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GST Stewardship Group

Access information from meetings of the GST Stewardship Group.

GST Stewardship Group key messages 20 March 2025



Key topics discussed at the GST Stewardship Group meeting 20 March 2025.

GST Stewardship Group key messages 12 November 2024



Key topics discussed at the GST Stewardship Group meeting 12 November 2024.

GST Stewardship Group key messages 30 July 2024



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GST Stewardship Group key messages 13 March 2024



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GST Stewardship Group key messages 21 March 2023



Key messages discussed at the GST Stewardship Group meeting 21 March 2023.

GST Stewardship Group key messages 16 November 2022



Information about the key topics discussed at the GST Stewardship Group meeting 16 November 2022.

GST Stewardship Group key messages 15 June 2022



Information about the key topics discussed at the GST Stewardship Group meeting 15 June 2022.

QC 38570

GST Stewardship Group key messages 20 March 2025

Key topics discussed at the GST Stewardship Group meeting 20 March 2025.

Published 24 April 2025

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Community and industry insights roundtable

The use of artificial intelligence and the supplementary annual GST return have been scheduled in meeting agendas.

Further topics discussed included:

- processing documents and forms, particularly for grouping and GST registration
- online services for legal firms
- issues faced by non-resident entities relating to registration, grouping, refunds, systems
- director penalty notices and increased levels of debt and vulnerable clients
- fraud issues, particularly in construction, payroll and service provider sectors

- exploring Australian Taxation Office (ATO) data resources to improve compliance across the cash economy.

Supplementary annual GST return

The group discussed the implementation of the supplementary annual GST return. A broad communication strategy is raising awareness of the new lodgment obligations and providing clarity for taxpayers on what they need to do. The first notices requiring lodgment will issue in May with lodgment due in August.

Taxpayers involved in a pilot have provided feedback to the ATO. While the majority said the questions were clear and guidance was relevant and easy to follow, the ATO is considering making further refinements to questions relating to GST governance and the GST Analytical Tool (GAT).

The ATO will share a further update after analysing and evaluating the first year of lodgments.

Member comments

A member asked if taxpayers who do not need to do an assurance review, based on the responses provided in the supplementary annual GST return, will get an updated GST assurance rating. The ATO is considering this and what will be communicated to taxpayers.

The ATO acknowledged a request for further web guidance for taxpayers regarding GAT and confirmed that undertaking the GAT is expected as part of good governance. The ATO reiterated there is no threshold applied when analysing the GAT and that each circumstance is considered individually.

A member asked if there are likely to be any more risk-based interactions with taxpayers because of the supplementary annual GST return, such as a letter or phone call. The ATO noted information used for risk-based programs will depend on the information provided by taxpayers in the return.

Future GST PAG priorities

Following discussions on GST public advice and guidance (PAG) products at the July and November 2024 meetings, the ATO

canvassed members' views and insights on what issues they consider the ATO should prioritise for future PAG to improve the GST system.

The ATO asked members to consult within their industry or professional groups on priorities. Members were asked to consider the ATO PAG prioritisation factors and were reminded that their insights would be fed back to relevant areas within the ATO as part of normal PAG prioritisation processes.

Members elaborated on the first 2 of the topics raised in their written comments: the need for specific public guidance on modern build-to-rent development arrangements, and modern social and affordable housing development arrangements. An out-of-session meeting will be arranged for members to further discuss PAG priorities.

Member comments

Investors, particularly foreign investors, in sectors such as build-to-rent, need a level of certainty within specific time horizons, before they commit to investment. Members noted it would be helpful for the ATO to provide more guidance on its website with extra examples.

Members asked for more guidance on the sector of social housing, particularly surrounding the provision of advice to community housing providers, to give them greater levels of comfort about what they are doing.

GST system background and context

The ATO guided members through the current GST product ecosystem, risks and challenges, and reflected on the outcomes of previous stewardship group workshops that focused on improving the system.

Members highlighted GST administration focus areas such as natural systems, digitalisation, contemporary business practices, supply chains, support, and education.

As the GST gap has increased, the group considered practices implemented by other jurisdictions to reduce their value-added tax gaps.

Predictions for the future of GST

The group discussed a range of ideas for improving the future administration of GST. Broader societal and technological trends and what that might mean for GST were also canvassed.

The GST payments process is expected to become more streamlined and flexible with the rollout of new payment platforms, providing an opportunity to change peoples' perspective on payments. The group will continue to be discuss this topic at future meetings.

Member comments

Members predicted an increasing prevalence of grey law, that is rules that aim to influence conduct but are not legally binding, and discussed what that might mean.

System-generated data that goes directly to the ATO from platforms such as Amazon, eBay and Airtasker provides the ATO with a broad range of data that might enable it to fully complete tax returns then seek confirmation from the taxpayer or provide them with an avenue to challenge it.

GST has shifted over the 25 years since its inception, from theoretically pure to incorporating more practical approaches such as reverse charging.

