

GOVERNMENT WELCOMES \$13 BILLION TAX COMPLIANCE HAUL

Assistant Treasurer, Senator Nick Sherry, has today welcomed the Australian Taxation Office's (ATO) \$13 billion haul of outstanding taxes and liabilities from individuals and companies trying to cheat the system.

The ATO estimates its compliance program for 2008-09 year has resulted in more than \$8 billion being raised in liabilities and has recouped more than \$5 billion in unpaid taxes.

This represents a 2 per cent increase in liabilities on the previous financial year and a 7 per cent increase in collections on 2007-08.

"Australians doing the right thing, working hard and paying their fair share of taxes need to know those who try to cheat the system will be chased down and made to meet their obligations," the Assistant Treasurer said.

"In this global recession, when Government revenues have been devastated, it's more important than ever the public purse receives what it is due to help fund the services Australians need and expect."

"But the Government realises many Australians and businesses are doing it tough during this global recession."

"That is why it's important those finding it hard to meet their tax obligations contact the ATO as soon as possible to make the payment arrangements that suit them best."

"We will support those who do the right thing and be firm with those who don't."

The Rudd Government is committed to safeguarding the integrity of the system by supporting the ATO to:

- ensure the tax laws are administered fairly and efficiently;
- make it as easy as possible for people to comply; and
- deal appropriately with those who abuse the system.

This financial year, the ATO is increasing scrutiny of information reported in returns, in particular, capital gains and losses declared on the sale of

investments, work related expenses and participation in tax exploitation schemes.

With small businesses, the ATO will be increasing compliance work around employer obligations, the cash economy, correct income tax and GST treatment of property sales and activity statement fraud.

There will also be an increased compliance focus on:

- wealthy individuals and private company executives;
- ensuring employers are meeting their obligations;
- the use of phoenix arrangements to avoid tax obligations; and
- international transactions including profit shifting through the use of transfer pricing and thin capitalisation.

"The Rudd Government takes a zero tolerance approach to tax fraud - whether it's cash economy operations or sophisticated international tax haven arrangements," the Assistant Treasurer said.

"We are determined to see the ATO has the resources necessary to make sure all Australians, whether individuals or companies, do the right thing when it comes to paying their fair share of tax."

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6 August 2009