

## Tax agents fuelling non-compliance, ATO boss says



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Over 900 audits have shown that tax agents are contributing to Australia's individual tax gap through "carelessness, miscalculation and simple mistakes" according to ATO commissioner Chris Jordan.

This news was not well received by delegates at the IPA's national congress on the Gold Coast, who told Mr Jordan tax agents in fact prevent clients from making claims they're not entitled to.

However, Mr Jordan said with expenses where record-keeping requirements have been simplified, for example the cents per kilometre method for car expenses, the ATO has found agents are accepting these as standard claims, with the assumption that no explanation is required.



"We also see some agents neglecting to check that the client has actually spent the money on the acquired item, and that it was directly related to earning their income," Mr Jordan said.

These individual slips are creating a bigger revenue hole than corporate Australia, Mr Jordan said.

"While these are small amounts in each case, when you add them, you end up with a very large figure. An aggregate, somewhat larger, than the large corporate tax gap that we released of \$2.5 billion dollars," he said.

Likewise in the small business market, Mr Jordan pointed to concerning levels of "opportunistic claiming."

As a result of these audits and the preliminary findings of the Black Economy Taskforce, the tax office will be homing in on undeclared income, unexplained wealth or lifestyle for individuals or small businesses, and businesses with a concentration of cash-only activities or low usage of merchant banking facilities.

The ATO's starting point was the presumption that tax agents aren't fuelling over or incorrect claiming, but Mr Jordan said "the evidence is not quite supporting that."


"This is going to be a very sensitive issue when we release the individual tax gaps," Mr Jordan said.


"We did 360 random audits, and the results were so startling that we did 600 more," he said.


"We were expecting the results to be the other way... but they're not."


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