Members discussed a range of ideas for improving the future administration of GST in the areas of digitalisation, better use of natural systems, payments, support and education.

Legislation and ATO updates

Members had an opportunity to ask questions on updates, which included:

- legislation and consultation
- news and program updates
- GST discussions at other ATO stewardship groups
- GST public advice and guidance
- GST litigation.

Attendees

Attendees list

Organisation	Member
ATO	Hector Thompson (Co-chair), International Support and Programs
ATO	Andrea Wood, International Support and Programs
ATO	Darryl McCarthy, International Support and Programs
ATO	Narda Phillips, Enterprise Solutions and Technology
ATO	Will Day, Small Business
Australian Banking Association	Chris Plakias
Australian Bookkeeping Association	Kerrie Jarius
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Corporate Tax Association	Stephanie Caredes
CPA Australia	Ken Fehily
Digital Service Providers Australia New Zealand	Matthew Prouse
Independent Member	Jennee Chan
Law Council of Australia	Rhys Guild
RSM Australia	Sam Mohammad
Small Business Representative	Amanda Gascoigne (Co-chair)

The Tax Institute	Bastian Gasser
University of New South Wales	Michael Walpole
Wesfarmers Limited	Caryn Bovell

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Cathy Joseph, International Support and Programs
ATO	Jenny Lin, Private Wealth
ATO	Michael Morton, Small Business
ATO	Nadia Alfonsi, Public Groups
ATO	Rowan Fox, International Support and Programs
ATO	Virginia Gogan, Public Groups
Department of Treasury and Finance, Tasmania	Damien Jarvis
Queensland Treasury	Matheus Yeo
Treasury	Chadd Gunton

Apologies

Apologies list

Organisation	Member
ATO	Sarah Vawser, Individuals and Intermediaries
Property Council of Australia	Elke Bremner
Treasury	Emma Baudinette

QC 104314

GST Stewardship Group key messages 12 November 2024

Key topics discussed at the GST Stewardship Group meeting 12 November 2024.

Published 10 December 2024

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Community and industry insights roundtable

Members discussed a range of issues, including:

- artificial intelligence
- Supplementary annual GST return
- processing documents and forms
- Online services for legal firms
- merchant fees and increased use of cash
- changes to Relationship Authorisation Manager
- Director Penalty Notices and ATO debt.

Driving improved reporting outcomes

Insights from pilots, initiatives and engagements have helped shape a work program with a focus on seamless and increased frequency of reporting and payment for small businesses as part of the future digitalised tax experience. The ATO will incrementally move towards this future tax experience, including:

- raising awareness within the small business community about the option and benefits of reporting monthly, expected to commence in November 2024
- applying the Commissioner of Taxation's discretion to change a business's GST reporting cycle to monthly for those small businesses with a poor compliance history of non-payment or lodgment and incorrect reporting. This initiative is expected to commence in February 2025 for selected small business taxpayers.

The ATO is investigating the best ways to raise awareness of monthly reporting options within the small business community and is focused on enhancing the understanding of the benefits and impacts on small businesses, bookkeepers and accountants.

Member comments

- Small businesses are sensitive to compliance costs when switching from quarterly to monthly reporting. Members queried whether the benefits of monthly reporting outweigh increased costs. The ATO noted evaluation will be an important element of the initiative, which will provide further insights at a greater scale on benefits and impacts.
- Building in incentives, including monetary incentives, could encourage businesses to move to monthly reporting. Bill payments would be reduced if paid monthly instead of quarterly.
- Paying monthly might be difficult for certain industries, such as construction, where natural business cycles may fluctuate. An industry lens will be applied as part of evaluating the initiative.
- Members asked whether the impact of Payday Super has been factored into the ATO's planning. The ATO has considered the impact of Payday Super in designing the initiative and may support small businesses to prepare for more frequent reporting and payment of tax obligations.

ATO's payment and lodgment strategy

The ATO briefed members on debt levels with a focus on GST and PAYG withholding and outlined steps to drive improvements in payment. Quicker action makes it easier for businesses to get back on track. A significant amount of existing debt is less than 12 months old.

A new approach is being implemented to shift payment behaviour by using additional support from financial advisers and other intermediaries to help taxpayers. This has already resulted in more phone calls and payment outcomes. The ATO is also developing a Vulnerability framework.

The ATO briefed members on a restructure in the Service Delivery Group, which became Frontline Operations Group on 15 July 2024.

Member comments

- Members addressed the large volume of Director Penalty Notices being issued, with tax clinics having very limited capacity to help a cohort of vulnerable people. While the implementation of the ATO helpline is a good concept, there are some teething problems.

- Members questioned limitations on ATO payment plans to 2 years. The ATO noted it is difficult for taxpayers to maintain payment plans over a long period, with many defaulting within 12 months.

Legislation and ATO update

Members had the opportunity to ask questions on updates prepared by the ATO and Treasury. The group discussed how and when the ATO can provide visibility to stewardship groups regarding upcoming public advice and guidance.

