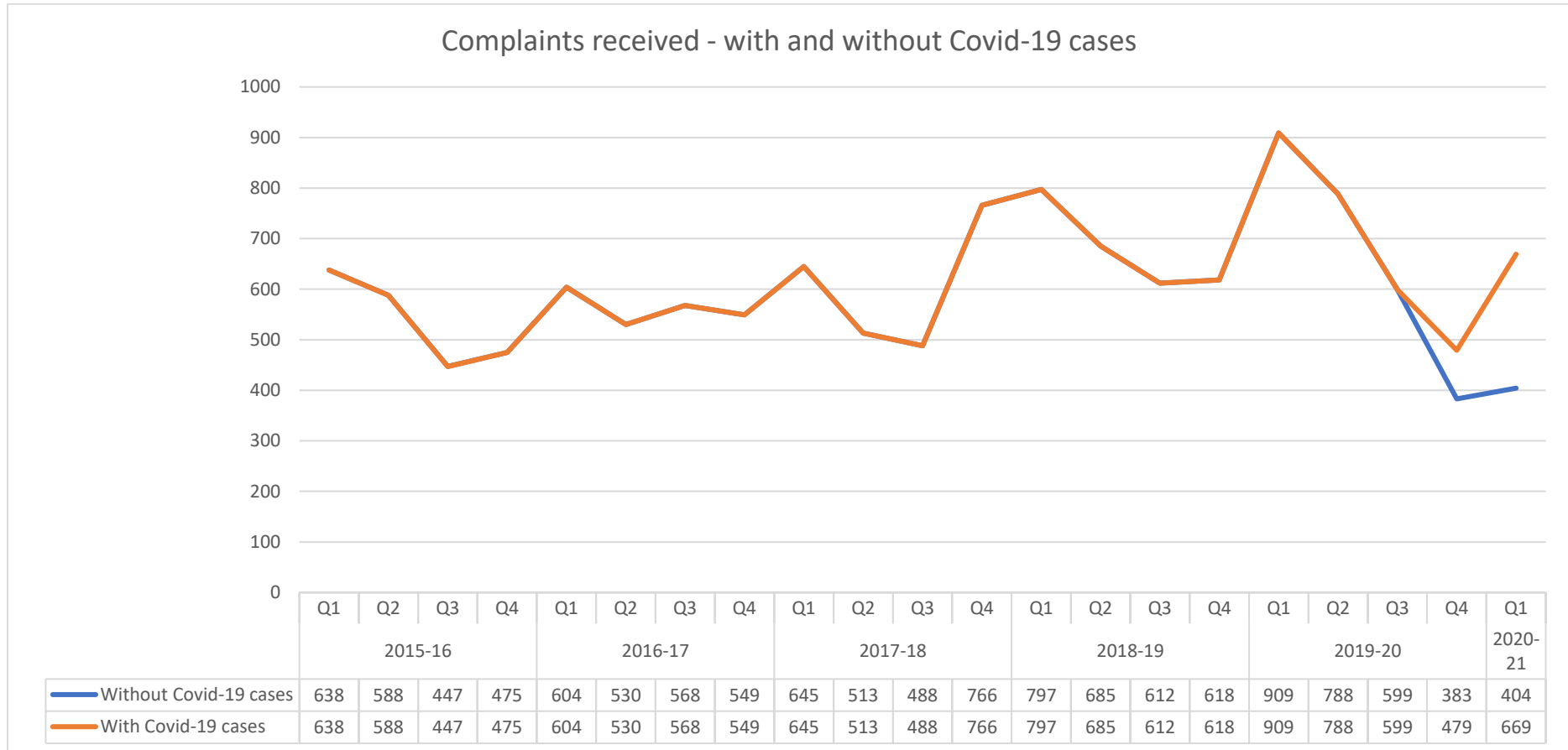
The IGTO has noticed a definite change in the level and mix of taxation complaints since the COVID-19 pandemic began.

- We have seen a decrease in the total number of tax complaints compared to prior periods - This is especially true for our Categories 0 – 3.1. Category 3.1 complaint investigations for example - where the ATO says it has no record of the complaint having been raised with it before and asks for the opportunity to resolve the concerns with the complainant directly - have reduced from 309 in Q1 of FY20 to 96 in Q1 of FY21¹.
- Complaints about tax debt collection in particular have reduced (from 22% to 11% of total complaint investigations) but they have been partially offset by an increase in the level of complaints about payments to taxpayers – including COVID-19 economic stimulus measures (which increased from 9% to 39% of complaint investigations).

