

High-tech taxman harder to dodge:experts

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Dodging the tax man is going to become much more difficult, thanks to high-tech equipment and data from a host of sources, tax experts say.

The Australian Tax Office (ATO) says it has been able to expand its monitoring of income tax compliance thanks to an additional outlay of \$700 million, over four years, from the federal government.

In its 2008-09 compliance report released today, the ATO says this will deliver an estimated \$5.7 billion in additional revenue, mainly from large businesses and wealthy individuals.

"We are ramping up our activities across income tax," Deputy Commissioner Mark Konza told AAP.

"We are closing the loop, if you like, between wealthy individuals and the entities they control."

Deloitte tax partner Michael de Palo says the report builds on the ATO's successes last year and likens it to an iceberg.

"There's a lot going on below the waterline that reaches far wider than the tip that you see to support the ATO's compliance activities," Mr de Palo said.

"In the last few years you have seen major, major investment in terms of technology around data matching analytics and other analysis they are doing to actually make sure they are surveilling a lot of taxpayers to understand what's going on."

He said they are able to "watch over you" more because they have a wide range of data from various sources - from international organisations, through their treaty network, from publicly available information, and from other regulators.

The ATO's crackdown on tax havens and dodgy tax schemes has led to 853 people coming clean on previously undeclared income, involving \$36 million in revenue.

"It's far better you come clean now than we have to chase it up," Second Tax Commissioner Jennie Granger told AAP.

Today's report showed the ATO completed 315 audits during 2007-08, raising \$330 million in liabilities, a third of which came out of Project Wickenby.

Wickenby was set up two years ago as a joint investigation of the Australian Crime Commission (ACC) and the ATO into alleged tax fraud and money laundering worth \$300 million.

The ATO is also making a swoop on work-related expenses and in particularly "out-of-pattern" claims from chefs, nurses, and medical practitioners.

"We pattern last year's tax returns and have a look at where the pattern of claims are starting to shift in a way that looks out of kilter," Ms Granger said.

About six in seven employees now claim work expenses, and the figure rises to nine in 10 among higher-income earners.

Individual taxpayers claimed a total \$27 billion in 2005-06, up from \$22.7 billion the previous year.

CPA Australia chief executive officer Geoff Rankin said the focus on smaller enterprises, "mum and dad" investors, international transactions and individuals meant taxpayers may need to review and modify their behaviour.

"The complexity of some of these affected transactions means some taxation requirements may sometimes be overlooked, but the need to be thorough, from a compliance viewpoint, has never been greater," Mr Rankin said.

Ms Granger says prevention is better than a cure.

"It is better to come forward if you have got a problem, because we will be following it up," she said.

"Rather than worrying about it, just come clean."

Source: WA Today