GST gap

The group discussed GST net and gross gap estimates, and how they have increased in the past 2 years since the COVID-19 pandemic. The latest gap update includes an uplift to the shadow economy which is higher than the Australian Bureau of Statistics estimate historically used. Over the past 12–18 months, the ATO has worked to develop a bottom-up GST gap which will be used in the ATO annual report from 2024–25 onwards.

Member comments

- Members asked whether the impact of Protego GST fraud is included in GST gap numbers. The ATO confirmed it has factored in a higher non-recovery rate to reflect the impact of Protego.
- Members asked whether issuing DPNs has an impact on the size of the GST gap, with the ATO noting it does not make explicit adjustments for this.

GST financial services

A key focus area of the ATO's *GST Financial Services and Insurance strategy* is the issue of taxpayers using GST apportionment and attribution approaches that do not align to current ATO views. Some taxpayers continue to rely on dated ATO interactions, despite the issuance of updated public guidance.

Member comments

- It can be difficult for taxpayers to align with ATO guidance when the guidance is highly fact dependent. The ATO explained that public

guidance provides key principles for taxpayers to follow, and it is not possible to deal with every factual scenario. It is important for taxpayers to apply the principles to their specific circumstances. The ATO will seek to engage with individual taxpayers in areas of ambiguity.

- When public guidance is issued, the ATO should be prepared for private ruling requests on issues or factual circumstances not covered by the guidance. A member queried the time taken to finalise some private rulings in these circumstances. The ATO is prepared for private ruling requests in such circumstances; however, often the issues are highly complex, further information is required from the taxpayer, and internal experts must be engaged. As a result, complex private ruling requests take time to finalise.

2024 review and 2025 forward work program

The ATO will seek member feedback on what worked well in 2024 and what could be improved as well as suggested agenda items for 2025 meetings.

Attendees

Attendees list

Organisation	Member
ATO	Hector Thompson (Co-chair), International, Support and Programs
ATO	Andrea Wood, International, Support and Programs
ATO	Darryl McCarthy, International, Support and Programs
Australian Banking Association	Chris Plakias

Australian Bookkeeping Association	Kerrie Jarius
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Corporate Tax Association	Stephanie Caredes
CPA Australia	Ken Fehily
Digital Service Providers Australia New Zealand	Matthew Prouse
Independent Member	Jennee Chan
Law Council of Australia	Rhys Guild
Property Council of Australia	Elke Bremner
RSM Australia	Sam Mohammad
Small Business Representative	Amanda Gascoigne (Co-chair)
The Tax Institute	Bastian Gasser
University of New South Wales	Professor Michael Walpole
Wesfarmers limited	Caryn Bovell

Guest attendees

Guest list

Organisation	Attendee
ATO	Allan Partington, International, Support and Programs

ATO	Andrew Nutman, Public Groups
ATO	Anita Challen, Frontline Risk and Strategy
ATO	Anna Longley, Frontline Risk and Strategy
ATO	Anthony Siouclis, International, Support and Programs
ATO	Bill Neskovski, Public Groups
ATO	Jenny Lin, Private Wealth
ATO	Michael Morton, Small Business
ATO	Nadia Alfonsi, Public Groups
Department of Treasury and Finance, Victoria	Matthew Yeung
Queensland Treasury	Simon Mahler
Treasury	Juyeon Lee

Apologies list

Apologies list

Organisation	Member
ATO	Narda Phillips, Enterprise Solutions and Technology
ATO	Sonia Corsini, Individuals and Intermediaries
ATO	Will Day, Small Business

Treasury	Emma Baudinette
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QC 103556

GST Stewardship Group key messages 30 July 2024

Key topics discussed at the GST Stewardship Group meeting 30 July 2024.

Published 10 September 2024

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Public Groups' justified trust assurance programs

The Australian Taxation Office (ATO) provided an overview of the Top 100 and Top 1,000 GST justified trust assurance programs. The ATO explained how the 2019 introduction of a dispersed delivery model for GST led to the Public Groups Client Experience area taking responsibility for administering/collecting GST in the large market.

The number one GST risk in the large market was around governance, systems and controls. The ATO observed high error rates accompanied by high rates of voluntary disclosures when businesses were contacted by the ATO.

Following the introduction of justified trust assurance programs, justified trust has driven improvements in tax performance and businesses' assurance ratings have improved. While the ATO acknowledged some aspects of the programs come with increased cost and effort, this is reflective of increased expectations of government and the community. The ATO endeavours to keep these costs and efforts to a reasonable level.

In the **Top 100 GST assurance program**, the ATO said that more than 90% of businesses achieve medium to high level assurance results.

In the **Top 1,000 combined assurance program**, the ATO is starting to see improvements in outcomes for GST governance, with increased numbers of taxpayers achieving stage 2 or 3 ratings. Stage 1 ratings for governance is a key reason taxpayers do not achieve an overall high assurance rating.

