



Ms Karen Payne  
The Inspector-General of Taxation and Taxation Ombudsman  
GPO Box 551  
SYDNEY NSW 2001

Dear Karen,

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

Thank you for the opportunity to comment on the final draft of your report and the collaborative way this investigation was undertaken.

Effective communication of taxpayer rights is an extremely important aspect of our work. We have welcomed your report recognising the work the ATO already undertakes to ensure taxpayers are informed about their various rights, including that the Commissioner goes beyond the statutory requirements to inform taxpayers. Your recommendations will assist us to further extend the work we are already undertaking to improve communication with taxpayers.

Many of the aspects you have raised within the recommendations are currently being reviewed while others we will be integrating more fully into existing processes.

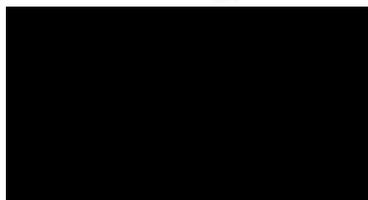
With respect to your recommendation that the ATO encourage a dissatisfied taxpayer to lodge a complaint, we are further considering the risk that this may encourage the lodgment of a complaint in preference to the exercise of a statutory review or appeal right. Given complaints are limited in their ability to resolve substantive tax issues, it would not be appropriate to encourage a complaint at the expense of the exercise of statutory review rights, particularly given the time frames governing those rights. There may be cases where it is appropriate for complaint channels to run parallel to a taxpayer exercising their statutory review rights.

We consider that there are three main areas you have noted in your review that we will be maintaining our focus on to ensure we are providing the right support to taxpayers at the right time:

- Staff understanding of the importance of communicating rights of review, complaint and appeal
- Readily available public information about those taxpayer rights
- Continued review of the Taxpayer's Charter to ensure it provides the appropriate protections.

Our detailed response to the recommendations is contained in Annexure 1.

Yours sincerely



Kirsten Fish  
Acting Chief Law Officer

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## IGT Review into Review Rights

### ATO response/comments regarding the preliminary draft report potential recommendations

| Final draft recommendation  | ATO Response   |
|---|--|
| <p>REC 1 - The IGTO recommends that the ATO plays a pro-active role in informing taxpayers of their rights to review, complain and appeal decisions and develop strategies to discharge this role, including by;</p> <ul style="list-style-type: none"> <li>a) updating the Taxpayers' Charter to include an express right to be informed of taxpayer rights to review, complain and appeal decisions and all relevant channels to do so; and</li> <li>b) requiring (encourages or instructs) its Officers to communicate clearly and completely (i.e. comprehensively) information to taxpayers of their rights to review, complain and appeal the relevant administrative decisions.</li> </ul>   | <p><b>Recommendation 1a – Agree</b><br/>The ATO is currently undertaking a review of the Taxpayers Charter. As part of this review process, the ATO will take into account the IGTO's recommendation in relation to inclusion of further detail around the communication of taxpayer rights</p> <p><b>Recommendation 1b - Agree</b><br/>ATO officers that make decisions affecting taxpayers undertake a range of training and review processes that incorporate the importance of providing relevant information on review, complaint and appeal rights. The ATO will continue to review these processes.</p>   |
| <p>REC 2 - Consistent with Recommendation 1 and the premise or principle that the ATO will proactively inform taxpayers of their rights to question and challenge the ATO's actions and decisions, the IGTO recommends that the ATO:</p> <ul style="list-style-type: none"> <li>a) ensure all ATO Officers whose responsibilities include making decisions about taxpayers' tax affairs are aware of their obligations in this respect when engaging with taxpayers and tax practitioners; and</li> <li>b) support its Officers to understand the range of available channels to question or challenge ATO decisions and actions, including by requiring all ATO Officers to undertake relevant training courses on these matters that are refreshed on a regular basis.</li> </ul> | <p><b>Recommendation 2a – Agree</b><br/>ATO officers that undertake decision making affecting taxpayers already undertake a range of training that incorporate the importance of providing relevant information on review, complaint, and appeal rights. The ATO will continue to support staff in understanding their responsibilities in this regard. ATO Staff currently receive training in CEI's and these instructions will continue to be included in training modules.</p> <p><b>Recommendation 2b - Agree</b><br/>The ATO will continue to support staff in understanding their responsibilities and will review current mandatory training content relating to taxpayer rights to review, complain and appeal. The ATO will explore further targeted options for staff that are involved in client engagement roles.</p> |

