



Australian Government
Inspector-General of Taxation

Inspector-General of Taxation Work program public consultation

**A brief for the Joint Committee of Public Accounts
and Audit**

6 December 2012

BACKGROUND

1.1 In its recent report of the annual hearing with the Commissioner of Taxation, the Joint Committee of Public Accounts and Audit (JCPAA) expressed an interest in understanding the public consultation process undertaken by the Inspector-General of Taxation (IGT) to develop his work program. Specifically, paragraph 5.13 of that report states:¹

The Committee is interested in the conduct of the Inspector-General's public consultation process in preparing his work program, and would appreciate a brief review of the process and the comments of the Inspector-General on the value of the process.

1.2 The role of the IGT was created to improve the administration of the tax laws for the benefit of all taxpayers by identifying systemic issues in the administration of the tax laws and providing independent advice to government for improvements in this regard.² To support the realisation of these aims, approximately every eighteen months, the IGT undertakes an extensive public consultation process to identify and prioritise those systemic tax administration issues of concern to the community with a view to formulating his work program.

1.3 As outlined in the IGT's 2010–11 Annual Report:³

Broad consultation with the community ensures that the resources of the IGT focus on tax administration issues of greatest concern and that investigation of such issues are strongly supported by the community. The selected review topics typically involve issues of concern to differing stakeholders. However, collectively, the work program canvasses issues of concern for the whole community including, individuals, businesses, tax practitioners and their representative bodies as well as Government and its agencies.

WORK PROGRAM PROCESS

1.4 It should be noted that whilst there is a formal public consultation period, the IGT continually receives potential review topics from stakeholders in the day-to-day operations of his office. Such feedback is catalogued and considered during the formal public consultation period.

1.5 To illustrate how the IGT conducts his work program public consultation, set out below is an account of how the current work program was developed and ultimately announced on 10 October 2012.

¹ Joint Committee of Public Accounts and Audit, Parliament of Australia, *Report 434: Annual Public Hearing with the Commissioner of Taxation – 2012* (2012) p 43.

² See, sections 3, 6 and 7 of the *Inspector-General of Taxation Act 2003*.

³ Inspector-General of Taxation, *Annual Report 2010–11*, p 6.

Media release, advertisement and call for submission

1.6 The IGT formally commenced his most recent consultation to develop the work program on 13 August 2012 by issuing a media release calling for submissions⁴ as well as directly calling for submissions from a number of professional bodies, industry associations, law and accounting firms, taxpayers and other stakeholders.

1.7 The media release invited the community to raise any areas of concern which they felt should be the subject of review by the IGT. Furthermore, the media release requested commentary on the suitability of eleven identified issues for IGT review. These eleven issues were distilled from matters raised by stakeholders with the IGT since the announcement of the last work program as well as matters which had emerged in earlier IGT reviews and which potentially qualified as review topics in their own right.

1.8 Significant media interest was generated with a number of newspapers and other publications reporting on the consultation process. In addition, the IGT was invited to participate in radio and television interviews⁵ to discuss the IGT work program, the purpose of the associated consultation process and how members of the community could contribute.

1.9 The IGT also advertised his call for submissions to the development of the work program in a total of five national and state newspapers across the country.⁶ The advertisements were designed to bring the IGT's work program consultation and invitation for submissions to individual and business taxpayers as well other stakeholders who may not be familiar with the function and work of the IGT.

Input from the taxpayers and their representatives

1.10 As a result of the media coverage, advertisements and direct call for submission, the IGT received input from a range of individual and business taxpayers and their representatives who raised concerns relating to their dealings with the Australian Taxation Office (ATO) across a number of areas.

1.11 In addition, the IGT hosted three stakeholder meetings (one in Melbourne and two in Sydney) with professional bodies and industry associations who through their membership are aware of systemic tax administration issues.

1.12 The IGT also met with a number of stakeholders individually both at their request and as initiated by the IGT. These stakeholders included those who were unable to attend the above meetings and accounting and legal tax practitioners.

1.13 Furthermore, a number of taxpayers approached the IGT separately for meetings or phone conferences to outline their concerns. All of these requests were accepted and the issues that emerged were catalogued and considered in line with other submissions received.

⁴ Inspector-General of Taxation, 'New IGT Work Program – Call for Submissions' (Media Release, 13 August 2012).

⁵ 2GB radio, ABC radio's AM program and ABC 24 television.

⁶ The Age, the Australian, the Australian Financial Review, the West Australian and the Courier Mail.

Input from Government, Government Agencies and Parliament

1.14 The IGT met separately with the Assistant Treasurer, senior Treasury officials and the Second Commissioners of Taxation to provide them with an opportunity to raise issues which the IGT should consider for review.

1.15 The IGT also sought input from the JCPAA including at the JCPAA's annual hearing with the Commissioner of Taxation on 14 September 2012.⁷ It should be noted that the *Inspector-General of Taxation Act 2003* (IGT Act) specifically allows a Committee of either House of Parliament, including Joint Committees, to request the IGT to conduct a review.⁸

1.16 Lastly, in line with an earlier recommendation of the JCPAA⁹ and a requirement of the IGT Act,¹⁰ the IGT met with the Auditor-General and the Commonwealth Ombudsman to discuss the issues emerging from the work program consultation and those matters likely to be selected for review. A key consideration in this consultation was the need to avoid duplication of efforts and to foster closer collaboration in areas of mutual interest.

Submissions, issues raised and IGT consideration

1.17 Flowing from the consultation process, the IGT received 107 submissions with a total of 248 issues being raised. There was significant duplication in the issues raised such that 87 discrete issues were identified.

1.18 Forty-six point eight (46.8) per cent of the 248 issues were raised by individual taxpayers whilst 13.3 per cent were raised by tax practitioners (legal and accounting), 9.7 per cent were raised by business taxpayers, 29.4 per cent were raised by professional and industry associations, and 0.8 per cent were raised anonymously.

1.19 In considering which issues to review in his forward work program, the IGT had regard to both the quantity of submissions raising a particular issue as well as the nature and impact of the systemic issue raised. In doing so, the IGT aimed to set a program of work which, as a whole, would optimise the benefits to a broad range of taxpayers.

1.20 On 10 October 2012, the IGT announced his forward work program setting out the reviews selected. The seven reviews selected fell within the top ten topics raised during the public consultations.

1.21 Overall, the consultation process enabled the IGT to identify and prioritise the issues of community concern with tax administration and gain insight into their impact on taxpayers.

⁷ Joint Committee of Public Accounts and Audit, Parliament of Australia, *Annual Public Hearing with Commissioner of Taxation*, Canberra, 14 September 2012, p 6 (Ali Noroozi, Inspector-General of Taxation).

⁸ See, subsection 8(3) of the IGT Act.

⁹ Joint Committee of Public Accounts and Audit, Parliament of Australia, *Report 426: Ninth Annual Public Hearing with the Commissioner of Taxation* (2011) p 32.

¹⁰ See, subsection 9(2) of the IGT Act.