The ATO provided an update on recent changes to the Top 100 and Top 1,000 programs as publicised in the Business bulletin.

The ATO also provided an update on recent consultation on how GST disclosures could be enhanced to reduce the likelihood and intensity of justified trust reviews.

Member comments

Members commented that both the GST and income tax justified trust assurance programs are now working more holistically.

It was noted that sometimes the ATO doesn't use a bespoke approach in subsequent reviews that are undertaken. The ATO noted it can be difficult to compare individual taxpayer experiences as all taxpayer situations are different.

A member outlined a situation where a taxpayer received 3 different justified trust letters from the ATO and had to deal separately with each communication.

Members asked whether the ATO is planning to coordinate its justified trust assurance programs with the provision of public guidance in specific areas. The ATO advised that in situations where no public

guidance is available, justified trust teams liaise with internal experts to form a view based on the relevant facts and circumstances. This view is then communicated to the individual taxpayer.

The Corporate Tax Association noted it regularly meets with the ATO's justified trust program leads to talk through a range of issues.

GST guidance and compliance products

The ATO explained considerations in determining what public advice and compliance products to develop, including prioritisation and the type of product, such as binding or non-binding.

The ATO takes a consistent approach when developing public advice and guidance (PAG), with governance provided by an ATO Public Advice and Guidance Steering Committee chaired by the ATO's Chief Tax Counsel. Factors considered include:

- a demonstrated community need (that is, prevalence, community interest, independent perspective)
- a demonstrated strategic need (that is, whether the PAG is integral to an ATO strategy and/or government initiative)
- the consequences of not delivering (that is, urgency, financial impact or the availability of mitigation strategies other than PAG).

The ATO explained the specific considerations for developing 3 recent GST guidance products relating to the ATO's GST financial services and insurance strategies, including their purpose and why it was not appropriate for them to be binding ATO Public Rulings. In each case, the guidance:

- reflected the application of existing ATO views in Public Rulings to specific practical circumstances
- was primarily outlining compliance messages
- was for a limited audience
- was preceded by engagement with particular industry participants and/or relevant industry groups.

The ATO is committed to providing purposeful, effective and timely PAG and is keen to hear from members on opportunities to improve its approach in this regard.

Member comments

Members observed circumstances where ATO auditors may not understand the nuance of messages in PAG and queried whether further support needs to be provided to auditors. While support is provided to audit staff when PAG is developed, the ATO will consider what further opportunities there are to support audit staff in the future.

Acknowledging that the ATO does not consult on every guidance product, discussion explored what engagement options the ATO might consider in future with members. This focused on situations where there may be benefit in discussing the ATO's reasons for taking a particular approach to a guidance product, even where the ATO is not seeking feedback on the actual ATO position taken.

Members noted they would appreciate visibility of the ATO's internal forward work program of potential GST PAG issues so they can provide their views on the relative priority of potential issues being considered.

The ATO will consider what options might be available and update members at a future meeting. The ATO noted members are always welcome to provide submissions to the ATO on priority PAG topics. In doing so, it is important for members to address the factors for determining the development of PAG.

Community and industry insights roundtable

Members raised the issue of GST and tax law partnerships, a topic discussed at meetings in the past few years. There was general discussion on where things are up to and examples that have been or might need to be provided. The ATO said it would revisit this topic and would like to receive examples from members that could be included in public guidance on the issue.

Members discussed GST in the digital age, the approach that Malaysia is taking in 2025 regarding GST e-invoicing, and how that could be a model for Australia and our own evolving GST system.

A member raised the visibility of GST group registrations, noting they are unable to see members of their GST group through Online services. The ATO will investigate opportunities for improvements.

The ATO noted the Service Delivery Group has recently restructured and changed its name to Frontline Operations Group. An update will be provided at a future meeting.

Other topics of discussion included:

- slow processing of GST grouping notification forms
- ongoing issues surrounding GST registrations for non-resident entities including proof of identity
- the need for greater levels of ATO guidance for specialist mobility housing being provided through the National Disability Insurance Scheme
- alternative dispute resolution not being pursued on behalf of taxpayers.

Sharing Economy Reporting Regime

The ATO provided an update on the implementation of the Sharing Economy Reporting Regime (SERR).

Engaging with electronic distribution platforms (EDPs) and other key stakeholders, such as professional associations and peak industry bodies, builds a deeper understanding of the business models of affected EDPs. This helps to identify issues early and ensures the ATO has the necessary information and support in place to assist EDPs to collect and report SERR data.

The ATO has done a lot of work in building awareness with people undertaking 'side hustles'.

Member comments

Members noted some sellers do not believe they are in business, rather, they believe they are carrying on an enterprise. Therefore, some sellers may not have Australian business numbers.

More established platforms have a detailed registration process; however, others are less sophisticated. The ATO will review reported data and work with platforms to increase matching rates with ATO-held information.