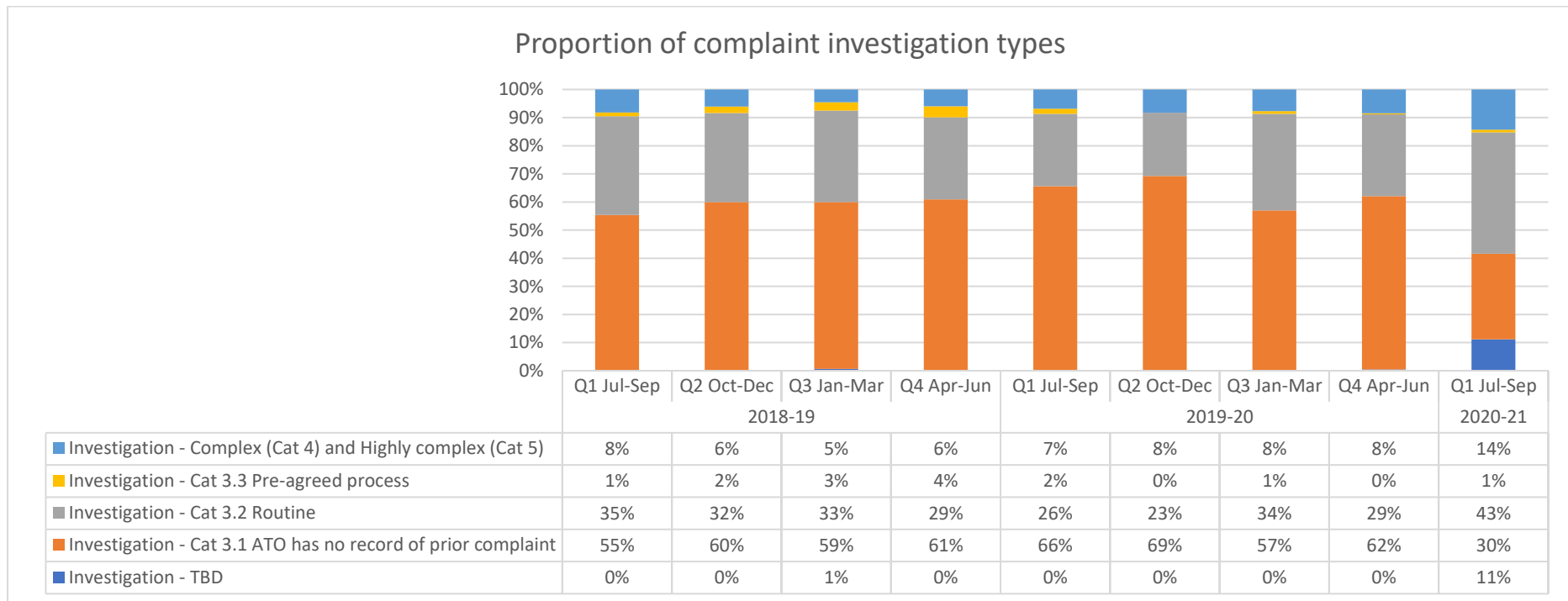


¹ IGTO has 40 investigations which are yet to be categorized – see yellow in bar chart below

