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

Email: consultations@igt.gov.au

16 April 2025

Dear Ms Owen,

Review of ATO letters and written communications

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 **Review of ATO letters and written communications** on behalf of our members and in the broader public interest.

CPA Australia welcomes the opportunity to contribute to the review of ATO letters and written communications.

A consistent theme in feedback from our members concerns the quality and increasing automation of ATO correspondence. Members have raised the following key issues:

- Letters often fail to clearly explain or address the matters at hand, and the language used is unclear, overly bureaucratic, or poorly structured.
- Correspondence is sometimes issued electronically even when no email address is recorded in the taxpayer's ATO contact details - resulting in the letter not being sent or received at all.
- Standard wording in dispute-related communications can be misleading or unnecessarily threatening, particularly for taxpayers who are not familiar with the tax system.
- Automated letters are frequently generic, lack relevance to the specific client's circumstances, and sometimes contain factual or legal errors.
- Many letters do not advise taxpayers to seek assistance from their registered tax or BAS agent, missing an important opportunity to support informed compliance.

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

A consistent theme in feedback from our members relates to the quality of ATO letters and written communications. Members have expressed concern that the ATO often struggles to tailor its communications appropriately to the intended audience. Specific concerns include:

1. The language used is frequently unclear, overly bureaucratic, and not reflective of practical realities.
2. Many taxpayers engage a BAS or tax agent, yet ATO communications rarely advise or encourage taxpayers to consult their tax professionals.
3. The ATO previously initiated a Letter Writing Improvement Project; however, members believe it was never meaningfully implemented or utilised.
4. Letters are often signed off by a Deputy Commissioner, a figure typically unfamiliar to taxpayers. Members believe written communications should include the full name of the relevant service delivery officer or case worker to foster accountability and transparency.
5. While many letters are sent to BAS or tax agents—who can interpret them—those sent directly to taxpayers are often poorly understood, leading to confusion and non-compliance.

Based on the above, our general recommendations and observations are as follows:

Using the correct communication channels

Many clients do not receive ATO correspondence until it escalates to a reminder notice. This is often because the clients prefer physical mail, yet the ATO defaults to electronic delivery - even when no email address is recorded in the taxpayer's ATO contact details. In such cases, no communication is actually sent, and the issue is not flagged within ATO systems.

Over time, agents may identify the gap and update the taxpayer's contact details. However, correspondence still fails to be mailed, as the ATO often relies on myGov notifications instead. Taxpayers frequently report that they ignore these notifications due to concerns about scam texts and emails associated with myGov.

The reverse scenario also presents challenges. Some individuals - particularly those with debt issues who may receive director penalty notices, or those in global roles - have transient physical addresses and prefer email correspondence.

We recommend the ATO improve its flexibility in communication practices by accommodating a broader range of taxpayer preferences and allowing individuals to nominate their preferred channel for receiving written communications.

Improving the quality of ATO letters

Our members report that many ATO letters - particularly those related to audit and debt - lack clarity, precision, and appropriate tone. These deficiencies often leave practitioners and their staff asking, *"What is the ATO actually saying here?"* or *"Have they even answered the question?"* Such ambiguity increases the risk of misinterpretation and undermines the effectiveness of the communication.

While a few private rulings could benefit from improved clarity, the most significant issues appear in audit and debt correspondence. In the case of audit letters, concerns about decision-making quality are common. Specific issues include:

- Inadequate explanation of the ATO's position
- Failure to apply the law to the specific facts

- Misunderstanding of the factual circumstances
- Misapplication or misunderstanding of the law
- In some instances, basic errors, such as using the taxpayer's Tax File Number (TFN) as the ATO reference number

Standard wording used in dispute-related communications can also be unnecessarily threatening or confusing to taxpayers who are unfamiliar with the tax system. A common example is how the option to make a voluntary disclosure is presented. Many taxpayers mistakenly believe this is mandatory rather than optional. The language used should be reviewed to more accurately convey that a voluntary disclosure is a choice.

In addition, the use of the taxpayer's TFN in certain ATO letters - such as data-matching discrepancy notices - raises privacy and confidentiality concern. Revealing TFNs in written correspondence risks compromising taxpayer security.

In the area of debt recovery, members have observed increasing automation in ATO letters. This has led to cases where clients receive enforcement notices (including garnishee orders and notifications to credit reporting agencies), despite the ATO having agreed to pause recovery action while defences are under consideration. These automated actions can cause serious harm to taxpayers' reputations and relationships with third parties, particularly where the debt is later found to be incorrect or not properly owed.

We recommend the ATO undertake a comprehensive review of its letter templates and communication processes, particularly for audit and debt-related correspondence. This review should focus on improving clarity, ensuring legal and factual accuracy, and adopting a tone that is appropriate to the taxpayer's circumstances and level of tax knowledge.