Members observed it would be helpful if the visibility of the SERR process could extend to tax agents being able to see if their clients are

using sharing platforms, noting accuracy and completeness will be ongoing issues.

As the measure evolves, the ATO will use data and work with the tax profession to help taxpayers lodge correctly and reduce their risk of getting into debt.

Legislation and ATO updates

Members were provided with an opportunity to ask questions on updates which included:

- legislation and consultation
- news and program updates
- GST discussions at other ATO stewardship groups
- GST public advice and guidance
- GST litigation.

Attendees

Attendees list

Organisation	Attendee
ATO	Andrea Wood, International Support and Programs
ATO	Andrew Watson (Co-chair), Private Wealth
ATO	Darryl McCarthy, International Support and Programs
ATO	Jenny Lin, Private Wealth
ATO	Rajitha Srikhanta, Office of the Chief Tax Counsel
ATO	Will Day, Small Business

Australian Banking Association	Chris Plakias
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Community representative	Michael Walpole
Corporate Tax Association	Stephanie Caredes
CPA Australia	Ken Fehily
Digital Service Providers Australia and New Zealand	Matthew Prouse
Independent member	Jennee Chan
Law Council of Australia	Rhys Guild
Property Council of Australia	Elke Bremner
RSM Australia	Sam Mohammad
Small business representative	Amanda Gascoigne (Co-Chair)
The Tax Institute	Bastian Gasser
Wesfarmers Limited	Caryn Bovell

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Emma Tobias, Small Business
ATO	Megan Croaker, Public Groups
ATO	Michelle Sams, Public

	Groups
ATO	Rebecca Saint, Public Groups
ATO	Vanessa Kelly, Small Business
ATO	Virginia Gogan, Public Groups
Department of Treasury and Finance Victoria	Andrew O'Keefe
Northern Territory Treasury	Shaun Pearson
Treasury	Victoria Henry

Apologies

Apologies list

Organisation	Member
ATO	Narda Phillips, Enterprise Solutions and Technology
ATO	Sonia Corsini, Individuals and Intermediaries
Australian Bookkeepers Association	Kerrie Jarius
Treasury	Emma Baudinette

QC 102998

GST Stewardship Group key messages 13 March 2024

Key topics discussed at the GST Stewardship Group meeting 13 March 2024.

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Improve small business tax performance

The Australian Taxation Office (ATO) spoke about insights it had gained from the Improve small business tax performance pilots, including specific GST pilots, run in late 2023 and early 2024.

The pilots included:

- Right time GST payments – testing whether more frequent GST payments will assist small business operators to better manage cashflow and prevent new debt through using digital services to facilitate more regular GST payments.
- Monthly GST and pay as you go withholding (PAYGW) reporting – testing whether monthly GST and/or PAYGW reporting, rather than quarterly will assist some small businesses better provision for their

GST and PAYGW obligations, improving their cashflow management and preventing new debt.

- Building confidence and certainty into natural systems – testing whether integrating ATO public advice and guidance into digital systems will support early detection of potential issues and errors. The pilot focuses on simple loans to private company shareholders and associates (Division 7A)
- Pay as you go instalments (PAYGI) – testing whether the use of natural systems to calculate PAYGI assists small businesses to better manage cash flow and prevent new debt.

Insights from the pilots included:

- Participants in the right time GST pilots using digital solutions focused less on their tax obligations and had more time to focus on running their businesses.
- There was a move to better payment behaviours and better on-time lodgment performance.
- Of the businesses in the monthly reporting pilot, 75% said they would continue lodging monthly after the pilot ended. The ATO said that more work needs to be undertaken to determine the overall benefits versus the costs.
- ATO systems are not yet fully enabled to accept tax prepayments with some inconsistencies detected during the pilots.
- There were good levels of cooperation from digital service providers, with the ATO recognising that a clear commercial value is required for them to be involved.
- There is a lot of diversity in the small business population and a one-size-fits-all approach will not work.
- The digital first 2030 vision for small business will require significant change and ongoing investment, with further exploration work required to build a strong evidence case for change which considers the system, policy and process changes required.
- There are broad similarities between making tax just happen, and what the smart economy and GST digital strategy are trying to achieve.

Member comments

- Members said it is commendable for the ATO to reward good behaviour, but it needs to continually ask, 'what's in this for businesses?'
- The involvement of digital service providers at the early stages of this initiative is very good for the project's future.
- Members said this project provided an opportunity to think beyond the normal framework about options that might improve both small business tax performance and their client experience.


University of NSW tax and business advisory clinic

Information about tax issues faced by micro and small business clients of the University of NSW tax and business advisory clinic was presented.

A few case studies were presented where clients had faced significant and often longstanding tax compliance challenges due to issues, like business problems and family breakdown. Tax issues involved included large tax debts and non-lodgment of business activity statements, as well as poor record-keeping, tax knowledge and understanding of their tax obligations, including the GST-free threshold.

