CPA Australia Ltd
ABN 64 008 392 452

Level 20, 28 Freshwater Place
Southbank VIC 3006 Australia

GPO Box 2820 Melbourne
VIC 3001 Australia

P 1300 737 373
Outside Aust +613 9606 9677

cpaaustralia.com.au

Ms Ruth Owen CBE
Inspector-General Taxation and Taxation Ombudsman
GPO Box 551
Sydney NSW 2001

Email: consultations@igt.gov.au

16 May 2025

Dear Ms Owen,

IGTO 2025/2026 Systemic reviews: draft work plan

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 175,000 members in over 100 countries and regions. We make this submission in response to the inquiry into the Inspector-General Taxation Ombudsman **IGTO 2025/26 Systematic reviews: draft work plan** on behalf of our members and in the broader public interest.

CPA Australia welcomes the opportunity to contribute to the 2025/2026 Systemic Reviews draft work plan. Our submission draws on the experience of our members, particularly registered tax agents, many of whom operate small practices and are directly impacted by the ATO's systems, policies, and communications.

We agree and support the excellent IGTO 2025/2026 draft workplan. Our members have raised the following review topics for IGTO's consideration:

- a review of the Asset Betterment Calculations/section 167 default assessment system, and
- a review of the Australian Taxation Office (ATO)'s reliance on the burden of proof.

We support the IGTO's proposed topics and commend IGTO's continued focus on systemic improvement.

We also encourage future work that addresses the broader regulatory and communication challenges faced by agents - especially those working in small practices - who are foundational to the integrity and efficiency of the Australian tax system. At the end of the day, these agents are working to help their clients meet their obligations and, in doing so, support the ATO in the timely and accurate collection of tax revenue.

Further details are outlined in Appendix A. We are also happy to organise a discussion with you and our members to discuss these issues further.

If you have any queries, please contact Jenny Wong, Tax Policy Lead on jenny.wong@cpaaustralia.com.au or Bill Leung on bill.leung@cpaaustralia.com.au

Yours sincerely,

Jenny Wong
Tax Policy Lead

Appendix A

Detailed Discussions

We agree and support the IGTO 2025/2026 draft workplan. It shows IGTO's great understanding of current and emerging issues with the tax system.

We see the following two initiatives as very important for our members, basically because when these matters arise, they can have a major negative impact on taxpayers who are often completely innocent parties:

- ATO's management of compromised accounts, and
- ATO's response to fraud perpetrated by known parties.

Important Issues

Following the above, from the list we would highlight the following as high priority:

- ATO's management of the remission of general interest charge,
- Payday Super readiness,
- ATO's administration of disclosure of business tax debts to credit reporting bureaus, and
- Tax Practitioner's Board's management of referrals of breaches of the updated Code of Conduct.

These topics are especially timely and reflect recurring pain points within the tax system. These areas directly intersect with issues raised by tax agents including increased administrative burden, security inefficiencies, lack of transparency, and regulatory overload.

In addition to the above topics identified in the draft workplan, we recommend the IGTO to review the following:

1. A review of the Asset Betterment Calculations/section 167 default assessment system

Our members have expressed concerns about the way the ATO exercises its powers under section 167 of the Income Tax Assessment Act 1997, particularly in the context of asset betterment assessments. In some cases, amounts are included in default assessments that arguably should not be, with the onus then placed on the taxpayer to disprove them. This approach can be especially problematic where the taxpayer lacks the financial means to challenge the assessment, and where pro bono legal assistance is unavailable.

There are currently no legal consequences for the ATO in adopting this approach, even where the assessment process may lead to unfair outcomes. While many affected taxpayers will seek recourse through the Administrative Review Tribunal (ART), often due to cost constraints or factual disputes, the current framework offers limited safeguards.

We believe this issue warrants review - particularly whether greater accountability measures could be introduced, such as the ATO bearing costs in certain circumstances, even in ART proceedings.

2. A review of the ATO's reliance on the burden of proof

A similar concern arises in the context of standard ATO reviews. In one instance, documents obtained under Freedom of Information revealed internal ATO commentary acknowledging that "our arguments aren't the strongest in some parts, but the onus is on the taxpayer to demonstrate their position." This was not a case of insufficient evidence - multiple rounds of information were provided, including data from Reportable Financial Institutions and third-party notices issued under section 353-10, all of which corroborated the taxpayer's position.

In one such case, involving a disputed tax liability of under $200,000, the issue appeared to be that the supporting evidence was not presented in the precise format preferred by the ATO. This highlights a broader systemic concern around fairness and proportionality in ATO decision-making and review processes.

Conclusion

We support the IGTO's proposed topics and commend IGTO's continued focus on systemic improvement.

We also encourage future work that addresses the broader regulatory and communication challenges faced by agents - especially those working in small practices - who are foundational to the integrity and efficiency of the Australian tax system. At the end of the day, these agents are working to help their clients meet their obligations and, in doing so, support the ATO in the timely and accurate collection of tax revenue.