

GREATER CERTAINTY FOR TAXPAYERS USING PUBLIC BINDING ADVICE

The Assistant Treasurer, Senator Nick Sherry, has today released the Inspector-General of Taxation's (IGT) report on the *Review of the Tax Office's administration of public binding advice*.

Public binding advice is a type of Australian Taxation Office (ATO) ruling, which is published and which sets out in a binding manner the ATO's position on how it will apply the tax law.

Even if public binding advice is later proven to be incorrect, taxpayers are protected from any tax, penalties or interest charges if they relied on the initial binding advice.

The IGT Review was initiated following changes to the law in 2006 aimed at making the ATO's advice legally binding for a wider range of topics and subsequent concerns that the full benefits of greater certainty may not have been realised.

"Australia has a unique tax system with both public and private rulings – these work together to provide important community and business certainty," said the Assistant Treasurer.

Today's IGT's report makes four key recommendations to give further and full effect to the widened public binding system. All but one recommendation has been accepted by the ATO.

"I am very pleased with the Inspector-General's Report and also very pleased that the ATO has accepted most of its recommendations," the Assistant Treasurer said.

"The ATO devotes considerable attention to the preparation of its guidance products to ensure taxpayers are not misled when following its advice."

"Providing certainty to taxpayers in our system is a high priority and I firmly believe the work of the Inspector-General and the ATO will further enhance our tax administration."

Key IGT recommendations the ATO has agreed to were that:

- further publicly available guidance should be provided to ATO staff on the full powers of the ATO to issue public binding advice on any matter involved in the application of the tax

law, including on particular specified areas such as safe harbours;

- systems should be established to allow more immediate communication from the ATO to the wider community of any changes to practice statements; and
- the ATO seek independent legal advice on the meaning of "general administrative practice".

The full report, which also contains the ATO response to all recommendations, is available at www.igt.gov.au.

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