General observations were:

- managing cash flow, meeting lodgment deadlines and working through ATO systems to lodge business activity statements quarterly can be a real problem for small businesses
- several of the clinics' clients have poor knowledge around
 - claiming GST and input tax credits
 - separating business and personal use
 - what businesses can claim and how to do it
- some employers require people to have Australian business numbers (ABNs), otherwise they won't deal with them.

Members praised the ATO for launching [Essentials to strengthen your small business](#)  in February 2024; an online learning platform that helps small business owners master their tax and super obligations.

The ATO advised that it is currently working on additional modules covering GST that are expected to be available soon.

We constantly look at how and when to provide educational messaging for small business, including consideration of the appropriate communication channels, and whether to use influencers for messaging.

Member comments

- The ATO could humanise the audit experience by releasing videos to help people understand what the ATO does through its investigation/audit work and recovery process.
- The ATO could provide practical advice for small businesses, setting out timeframes and taking them through the process. They could also provide advice on what to do if they are thinking of closing their business.
- There was general discussion about the \$75,000 GST-free threshold and choices that businesses may make in relation to that.

GST insights into the NFP and government sectors

The ATO provided insights about the not-for-profit (NFP) and government sectors, including:

- The significant contributions they make to the GST system.
- Around 26% of Australia's workforce are employed in the NFP and government sectors.
- Around 66,000 NFPs and 9,700 government entities are registered for GST
- The ATO's NFP centre is focused on gaining a better understanding of NFP interactions with the GST system, their preferences and priorities, as well as known areas of GST risk, both domestically and internationally, to better position and tailor the ATO's services and guidance to help these clients meet their GST obligations.
- The ATO took members through some of the outcomes of recent research commissioned into the GST preferences and priorities of NFP and government entities. The findings verified key

characteristics, behaviours and challenges faced by these sectors and identified recommendations for improvement.

- These findings will be incorporated into the NFP centre's GST risk focus to better equip NFP and government entities to meet their GST obligations.

The ATO will use the research to update and improve public advice and guidance.

Members were advised that there are plans to resurrect the Government Entities Working Group.

Member comments

- More guidance and examples would be helpful, with the ATO noting that it will use information provided by the community to ascertain what else needs to be updated.
- Risk models that are being developed by the ATO may overlook some of the limitations of off-the-shelf accounting software products used by many smaller NFPs.
- The ATO provides limited tax-related information to help volunteers running clubs, many of which receive state government grants.

Forward work plan; Legislation and ATO updates

Members said they would like to undertake further discussion on fraud, noting that it is a big issue for the GST system. They would like to focus on risk, systems, analysis, triaging and consequences, including the sharing of information with the community and other commercial entities. Compromised identities can also be used to defraud the ATO.


Another broad topic area raised for future discussion focused on:

- GST in the digital age
- the sharing economy reporting regime
- how European countries' experience using invoicing mandates can feed into future operational designs of our tax systems.

Members were provided with an opportunity to ask questions on updates which included:

- legislation and consultation
- news and program updates
- GST discussions at other ATO stewardship groups
- GST public advice and guidance
- GST litigation.

Australian National Audit Office

The recommendations of the [Australian Taxation Office's Management and Oversight of Fraud Control Arrangements for the Good and Service Tax report](#)  released on 12 February 2024, was discussed.

The ATO agreed to all 5 ANAO recommendations, which aim to strengthen assurance and improve responses to fraud events.

The Australian National Audit Office (ANAO) recommendations and ATO status:

- Prioritising the finalisation of existing work on the roles and responsibilities for fraud prevention, detection and treatment, including redesigning the external fraud conformance process and making necessary changes to relevant Chief Executive Instructions.

The ATO advised that this is being done.

- Documenting assessments of GST fraud risks regularly.

The ATO advised it is well-progressed on this.

- Ensuring the ATO's fraud and corruption control plans are based on identified fraud risks that are documented in risk assessments.

The ATO confirmed it is well-advanced on this recommendation.

- Developing a response for large-scale fraud events encompassing relevant elements as identified in the ANAO report.

The ATO has already implemented a response for large-scale fraud events.

- The consideration of benchmarks for ATO fraud indicators, and the removal of the 'Attorney-General's Department fraud benchmark'.

The ATO is consulting with other tax administrations on their measurement and benchmarks for fraudulent activity.

The ATO said it is continuing to improve its management and oversight of fraud control arrangements, including those areas that are the subject of ANAO recommendations.

Members were taken through the ongoing development of GST analytical risk models which are a key lever in our ability to defend the GST system from fraud.

The ATO is now implementing phase 2 of the Contemporising GST Risk Models project, which is increasing its capability to effectively manage GST compliance risks across multiple client experiences.

Member comments

- A suggestion was raised that an area in which improvements could be made would be to make it mandatory to use pre-lodge messaging in all channels, including the wholesale channel. The ATO will explore that possibility.
- Would it be possible for the ATO to delay the payment of a refund while verification checks are conducted, noting that digitalisation has made it easier for people to commit fraud.

