

Senate Estimates 19 October 2016 – Commissioner opening statement

Check against delivery

Thank you Chair.

It's been nearly six months since we appeared before this Committee and I'm pleased to briefly report on some of our progress since then.

As I have said many times before, the levels of integrity and willing participation in our tax and super systems are actually very good, but to maintain and increase those, we as the tax administrator need to offer good service AND take action with those who are not doing the right thing.

Let me start with a few examples of our service:

- This year already, almost 2.6 million people have used *myTax* – a modern, on-line system which pre-fills salary, interest, dividends, managed investment trust distributions, private health insurance information as well as all your relevant details from your previous year's tax return. This is the first year we have made it available to all who wish to self-prepare, including sole traders – and it has been a great experience for those who have used it.
- Nearly 50,000 taxpayers have uploaded information about their deductions straight to their returns from the *myDeductions* tool – now part of our app. You can take a photo of your receipts and put the amount in the relevant category from a drop down menu.
- Nearly 2.4 million people are now enrolled as users of our voice authentication – making it much faster to prove your identity when you contact us or use our online services such as the *myDeductions* and lodging your return through *myTax*.
- Our new virtual assistant 'Alex' has already answered 850,000 queries since she was introduced on our website in February this year. More than 570,000 of these having been held since the beginning of Tax Time 2016.
- Our small business services have expanded and improved, including:
 - We launched our Mental Health Initiative, which offers support for those people who run businesses but might be struggling with mental illness. We now are more active in reaching out and offering help to businesses and training our people to recognise the signs, and to be even more empathetic and tolerant in their interactions.

- And we've introduced a keeping in touch program with those new to business – to help them keep on track. Once they're registered with us, we will regularly connect with them in the first year to see what help they need and how they are going.
 - Our record-keeping tool will go live around the end of the year, and we are currently trialling a simplified BAS with about 1000 small businesses, and testing our cash flow management package for use by businesses and their agents.
- We have also run practical support sessions in both metro and regional centres for small businesses and tax agents - hundreds of sessions this year already.

While we delivered these new and improved services direct to clients, we have also been working with the tax profession and software providers to bed-down our new Practitioner Lodgment Service, offer more online tools, and help create a joint future that provides 'value-add' services for Australians and businesses. The tax profession and software providers are critical to our success and to modern tax administration in the future.

Let me now turn to integrity measures and compliance action and a few high profile initiatives.

There has been much community, parliamentary and media attention on the tax behaviour of large corporates, especially multinational enterprises, and on those artificial structures in low-tax jurisdictions to avoid their tax obligations in Australia.

In April this year, the ATO initiated a worldwide collaboration of tax authorities to deal with the high profile data leak from Mossack Fonseca, known as the Panama Papers. We did this through the role I have as chair of the Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC) Network, under the OECD.

37 countries agreed to cooperate and are working together on data analytics and intelligence, typologies, identification of common intermediaries, compliance approaches and exchanges of information. The source documents extend over forty years, and contain detailed information about offshore companies and trusts and their complex arrangements.

The ATO has identified more than 1,000 Australians involved, and we are carefully working our way through that information. While some people have been found to be compliant with the law, others have serious questions to answer.

In August we led a 'week of action' through the Serious Financial Crime Taskforce. The ATO and the Australian Federal Police are partner agencies on this Taskforce and we worked together to raid taxpayers and intermediaries named in the Panama Papers. Fifteen unannounced access visits were made in Victoria and Queensland, and three search

warrants executed following analysis of the leaked information. More than 100 taxpayers have been contacted and advised they are the subject of compliance action and further criminal investigations have not been ruled out.

Further to the Panama Papers, we are currently working on an additional ten data sets provided to us. We are a trusted partner - so we get leaked data from other countries, as well as some given directly to us.

As part of our business-as-usual work, we also receive information through our exchange-of-information arrangements - with more than 100 jurisdictions – which have seen 2,500 exchanges over the past four years resulting in more than \$1 billion in tax liabilities being raised.

With the introduction of Country by Country reporting to be introduced across the globe over the next few years - the message is clear – you cannot hide your assets and income offshore any more. We will eventually find your assets.

At the end of last year, our voluntary disclosure initiative Project Do-It was a “last chance” for Australians to clean up offshore affairs. Over 5,800 Australians made the right decision to come forward and made disclosures to us raising over \$260 million in collections and identifying in excess of \$6.5 billion in assets previously undisclosed. We have kept track of those assets and a further \$135 million in tax has since been voluntarily paid because the income is back in the system.

The introduction of the Multinational Anti-Avoidance Law (or the ‘MAAL’) this year is having a positive impact on the practices of multinationals in Australia.

We have been, and are, working closely with 175 taxpayers potentially in the scope of the MAAL to provide greater certainty on its application and, as appropriate, help them to transition with certainty into compliant arrangements. Even some of the larger overseas entities are now working with us directly. One of them has even dumped their advisor after they discovered how contrived their new arrangements were in an attempt to circumvent the MAAL.

Pleasingly, most taxpayers and advisors are abandoning their contrived structures and restructuring to models whereby the sales are booked in Australia, and engaging with us on the GST application to their new arrangements.

The investment in the Tax Avoidance Taskforce, announced in Budget 2016–17, was a welcome endorsement and vote of confidence in the work we have done to date, for example in our International Structures and Profit Shifting Program, we have raised \$1.2 billion in liabilities since the program started in 2013.

Over the next three years, we will be undertaking significantly more work, and reporting to the community regularly about our actions and results under the Tax Avoidance Taskforce.

We are currently recruiting experts to bolster our teams and expect to ramp up numbers on the Taskforce by 250 new people this financial year.

The ATO is still firmly committed to our transformation program Reinventing the ATO. We have made improvements to the client experience, staff experience and are making significant cultural shifts.

My Executive team and I are happy to take your questions.