



THE TAX INSTITUTE

29 August 2019

Mr Mark Fitt
Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: economics.sen@aph.gov.au

Dear Mr Fitt,

Performance of the Inspector-General of Taxation

The Tax Institute welcomes the opportunity to make a submission to the Senate Economics Legislation Committee in relation to the *Review of the Performance of the Inspector-General of Taxation*.

About The Tax Institute

The Tax Institute is the leading forum for the tax community in Australia. We are committed to representing our members. Shaping the future of the tax profession and continuous improvement of the tax system for the benefit of all, through the advancement of knowledge, member support and advocacy.

The Tax Institute was established in 1943 with the aim of improving the position of tax agents, tax law and tax administration.

As a professional association dedicated to supporting the tax profession, we are uniquely positioned to provide input into this Review and look forward to contributing to this Review.

For further information, please refer to the Appendix.

Discussion

The Tax Institute has a long-standing relationship with the Office of the Inspector-General of Taxation (**IGT**), having been involved in numerous reviews and consultations run by the IGT during its lifetime.

The Tax Institute welcomed the appointment of Karen Payne as the new Inspector-General of Taxation effective 6 May 2019.

The IGT offers a valuable contribution to the functioning of the Australian taxation system as a whole, particularly with regard to its role of reviewing and reporting on systems operated by the Australian Taxation Office (**ATO**) to administer Federal tax laws. In addition, the IGT now also carries out the 'Taxation Ombudsman' function.

For the IGT to effectively carry out these functions, it must be properly resourced. While it has previously focused on narrower issues such as individual taxpayer issues with the ATO through a variety of reviews, The Tax Institute is broadly supportive of the IGT being in a position to more fully review and report on systems operated by the ATO to administer the Federal tax system. We refer to section 18 of the *Inspector-General of Taxation Act 2003* (Cth) which empowers the IGT to prepare reports recommending improvements to taxation laws, and in particular subparagraph 18(1)(b) regarding 'setting out any recommendations for how that taxation law might be improved'. We would encourage the IGT to consider making more use of this power.

From initial discussions with the new IGT, The Tax Institute is satisfied with the proposed direction the new IGT intends to take in terms of broadening the nature and scope of reviews it may undertake.

Maintaining the independence of the IGT is vital to supporting these functions.

The Institute considers it would be useful if the Government publicly responded to IGT reviews on a timely basis. All too often stakeholders are left waiting for the Government's response to reviews for lengthy periods of time.

The Government should undertake to give a public response within two months of receiving a review even if that is to the effect that more time is needed for the Government to respond, and a new timetable is then simultaneously disclosed. This would serve to reinforce confidence that the matters raised by the IGT are under active consideration by the Government.

We suggest the Committee consider recommending this change.

If you would like to discuss any of the above, please contact either myself or Tax Counsel, Stephanie Caredes, on 02 8223 0059.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Tim Neilson', written in a cursive style.

Tim Neilson
President

APPENDIX

About The Tax Institute

The Tax Institute is the leading forum for the tax community in Australia. We are committed to representing our members, shaping the future of the tax profession and continuous improvement of the tax system for the benefit of all, through the advancement of knowledge, member support and advocacy.

Our membership of almost 12,000 includes tax professionals from commerce and industry, academia, government and public practice throughout Australia. Our tax community reach extends to over 40,000 Australian business leaders, tax professionals, government employees and students through the provision of specialist, practical and accurate knowledge and learning.

We are committed to propelling members onto the global stage, with over 7,000 of our members holding the Chartered Tax Adviser designation which represents the internationally recognised mark of expertise.

The Tax Institute was established in 1943 with the aim of improving the position of tax agents, tax law and administration. More than seven decades later, our values, friendships and members' unselfish desire to learn from each other are central to our success.

Australia's tax system has evolved and The Tax Institute has become increasingly respected, dynamic and responsive, having contributed to shaping the changes that benefit our members and taxpayers today. We are known for our committed volunteers and the altruistic sharing of knowledge. Members are actively involved, ensuring that the technical products and services on offer meet the varied needs of Australia's tax professionals.