Community and industry insights round table

Members spoke about difficulties that some tax agents are experiencing in contacting the ATO on behalf of clients seeking payment arrangements. This included that clients who contact the ATO directly are receiving better outcomes than they are when they seek an arrangement on a client's behalf.

Members also raised the continuing issue faced by large law firms by which they are unable to submit GST requests online and need to send the request to the ATO via a fax machine or mail.

Attendees

Attendees list

Organisation	Member
ATO	Hector Thompson (Co-chair), International, Support and Programs
ATO	Andrea Wood, International, Support and Programs
ATO	Rajitha Srikhanta, Office of the Chief Tax Counsel
ATO	Rowan Fox, International, Support and Programs
Australian Banking Association	Chris Plakias
Australian Bookkeepers Association	Kerrie Jarius
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Corporate Tax Association	Stephanie Caredes
CPA Australia	Ken Fehily
Digital Service Providers Australia New Zealand	Matthew Prouse
Independent member	Jennee Chan
Law Council of Australia	Rhys Guild
Property Council of Australia	Elke Bremner
RSM Australia	Sam Mohammad
Small Business Representative	Amanda Gascoigne (Co-chair)

The Tax Institute	Bastian Gasser
University of New South Wales	Prof. Michael Walpole
Wesfarmers Limited	Caryn Bovell

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Carl Mitchell, International, Support and Programs
ATO	Dora Jain, Small Business
ATO	Emma Tobias, Small Business
ATO	Jennifer Moltisanti, Small Business
ATO	Jenny Lin, Private Wealth
ATO	Kelly Norwood, Individuals and Intermediaries
ATO	Melissa Spurge, Office of the Chief Tax Counsel
ATO	Michael Morton, Small Business
ATO	Rob Heferen, Commissioner of Taxation
Department of Treasury and Finance, Northern Territory	Shaun Pearson
Treasury	Jane Cheung

Treasury	Victoria Henry
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Apologies

Apologies list

Organisation	Member
ATO	Kath Anderson, Individuals and Intermediaries
ATO	Will Day, Small Business
Treasury	Emma Baudinette

QC 101679

GST Stewardship Group key messages 14 November 2023

Key topics discussed at the GST Stewardship Group meeting 14 November 2023.

Published 11 January 2024

On this page

- Community and industry insights roundtable
- Fraud and the GST system
- Public Groups GST focus 2023–24
- Lodge and Pay debt reset program
- Developing a forward work program for 2024
- 2023 reflections



Legislation and ATO updates

Attendees

Guest attendees

Apologies

Community and industry insights roundtable

Members noted the Australian Taxation Office (ATO)'s decision impact statement in response to the Federal Court's decision in *Simplot Australia v Commissioner of Taxation* [2023] FCA 1115, will be a great help to the food industry. Members appreciate the ATO consulting on a range of food classification issues. The ATO advised that a range of draft public advice and guidance, including determinations, are being progressed.

Members gave negative feedback on several ATO processes, including the GST grouping notification process. The ATO advised that a range of strategies have been employed to reduce backlog and improve processing times.

The group discussed the issue of tax adjustment notes in the retail and energy sectors.

Members questioned the status of consultation on changes to the 4-year rule. The ATO intends to provide information on its advice under development page on ato.gov.au in early 2024.

Members noted they are seeing increased activity around carbon trading and other clean energy activity.

The group noted the complexity of GST issues around retirement villages. Discussion covered the evolution of traditional models into hybrid systems and build-to-rent models, and the guidance that may be required as this area evolves and changes.

Members discussed how to improve processes for GST property settlement, specifically issues around Form 2 and whether it can be incorporated into the Property Exchange Australia (PEXA) system or made obsolete.

Members noted an increase in clients experiencing vulnerability and queried the ATO's approach to these taxpayers. Some clients who are struggling to meet their tax commitments are also managing issues such as debt, domestic violence and homelessness. The ATO's Small Business area will discuss the development of an overarching ATO framework for supporting vulnerable taxpayers to meet their tax and superannuation obligations with stewardship group members, impacted stakeholders and senior ATO representatives and come back to the group in 2024.

ATO Second Commissioner Jeremy Hirschhorn joined the meeting to acknowledge the contributions of member George Nikolaou who is leaving the group after more than 10 years of service. Jeremy spoke of stewardship groups' important, ongoing role in improving the health of the tax system.

Fraud and the GST system

The ATO advised that the unprecedented increase in GST-related refund fraud that led to the establishment of Operation Protego is contained.

Lessons from Operation Protego are being used to strengthen the ATO's systems against future attacks. The ATO is conscious of implementing security improvements that do not act as a handbrake on new business start-ups.

The ATO is focused on external fraud and financial crime efforts leveraged across ATO business lines, other government departments and agencies, and international organisations. The ATO works with external partners, seeks intelligence to understand, and continually calibrates and designs new, innovative controls to counter, emerging fraud threats.

