



# Commissioner Heferen's address to all ATO employees ahead of tax time

Commissioner of Taxation, Rob Heferen's address to all employees ahead of tax time.

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*Rob Heferen, Commissioner of Taxation*

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*(Check against delivery)*

Thank you, Rob, for the kind introduction.

I'd like to also acknowledge the Traditional Owners and Custodians of the land that we meet on, the Ngunnawal people here in Canberra, and the Traditional Owners of the lands of those joining virtually. I acknowledge the continuing connection to land, waters, and community, and pay my respects to the people, the cultures, and the Elders past, present, and emerging.

A month or so ago I asked my team and Corporate Affairs to arrange this event so that I could have the opportunity to speak to you all directly before tax time.

I'm not here to tell you how important tax time is. You all understand the mammoth and complex responsibility that we have in the functioning of government and collection of revenue.

I'm not here to tell you how to do your jobs. The level of capability and dedication that I've seen within this organisation has astounded me and continues to do so.

And I'm not here to tell you your individual responsibilities as taxpayers. That's Rob Thompson's job. One he's enjoying immensely,

no doubt.

What I want to do today is outline how I see those parts all coming together.

## **Our task and why it matters**

So, why does tax matter?

Oliver Wendell Holmes Jr said that taxes are the price we pay for a civilized society.

Put in a slightly more depressing tone, Benjamin Franklin said 'In this world nothing is certain but death and taxes'.

The ATO's role is not to decide when or how much taxes are paid – that is the responsibility of Government – but we do administer the system and in that capacity, have a key role in fostering willing participation in our tax system. Our circle of influence is broad.

And tax time is our chance to reach individuals.

In 2022–23, our net tax collections, across all markets, was \$576.2 billion.

More than half of this was from the individuals market – almost \$300 billion. To give you a sense of scale, company income tax – or, corporate tax as we would typically call it – collections were half of that amount.

This not to play down the importance of company income tax. I spoke to the Corporate Tax Association only last week about how important compliance within their market is.

I reminded the CTA audience that their contributions are a significant part of our system, not only do they have a direct economic impact, but the perception of compliance in the corporate sector affects compliance levels in the entire tax system.

Through our efforts, and a suite of legislative reforms, we've been able to continue to improve multinational tax performance. And by doing so, we provide taxpayers and the community with certainty that voluntary compliance in the large market is the highest it's ever been.

People are more inclined to engage and comply with their own personal tax obligations when they perceive the system to be fair.

A fair tax system is an entirely reasonable expectation. Whether you're a large corporate, a small business or an individual, we all have skin in this game.

## **Three focus areas this tax time**

I hope Rob T doesn't mind me stepping on his toes to outline our focus areas for tax time. I just wish I had the beard to really emphasise the wisdom.

With the system so reliant on individuals, it's essential for us to deliver efficient and effective collection. If everyone were to overclaim by just a few dollars – across 12 million taxpayers that adds up to a huge amount.

Currently the individuals market has a 94% voluntary compliance rate. While this is an indicator of willing participation in the system, it's also a sign that there is room for us to reach the community more effectively at tax time.

For this tax time, we have three areas of focus:

### **The first is encouraging taxpayers to wait for prefill**

We all know someone who rushes to lodge on 1 July, despite the ATO warning people against it every year. A speedy refund is a tricky motivator for us to overcome.

But we need to continue to encourage individuals to wait for pre-fill to ensure they are accurately capturing their income sources, investment gains and losses, and bank and private health insurance information.

### **The second is correctly claiming work related expenses**

Last financial year, more than 8 million people claimed a work-related expense. Unsurprisingly – in an environment where many people have flexible and hybrid working arrangements – around half of those claimed a deduction related to working from home.

We want people to meet the three golden rules: you must have incurred the expense, it must be related to your work, and you must have a receipt.

## **Finally, the third is accurate rental property deductions**

If you own a rental property, I encourage you to check that you have declared that income, ensure you aren't overclaiming expenses, and know the difference between capital works and a repair.

Those are our three focus areas: waiting for prefill, work-related expenses, and rental property deductions. I'm sure Rob and I will get to expand on those a bit later.

## **Strengthening our relationship with Australians at tax time**

Our relationship with the Australian community is more important than ever at tax time.

For many Australians, lodging a tax return is their only interaction with us. So, their experience at tax time has a huge impact on their overall impressions of the ATO and the work that we do. For a brief period, engagement with the tax office is at the top of mind for many Australians.

As you may have gathered by now, I am partial to a sporting analogy, and so I've been thinking about tax time in a sporting context.

