



**Australian Government**  
**Inspector-General of Taxation**  
**Australian Taxation Office**

# Protocol between the Inspector-General of Taxation and the Australian Taxation Office

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# Protocol between the Inspector-General of Taxation and the Australian Taxation Office

## Purpose

The purpose of this protocol is to establish a framework for a productive, professional, efficient and effective working relationship between the Inspector-General of Taxation and the Australian Taxation Office (Tax Office).

## General

The Tax Office and the Inspector-General<sup>1</sup> share a common goal of improving the administration of the tax system for the benefit of the Australian community.

The Tax Office and the Inspector-General are committed to establishing an open, honest and professional relationship that is built on mutual respect for each other's role. In dealings between the two agencies, there will be an emphasis on open dialogue and 'no surprises'.

The Tax Office is committed to providing the highest level of cooperation in assisting the Inspector-General to acquit his role. The Tax Office will provide positive and timely assistance to the Inspector-General through all stages of his reviews.

<sup>1</sup> The term Inspector-General in this document is used variously to mean the Inspector-General of Taxation himself or his staff depending on the context.

## Inspector-General reviews

Reviews undertaken by the Inspector-General will normally follow a series of steps from initiation to completion.

Following initial identification and preliminary scoping, possible reviews will usually be described and listed as part of the Inspector-General's forward work program. More detailed scoping will be undertaken before the development and publication of formal terms of reference.

After publication of the terms of reference, the next step is the gathering of more evidence (both from within the Tax Office and from the community) and analysis of that evidence.

Reviews are led by either an Adviser or Senior Adviser to the Inspector-General, who is security cleared and is fully authorised to use the Inspector-General's powers to request information. Information may be requested formally in writing or orally, or gathered during interviews with Tax Office staff. Workshops may be held and typically issues papers and draft chapters of reports will be exchanged with the Tax Office as the review progresses.

A final draft report will be sent to the Commissioner who will be given the opportunity to make submissions to the Inspector-General in response to any actual or implied criticisms. Finalised reports are submitted to the Minister, who is required to make them publicly available within a specified period.

### (I) TAX OFFICE COORDINATION

The Tax Office will appoint a Second Commissioner of Taxation to take formal responsibility for the Tax Office's involvement in, and response to, each review.

For each review by the Inspector-General, the Tax Office will appoint an SES officer as coordinator and the formal point of contact. The Inspector-General will keep the SES coordinator informed about the direction and progress of the review. The SES coordinator will ensure that relevant senior tax officers, including the nominated Second Commissioner, are fully briefed on reviews.

The Inspector-General should, in the first instance, raise concerns about the progress of a review with the SES coordinator. If necessary the Inspector-General will raise the concerns with the relevant senior tax officer. This may be the Commissioner.

The First Assistant Commissioner Policy Management Division can act as a circuit breaker in relation to problems encountered by the Inspector-General in the conduct of reviews.

### (II) SCOPING REVIEWS

The Inspector-General will consult with the Tax Office about proposed reviews, unless a direction to the Inspector-General to undertake a review effectively precludes this step.

The Tax Office will provide background material and feedback, and respond to specific information requests to help the Inspector-General scope the proposed reviews.

The Inspector-General will provide the Tax Office with draft terms of reference for each proposed review before publication and provide a reasonable opportunity for comment.

### (III) INFORMATION GATHERING, FIELD WORK AND ACCESS

The Tax Office will help the Inspector-General during a review through effective coordination and timely access to staff and buildings. The Tax Office will also provide timely responses to requests for documents, access to systems and other information.

The usual manner for the Inspector-General to seek information for a review will be through requests made under section 14 of the *Inspector-General of Taxation Act 2003*. The Inspector-General can ask any tax officer for information, and the request may be either oral or in writing. Such requests may be made at meetings and during other interactions with tax officers. The Inspector-General will use the Tax Office designated mailbox to ensure that Policy Management Division is aware in advance of all arrangements to meet with Tax Office staff.

The Inspector-General will direct or copy written requests to the Tax Office SES officer nominated for the review, or to his or her nominee(s), and send a copy to the Tax Office designated mailbox.

The Tax Office will respond to all requests in a timely manner. Responses to written requests will be through the SES officer or his or her nominee(s). An immediate response will be made wherever this is practical and appropriate.

Where necessary, the Inspector-General will clarify particular information requests and will consider whether pre-existing Tax Office documents will adequately (or initially) satisfy a request.

Tax Office staff are required to make genuine efforts to properly respond to all Inspector-General requests for information, including requests made orally during interviews. As necessary, the Inspector-General will explain how the requested information relates to the review, especially where it may be subject to secrecy provisions in the tax laws. The Tax Office will publish guidelines for its staff on responding to requests that may be subject to secrecy provisions.

The Tax Office will proactively provide information to the Inspector-General that it considers will facilitate his understanding of issues related to a review, or that will otherwise help with the review, to the extent permitted by the secrecy provisions. This will include internal reviews and requests for advice initiated by the Tax Office and relevant to a review. The Tax Office will also keep the Inspector-General informed of key corporate developments that are relevant to a review before the publication of the report, and generally seek to ensure the Inspector-General is aware of issues related to items of current interest or focus.

The Inspector-General will not intervene in specific tax cases when undertaking a review and will make this clear to all taxpayers who contribute to reviews.

Sometimes it will be necessary for the Inspector-General to request information on active cases. These requests can impact on the handling of those cases by the Tax Office. Accordingly, the Inspector-General will seek to minimise these requests to the extent possible, consistent with meeting a review's terms of reference.

#### **(IV) ISSUES PAPERS, DRAFT CHAPTERS AND RECOMMENDATIONS**

The Tax Office will provide written comments on issues papers within 21 days, or as agreed with the Inspector-General.

The Inspector-General and the Tax Office will, wherever practicable, discuss the issues papers before comments are finalised.

Draft chapters and recommendations will be discussed openly as part of this process and before a final draft report is sent. The Tax Office will, in particular, comment on the administrative implications of draft recommendations. The Inspector-General and the Tax Office will work together to develop practical recommendations for improvements.

#### **(V) FINAL DRAFT REPORTS**

The Inspector-General will provide the Tax Office with a final draft report of a review and an opportunity to make a submission on any actual or implied criticism.

The Tax Office will provide a response within 28 days, or as agreed with the Inspector-General.

The Inspector-General will advise the Tax Office of the proposed date for delivery of the report to the Minister and provide the Tax Office with a copy.

#### **(VI) IMPLEMENTING RECOMMENDATIONS**

The Tax Office will implement agreed recommendations of Inspector-General reviews as soon as practicable and will provide the Inspector-General with regular reports on progress. The Inspector-General will periodically review implementation progress.

## Inspector-General's work program

The Inspector-General will consult the Tax Office about changes to his work program before publication.

## Other matters

The Inspector-General will copy to the Tax Office designated mailbox all written correspondence that he sends to the Tax Office. This will promote the coordinated and expeditious handling of requests.

The Tax Office and the Inspector-General will meet quarterly to discuss general issues concerning the relationship between the two agencies, including the operation of this protocol. Changes to the Inspector-General's work program, the progress of reviews, Tax Office progress with implementing agreed recommendations, and corporate developments will also be discussed at these meetings.

Neither the Tax Office nor the Inspector-General will comment publicly on the specific findings arising from a review in advance of the review report being released by the Minister.

The Tax Office and the Inspector-General have a joint responsibility to support, monitor and review this protocol and may agree to amend it at any time for the benefit of the working relationship.

The Tax Office and the Inspector-General will ensure that their staff are aware of the protocol and the associated procedures.

