Other News

1 July 2014

ATO compliance activity in respect of software developers

In its monthly Business Communicator publication, applicable to businesses with an annual turnover between $2 million and $250 million, the Australian Taxation Office (ATO) has indicated that it will undertake compliance activities in relation to the recent software development industry tax ruling, Taxation Ruling TR 2014/1 issued on 12 March 2014. That Ruling outlines the Commissioner’s view on the timing of derivation of income by commercial software developers from licence agreements. According to the ATO publication, impacted industry participants will have a period of time to review returns lodged and make voluntary disclosures to comply with the ATO view in TR 2014/1. The ATO has indicated that it will not start compliance activities until after 1 July 2014.

Reviews into the ATO's debt collection & tax practitioner services

On 26 May 2014, the Inspector-General of Taxation (IGT) announced terms of reference for two reviews into the Australian Taxation Office’s (ATO) approach to debt collection and services and support for tax practitioners.

With respect to the review of debt collection practices, the IGT said that “despite the ATO’s debt assistance programs, its approach to collecting taxes has been a persistent source of taxpayer complaint.” According to the IGT concerns raised by stakeholders in relating to the ATO’s debt collection practices include overdue recovery action, disproportionate action when debts are pursued, and the use of external debt collectors. The review will examine these concerns as well as the ATO’s approach to debt collection more generally including: the use of administrative and legislative instruments to secure payment (such as garnishee notices, director penalty notices and freezing orders); its approach to insolvency action; the re-raising of ‘written-off’ debts; debt relief decisions; and payment arrangements.

With respect to the review of ATO services and support for tax agents, the IGT has indicated that the review will consider a number of concerns raised by tax agents which have focussed on; the tax agent Portal; relationship managers; the management of the lodgement program (85 per cent ‘on-time’ requirement); the tax practitioners risk differentiation framework; and the ATO’s consultation groups for tax practitioners.

The review will consider the above concerns and will more broadly examine the existing and proposed services provided to tax practitioners.

Submissions will be treated as confidential and are due by 18 July 2014.

Deferral of the start date for SuperStream contributions data standards

On 26 May 2014, the Minister for Finance and Acting Assistant Treasurer announced that Superannuation funds will have up to 1 July 2015 to meet the new SuperStream contributions data standards. The SuperStream standard is part of the Commonwealth Government’s reform of the superannuation system. The purpose of the standard is to provide a consistent, reliable electronic method of transacting linked data and payments for superannuation.
Enquiry into tax disputes

On 2 June 2014, the Minister for Finance and Acting Assistant Treasurer referred a tax disputes inquiry to the House of Representative’s Committee on Taxation. On 4 June 2014, the Committee adopted the inquiry.

Under the terms of reference, the Committee is to inquire into and report on disputes between taxpayers and the Australian Taxation Office (ATO), with particular regard to:

- collecting revenues due
- fair treatment and respect of taxpayers
- efficiency, effectiveness and transparency, from the perspective of both taxpayers and the ATO, and
- how the ATO supports the outcomes of efficiency, effectiveness and transparency through the use and publication of performance information.

The Committee is to examine these issues through the following themes:

- small business
- large business
- high wealth individuals
- individuals generally
- the legal framework for disputes, including:
  - the arrangements for and appropriate level of separation between the compliance, investigation, objection and litigation functions, and
  - comparisons with tax administration bodies overseas.
- how the ATO supports the outcomes of efficiency, effectiveness and transparency through the use and publication of performance information.

The Committee may request that the Inspector-General of Taxation (IGT) undertake aspects of the inquiry and in this regard it is relevant to note that the Committee has requested the IGT to undertake a review under the Inspector-General of Taxation Act 2003 of tax disputes for two of the inquiry themes: large businesses and high wealth individuals. In this work, the IGT may consider other terms of reference, such as those relating to governance or legal frameworks.

The Committee has called for submissions addressing the terms of reference by by 4 July 2014.

For further information contact Michael Bersten on (02) 8266 6858.

Notice of data matching activity

On 10 June 2014, the Commissioner of Taxation published a Notice advising that the Australian Taxation Office (ATO) will acquire data from the Department of Human Services – Medicare where individuals have been granted an exemption from paying the Medicare Levy for the 2013, 2014 and 2015 financial years. It is estimated that records for 130,000 individuals will be obtained each year.

These records will be electronically matched with certain sections of ATO data holdings to identify non-compliance with registration, lodgement, reporting and payment obligations under taxation and superannuation laws.

This program is called the Medicare Levy Exemption Certificate data matching program and is purpose is to ensure taxpayers are not unfairly avoiding their obligations with paying the Medicare levy and in certain situations this extends to the Medicare levy surcharge.

Green Paper on Developing Northern Australia

The Government has released its Green Paper on Developing Northern Australia. The Paper identifies six possible policy directions:

- delivering economic infrastructure
- improving land use and access
- improving water access and management
- promoting trade and investment
- fostering education, research and innovation, and
- enhancing governance.

Comments are due on the paper by 8 August 2014 and will guide the basis for the next step White Paper which will be developed alongside other initiatives including tax reform.
Senate Select Committee into the Abbott Government’s Commission of Audit

The Senate Committee established to inquire into the Government’s Commission of Audit has tabled its final report which contains four recommendations:

• greater transparency and scrutiny be given to tax expenditure by including the Tax Expenditure Statement alongside direct expenditure measures in Budget Paper 2
• the Government White Paper on tax reform include a review of all government tax expenditures and concessions
• that the Government release the costings and evidence base for each
• recommendation from the National Commission of Audit, and
• that by 31 December 2014, the Government provide a response to each of the recommendations made by the National Commission of Audit.

Let’s talk

For a deeper discussion of how these issues might affect your business, please contact:

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