



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

Opening Statement to the Senate Economics Legislation Committee

Senate Estimates

By the Inspector-General of Taxation and Taxation Ombudsman

June 2021

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Introduction

The Inspector-General of Taxation and Taxation Ombudsman (IGTO) continues to serve the community through our taxation complaint investigation services and other investigatory functions.

We report progressively on our activities via quarterly updates against our Corporate Plan which are available on our website. I trust the Committee members receive these and other updates as they become available.

Some key information is extracted below for the information of the Committee.

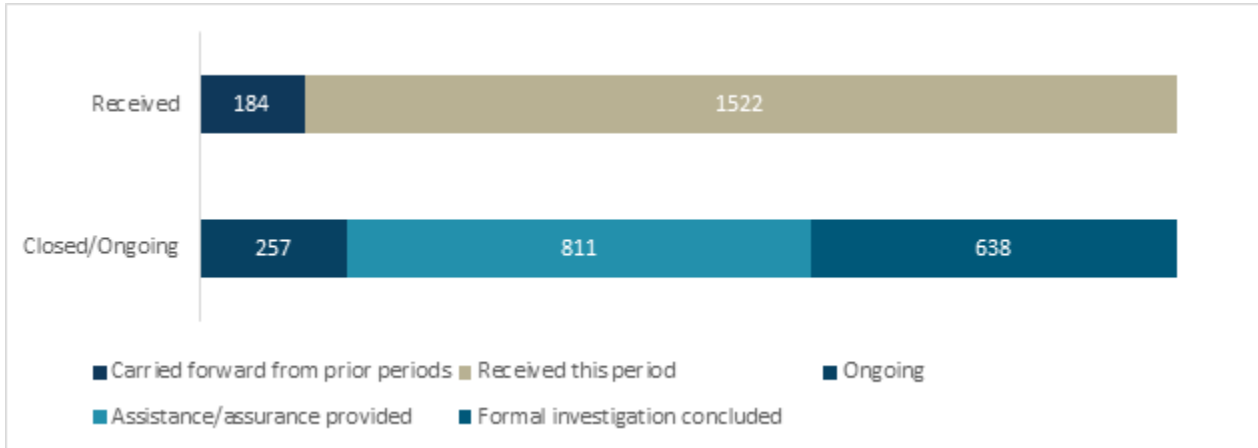
Taxation Complaint Investigations

Our team has been busy helping individuals and small businesses – including to investigate concerns with ATO actions and decisions that they could not resolve with the ATO directly. As a small agency, most members of the team perform multiple roles and functions.

- We are observing an increase in the complexity of our complaint investigation cases compared to prior years – greater complexity requires greater investment of time and resources to investigate.
- However, there has been a 40% reduction in the number of ‘simple’ complaints received. This is partly due to our website and call centre messaging¹.
- 39% of cases concern the ATO’s administration of the COVID-19 economic measures, mainly relating to payments made or expected to be paid to taxpayers.
- We expect complaint numbers to increase once the ATO’s debt recovery activities resume to usual levels – estimated to increase another 15%.
- As at 25 May 2021, we have 257 cases in progress across 20 complaint investigators (most of whom perform multiple roles and functions, as noted above). This averages to 13 complaint investigation cases per investigator.
- In October 2020, we introduced a triage service and overflow complaints pool to ensure that priority cases, such as those relating to COVID-19 pandemic support, are dealt with efficiently and effectively and that our complaints investigators’ health and well-being is also prioritised. IGTO investigators allocate cases to and from this pool on a regular basis – so the amount in the pool is constantly changing. We currently have 48 complaints in that overflow pool.

Set out below is a snapshot of all complaints received and closed between 1 July 2020 and 25 May 2021.

Complaints received and closed – 1 July 2020 to 25 May 2021



We have received year to date (FY21) 1,522 complaints.