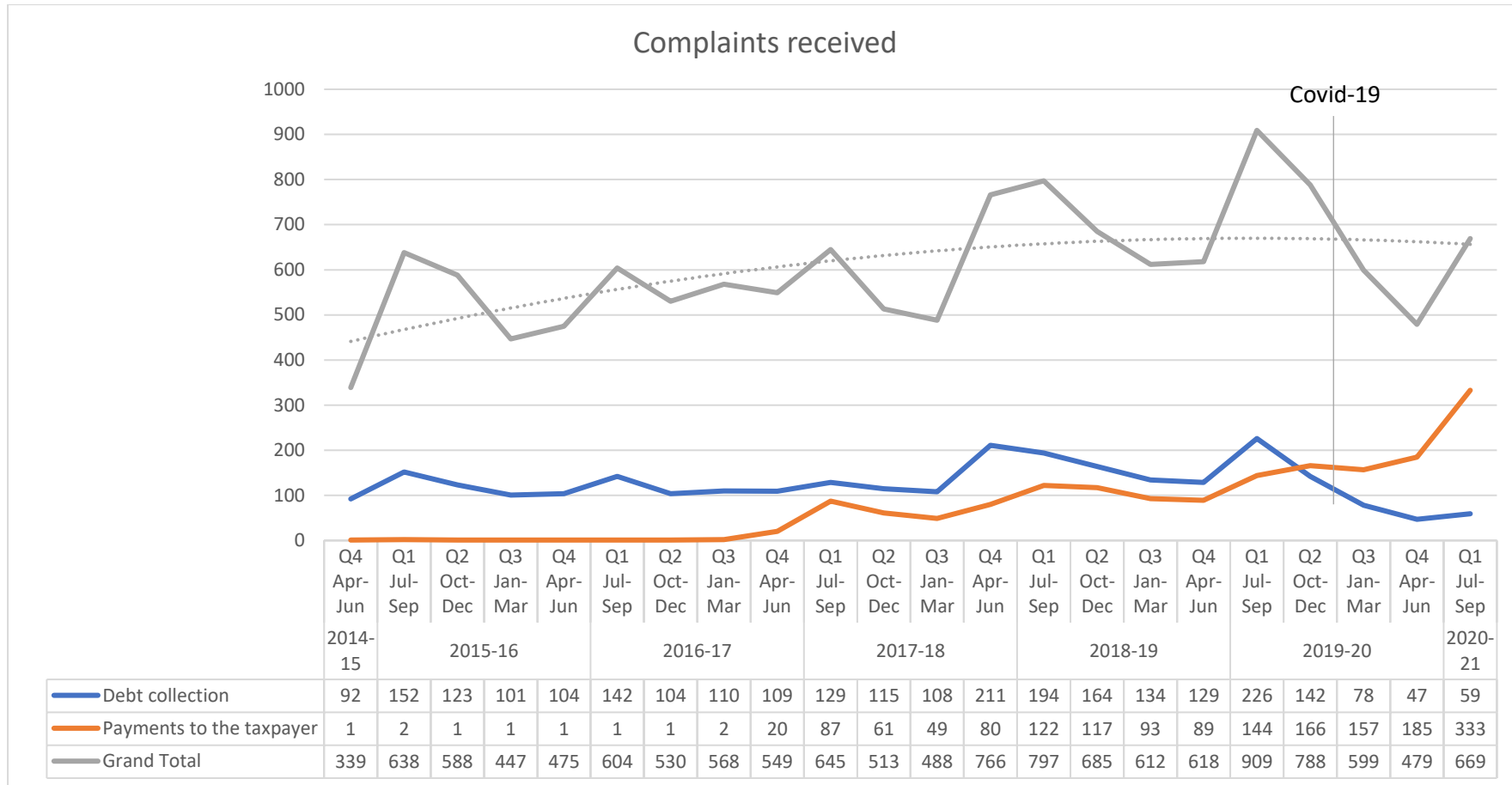
As illustrated in the chart below, when complaints are examined with, and without, COVID-19 cases, the differences in our overall complaints receipts is evident.



- However, we are receiving more complaints which require investigation and a greater number of more complex complaints (226² Category 3.2 or higher cases in Q1 of FY21 versus 162 in Q1 FY20). That is, a greater proportion of our total complaint investigations are more complex and more time intensive - 70.2% of complaint investigations are Cat 3.2 or higher in Q1 of FY21, versus 34.4% in Q1 FY20.



² At the time of the data report, resourcing allocation decisions for 40 complaint investigations had not been finalised – represented as the yellow block in the bar chart below.



We predict an increase in the number of complaints that the Taxation Ombudsman will receive over the coming months — particularly in the areas of ATO debt recovery and eligibility and access to the Government’s COVID-19 Economic Stimulus measures as we head closer to Christmas and the New Year. We strive to provide the highest quality of service with our available resources and in the circumstances.

I would like to thank the IGTO team for their commitment, dedication and professionalism in assisting the community — especially in these difficult times. Importantly, the IGTO team are willing and want to assist the community through their:

- Professionalism — applying experience, knowledge and understanding of the tax system;
- Independence — relying upon facts, evidence and logic; and
- Responsiveness — willingness to listen to complainants and the Australian Taxation Office or Tax Practitioners Board, in a respectful, patient and calm manner.

The IGTO understands the essential service that we provide to many people in the Australian community and that it is important that we perform at our best.

In our most recent independent client feedback survey, 72% of complainants who responded were satisfied with the IGTO complaints service. More importantly, 82% of complainants said they would use the IGTO service again if they had a problem with either the ATO or the TPB.