

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2015 - 2016

Department/Agency: Australian Taxation Office

Question: AET187-198

Topic: Covert Operation WHIP

Reference: written - 19 February 2016

Senator: Xenophon, Nick

Question:

187. Can the Tax Office confirm the existence of a then covert operation WHIP?

Assuming the existence of this operation:

188. Was this operation designed to examine fraudulently altered or created income tax returns or activity statements?

189. Was this operation conducted strictly in accordance with the ATO Law Administrative Practice Statement (PLSA) 2008/11?

190. Was the serious non-compliant unit involved in each case with respect to an objective assessment of the presence of a fraud?

191. If the serious non-compliance unit was not involved, how was an objective assessment of the presence of a fraud carried out?

192. How many taxpayers were subject to this operation?

193. Of these taxpayers:

a. How many had their tax refunds withheld (beyond standard time frames.

b. How many that had refunds withheld were notified with an after audit letter and advised of their review rights?

c. How many had their tax refunds denied.

d. How many that had refunds denied were notified with an after audit letter and advised of their review rights?

194. What was the monetary value associated with this operation (released or denied)

195. How much money was ultimately denied for release under this operation?

196. How many taxpayers were prosecuted for fraud under this operation?

197. Who authorised this operation?

198. If the operation was not conducted in accordance with PLSA 2008/11, who authorised variations, and on what basis were such variations authorised?

Answer:

187. Operation Whip was the name given in November 2011 to a methodology to identify cases relating to a group of entities with common characteristics, patterns and links (“attributes”) that were sufficient to establish a person or persons had used stolen identities and fabricated entities to claim refunds fraudulently.

Over time this methodology identified additional entities with similar attributes and these cases were actioned as part of our business as usual processes.

This work did not involve any covert activities.

188. No, the operation was designed to both identify and treat cases that fit within the above methodology.
189. Yes, where applicable.
190. There is no requirement for officers to refer matters for an objective assessment of the presence of a fraud. Officers are required to determine whether the perpetrator had obtained a “benefit by deception”. There are guidelines in place where cases of suspected fraud are referred to Private Groups & High Wealth Individuals (Serious non-compliance unit) for possible investigation.
191. Each case officer would have made the decision based on information available to them at that time.
192. 523 taxpayers.
- 193.a) 14 taxpayers.
- b) A breakdown of this information would be an unreasonable diversion of departmental resources.
- c) 257 taxpayers.
- d) A breakdown of this information would be an unreasonable diversion of departmental resources.
194. \$6.4 million (rounded).
195. \$6.2 million (rounded).
196. No taxpayers were prosecuted. It should be acknowledged that in these types of cases there is difficulty in tracing the alleged perpetrator and/or obtaining the necessary evidence for a successful prosecution.
197. Authorised by Assistant Commissioner Indirect Tax, Risk & Intelligence and Assistant Commissioner Indirect Tax, Refund Integrity & Serious Evasion.
198. Refer to AET 189.