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| <p>REC 3 - The IGTO recommends that the ATO improve its data capture and reporting to measure its performance against the rights that taxpayers have under the Taxpayers' Charter. This should include:</p> <ul style="list-style-type: none"> <li>a) complete data in relation to compliance with the Taxpayers' Charter in respect of all complaints</li> <li>b) whether the ATO advised the taxpayer of their right to question and right to complain; and</li> <li>c) developing public reporting on this data to assure itself and the community how it is honouring the Taxpayers' Charter.</li> </ul> | <p><b>Recommendation 3a - Agree</b></p> <p>The ATO complaints issue template captures data on which Charter Right is relevant to each complaint issue. The ATO is undertaking a complaints template review between October 2021 and March 2022 and will consider the feasibility of capturing this information for complaints resolved at first contact.</p> <p><b>Recommendation 3b – Agree</b></p> <p>The ATO will consider adding a question to relevant client surveys to determine whether taxpayers who have had a recent interaction with the ATO had been advised of their right to question and right to complain.</p> <p><b>Recommendation 3c - Agree</b></p> <p>The ATO will add further reporting on performance against the Taxpayer Charter to the annual report from 2021-22.</p> |
| <p>REC 4 - Consistent with Recommendation 1, where the ATO does not issue written correspondence to taxpayers in relation to its actions or decisions, ATO Officers should:</p> <ul style="list-style-type: none"> <li>a) Ensure that taxpayers are verbally informed of their rights to formally challenge or question the ATO's decisions; and</li> <li>b) Inform taxpayers that they can request the decision also be communicated in writing.</li> </ul>   | <p><b>Recommendation 4 – Agree</b></p> <p>The ATO will review processes within business lines to ensure officers are aware of the importance of communicating review rights and the option of a decision in writing in the limited cases where this is not provided as part of standard process.</p>   |
| <p>REC 5 - The IGTO recommends that the ATO ensure information relating to taxpayer rights to complain, review and appeal can be easily located on the ATO's website.</p>  | <p><b>Recommendation 5 – Agree</b></p> <p>The ATO will explore ways to continue to make it easier to locate information relating to taxpayer rights to complain, review and appeal on the ATO's website.</p> <p>The ATO is currently working towards procuring and building a new digital experience platform to enable us to deliver a website that is easier to navigate and find relevant information. In the meantime, the ATO will investigate opportunities to apply improvements to the current site to</p>   |

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|  | bring value to our website users sooner. This includes work to improve our search functions to optimise users' interactions with the website.  |
| <p>REC 6 - The IGTO recommends that, as part of its communication to taxpayers, the ATO should ensure that taxpayers are informed about:</p> <ul style="list-style-type: none"> <li>a) their right to lodge a complaint with the ATO (including a formal complaint with the ATO's Complaints Unit), and encourage taxpayers to do so should they have any concerns or are dissatisfied with the ATO's actions or decisions; and</li> <li>b) the availability of the IGTO's services and how to engage with the IGTO where they have been unable to address their concerns through a complaint with the ATO.</li> </ul> | <p><b>Recommendation 6a – Agree in principle</b></p> <p>Taxpayers will continue to be informed at a relevant point in their interactions of their right to lodge a complaint with the ATO and the availability of the IGTO's services. In addition to our correspondence and website, the ATO will consider adding messaging to our inbound call lines. However, it is essential that through encouraging complaints, the ATO does not even implicitly direct taxpayers away from exercising appropriate statutory review rights. To do so would disadvantage taxpayers given time frames which govern such rights. Whether a complaint is the most effective or efficient mechanism to resolve a taxpayer's issue depends on the issue.</p> <p><b>Recommendation 6b – Agree</b></p> <p>The ATO will review procedures around complaints where the client may be unsatisfied with the outcome to ensure that clients are made aware of the IGTO's services at the appropriate time, along with other relevant review, complaint and appeal channels.</p> |