- We provided independent assistance and assurance to 811 complainants.
- We closed 638 taxation complaint investigations².
- This represents closure of approximately 85% of complaints.

A Report on aspects of the Australian Taxation Office's administration of JobKeeper and Boosting Cash Flow Payments for new businesses

In December 2020 we released a report following more than 60 complaint investigations into the administration of Jobkeeper and Boosting Cashflow eligibility requirements for new small businesses - *A Report on aspects of the Australian Taxation Office's administration of JobKeeper and Boosting Cash Flow Payments for new businesses.*³

This is one example of how our investigation function provides improved transparency and community assurance about tax administration actions and decisions.

Although this report was the first of its kind for the IGTO, it is a common reporting approach for Ombudsman offices more generally – both here in Australia and around the world. Importantly it demonstrates:

- That tax system improvements can be achieved through independent IGTO investigation ... even without any powers to compel or direct actions by the ATO;
- How collective complaints can inform more systemic administration issues;
- How IGTO independent reporting can improve the efficiency of dispute resolution (individually and collectively); and
- Improved transparency and accountability delivered through independent Ombudsman investigation and reporting.

The report was leveraged by Professional bodies (for example the Tax Institute) and professionals directly to re-engage their members and clients with the ATO.

Public Investigations into Tax Administration

We have two review investigations currently underway.

Investigation and Exploration of Undisputed Tax Debts in Australia

The IGTO has recommenced our [Investigation and Exploration of Undisputed Tax Debts in Australia](#). We are working to publish this report by the end of this month.

Investigation into the effectiveness of ATO communications of taxpayers' rights to complain, review and appeal

Our [investigation into the effectiveness of ATO communications of taxpayers' rights to complain, review and appeal](#) is progressing well. We have received a significant amount of information, including details to enable us to undertake random case sampling to examine the nature and detail of information provided to taxpayers and tax practitioners at various interaction points with the ATO. This review investigation is ongoing and still several months away from finalisation and publication.

We have recently published a short thought leadership article to assist in understanding taxpayer rights to receive reasons for administrative decisions and actions. A briefing slide deck has been sent to the Committee for your information.

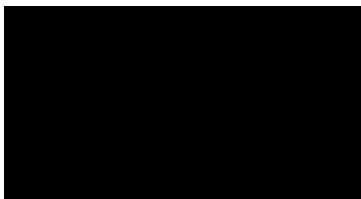
Our Register of Potential Investigations

Our Register of Potential Investigations is currently being updated. We have approximately 36 potential topics for investigation as suggested by stakeholders and our complaints service.

We do not intend or have the resources to investigate everything that is suggested to us but the publication of the register allows stakeholders⁴ to provide us with feedback on their priorities. We also consider that being transparent about the concerns raised with us, informs and allows the ATO itself to conduct internal investigations as appropriate.

Further details on each of the topics identified are available on our [website](#).

We encourage and welcome any feedback from the Committee on topics for our review.



Karen Payne
Inspector-General of Taxation and Taxation Ombudsman
1 June 2021

EndNotes

¹ Including Category 3.1 complaints (where the ATO has no previous record of the complaint). This category reduced significantly as a result of improved messaging on the IGTO website and our call centre recorded message encouraging complainants to engage with the ATO in the first instance.

² Most complaint investigations (Category 3.2 and higher) resulted in independent assurance or a better explanation of ATO actions (58% of outcomes). The remainder resulted in a range of remedial actions, including those to restore procedural fairness (20% of outcomes), changed ATO decisions (11%), ATO apologies (9%) and broader change to systems and processes (1%).

³ The report, the first of its kind released by our office, examined the ATO's interpretation and application of 'taxable supply' in determining eligibility to access JobKeeper (JK) and Boosting Cash Flow (BCF) payments for new businesses, particularly those that had no reason to lodge an income tax return or a Business Activity Statement by 12 March 2020.

⁴ Including taxpayers, tax practitioners and professional and industry bodies