The closest comparison I could draw would be a grand final. And when I think of a grand final, the best words of encouragement are typically about preparing well, not letting the occasion get the better of you, and relying on the hard work that has led up to the big moment.

For some of you, this may be your first tax time at the ATO. For others, tax time may be a well-practiced process. Despite how experienced you are, tax time is a huge undertaking, and a collective effort.

## **Thank you to frontline staff**

To those in our contact centres and digital channels, you are the ears and voice of the ATO.

You play a critical role in giving taxpayers the support they need to lodge correctly. Every interaction you have is a chance to build the reputation of the ATO and enhance community confidence.

I've been fortunate on my travels as Commissioner to listen in on some contact centre calls.

I was impressed with the empathy, professionalism and knowledge of our contact centre staff, who are often the frontline for the community's frustration.

I ask for your ongoing resilience and patience when this happens, and remember you're doing the best you can.

I also ask you to look out for one another. If you need additional tools to support your team, our thriving minds resources are available to equip you with strategies that can assist you and your teammates.

It's important to remember that while the taxpayer's experience is very important to us, we can't always give people what they want, when they want it. Collecting tax is not a consensus model or a negotiation. Our expectation is that everyone pays the right amount of tax – no more, no less.

## **Thank you to processing staff**

I'd also like to acknowledge those in our processing areas, the other side of the taxpayer service coin.

It is a testament to the hard work that has been undertaken in previous years that the community expects such a quick turn-around of their tax return.

In 2024 lodging with myTax can be done in a matter of minutes, in the palm of your hand, via the **ATO app**, with assessments processed usually in just a few days...provided it's done after the pre-fill.

Now, I do try to refrain from saying "back in my day..." as much as I can, but – to state the obvious – technology has been a truly remarkable revolution in how we serve the community.

You'll see some more proof of that soon in a fun treat that our VPU team has prepared.

## **Thank you to the wider organisation**

Tax time is a huge effort across the organisation.

From our risk areas, new measures teams and those who work with our partners in the system, to those ensuring tax professionals have the support they need to support their clients.

For those employees working on the digital side of tax time, meeting the community's expectations of technological innovation and forward thinking from the ATO has been, and continues to be, a long term endeavour.

I understand that when it comes to IT and digital, planning for tax time is a bit like painting the Sydney Harbour Bridge – as soon as you've finished one coat, you're already overdue for the next.

Tax time is also a mammoth undertaking across our cross-agency communications areas, as well as media and parliamentary teams, who provide the community with information they need across different channels.

There are many areas which contribute to a successful tax time that I haven't mentioned, and indeed many who aren't directly involved in tax time but have an extremely important role in enabling our success.

I'd like to take this opportunity to recognize the great work of today's host, Rob Thomson, who has done an exceptional job as our tax time spokesperson.

Appearing on Sunrise, the Today Show and the ABC may not have been what he signed up for when he first joined the tax office, but you're now the official friendly face of the ATO. For this year, anyway.

## **Tax Officers as taxpayers**

Finally, I want to talk briefly about our responsibilities as taxpayers.

I've made no secret of the fact that integrity is of the utmost importance to me and our leadership team.

As individuals, this means being honest, being accountable, being authentic and keeping our commitments.

As an organisation, it means being clear with the Australian community about our values, and ensuring those values guide our decisions and behaviours.

And in our service to the community, it means ensuring that our products and processes achieve the right balance of accessibility with the appropriate checks, security, and safeguards, including against fraud.

So, what does integrity mean for us in our role as tax officers and taxpayers?

At a headline level it means leading by example. Lodging on time, paying the right amount of tax, and ensuring work-related deductions are correct.

A colleague told me recently that her mother, Pam, a former tax officer, used to joke with her friends that even though she worked for the ATO, there were 'no staff discounts' and 'no jumping the lodgment queue'. Pam clearly knew her responsibilities.

If you're in doubt about what you can and can't claim, we have a wealth of information on our website; including a tailored guide for public servants. These can also be shared with your family and friends.

We can't expect the community to comply with their obligations if we aren't walking the talk ourselves.

## **Closing remarks**

We have an extraordinarily complex and vast program of work ahead of us. And the dual role we play at tax time – the ATO employee and the taxpayer – gives us a unique vantage point. We mustn't discount that unique perspective.

I'd like to thank you for attending today, or tuning in to the livestream. I am excited for my first tax time as Commissioner, and I thank you all for your collective efforts to get us ready for tax time 2024.

Thank you.

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