

## REVIEW FINDINGS ON TAX OFFICE SETTLEMENT PROCESS

The Assistant Treasurer, Senator Nick Sherry, today released the Inspector-General of Taxation's *Review into aspects of the Tax Office's settlement of active compliance activities*

The Tax Office uses the settlement process in compliance disputes with taxpayers where it believes the cost of litigation outweighs the possible benefits.

"The Inspector-General's review found settlements are a necessary and important feature of good tax administration – provided they are properly administered and there is community confidence in the integrity of the system," the Assistant Treasurer said.

"The review made 24 recommendations to the Tax Office each of which is designed to achieve an integrated, transparent and cost effective approach to taxpayer dispute resolution."

"The Tax Office has committed to a work program to make these improvements."

This work includes:

- improving the Tax Office's recording, analysing and public reporting of settlements;
- improving settlement decision-making by strengthening compliance with existing Tax Office procedures for such decision-making;
- amending templates for settlement deeds to allow settled cases to be reopened under certain circumstances to ensure fairness and consistency of treatment achieving a better outcome for the taxpayer;
- improving the taxpayer experience by providing a 'circuit break' or 'reference point' which will draw on resolution and settlement experience as well as transparency in decision-making;
- ensuring all necessary information and changes are disclosed to affected taxpayers;

- conducting probity checks to prevent inappropriate use of settlements; and
- developing and implementing a redesigned business model focusing on end-to-end processes which will improve linkages between settlements and its processes.

"The review highlights the importance of end-to-end reporting and analysis across the life cycle of a case," the Assistant Treasurer said.

"The Inspector-General will, at least two years after this report, review the Tax Office's progress towards internally recording and publicly reporting the aggregate amounts of tax reduced from liabilities originally raised in each case."

"The goal is to gain a more comprehensive and detailed picture of the net contribution to revenue of the Tax Office's compliance actions."

"I commend the effective way the Inspector-General and the Tax Office have worked together to agree on practical improvements to the settlements framework."

The report, which also contains the Tax Office's response, is available at [www.igt.gov.au](http://www.igt.gov.au)

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