The ATO is developing even better working-level relationships with a range of financial institutions to improve knowledge and intelligence on future possible GST-related fraud.

Public Groups GST focus 2023–24

The group was advised of key GST focus areas for public and multinational businesses in 2023–24 and member feedback was sought.

The ATO gains assurance for public and multinational businesses through the Top 100 GST assurance program and Top 1,000 combined assurance program. The ATO also has risk-based programs of work focused on reviewing specific higher priority or emerging GST risks.

From a risk perspective, key GST focus areas include product classification, real property, accommodation and retirement villages, international GST, financial services and insurance, and correct reporting, systems and governance.

The ATO spoke about the GST hub within its Public Groups client experience area, which has an internal and external focus.

Members discussed the level of resources required for justified trust reviews. The ATO advised that as the programs mature, more taxpayers are experiencing less intensive activity as justified trust has been reached. The ATO incorporates feedback from taxpayers into its programs.

The ATO has engaged with several public and multinational businesses undertaking build-to-rent developments. Overall, compliance has been good with only a few issues identified. ATO guidance for build-to-rent developments was raised by members, with several noting a lack of guidance on when a partly completed build-to-sell project transitions to build-to-rent.

Lodge and Pay debt reset program

The ATO updated members on the ATO debt book, with a focus on activity statement and GST debt. Small businesses continue to represent the majority of GST collectable debt.

The ATO's debt collection approach has changed to rebalance tax payment priorities. The aim is to shift taxpayer payment behaviours. It is expected to lead to noticeable changes for taxpayers and intermediaries.

The ATO advised members of the small business lodgment penalty amnesty program, running from 1 June to 31 December 2023. The program provides an incentive for small businesses to lodge certain overdue obligations through the remission of failure to lodge penalties.

The ATO is working with businesses that continue to struggle with existing debts to understand whether there's a genuine likelihood of recovery or whether exiting is the right approach.

Members discussed the ATO's approach to dealing with vulnerable taxpayers.

Developing a forward work program for 2024

Topics raised for agenda items in 2024 included:

- microbusiness' low levels of GST and tax knowledge and information the ATO provides to new, GST-registered businesses
- Public Groups 2023–24 GST focus areas including product classification; international GST; financial services and insurance; real property, accommodation and retirement villages; and incorrect reporting (systems and governance)
- the ongoing digitalisation of the GST system, with a focus on e-invoicing and the OECD's Tax Administration 3.0, incorporated in the work of the Improve small business tax performance initiative
- the greater use of e-technology in audits (particularly for large businesses)
- issues arising when the ATO's technical provisions don't interact well and how to make these provisions work better together
- the Sharing Economy Reporting Regime and how it interacts with GST
- closer engagement with other industries, such as drugs and medical devices, health and beauty, on GST classification issues, following what the ATO has done with food.

2023 reflections

Members praised the volume and quality of communications the ATO is providing to the group, particularly the transparency and level of detail on sensitive topics.

Members commented on the quality of the meeting pack, noting its professional, well-designed look.

Members like the abridged meeting pack to share with their networks and gather feedback ahead of the meeting but would like to receive it earlier to have more time to receive feedback.

Legislation and ATO updates

Members were provided with an opportunity to ask questions on updates which included:

- legislation and consultation
- news and program updates
- GST discussions at other ATO stewardship groups
- GST public advice and guidance
- GST litigation.

Attendees

Attendees list

Organisation	Member
ATO	Hector Thompson (Co-chair), International, Support and Programs
ATO	Andrea Wood, International, Support and Programs
ATO	Rajitha Srikhanta, Office of the Chief Tax Counsel
ATO	Rowan Fox, International, Support and Programs
ATO	Will Day, Small Business
Australian Banking Association	Chris Plakias
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Coles	George Nikolaou

Corporate Tax Association	Stephanie Caredes
Digital Service Providers Australia New Zealand	Matthew Prouse
Independent member	Jennee Chan
Law Council of Australia	Rhys Guild
Property Council of Australia	Elke Bremner
RSM Australia	Sam Mohammad
The Tax Institute	Bastian Gasser
University of NSW	Professor Michael Walpole
Wesfarmers Limited	Caryn Bovell

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Anna Longley, Lodge and Pay
ATO	Brett Martin, Fraud and Criminal Behaviours
ATO	Jenny Lin, Private Wealth
ATO	Jeremy Hirschhorn, ATO Executive
ATO	Melissa Spurge, Public Groups
ATO	Virginia Gogan, Public Groups
ACT Treasury	Nicole Wong
NSW Treasury	Jane Cheung

Treasury	Victoria Henry
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Apologies

Apologies list

Organisation	Member
ATO	Kath Anderson, Individuals and Intermediaries
CPA Australia	Ken Fehily
Small business representative	Amanda Gascoigne (Co-chair)
Treasury	Emma Baudinette

QC 73786

GST Stewardship Group key messages 18 July 2023

Key topics discussed at the GST Stewardship Group meeting 18 July 2023.

Last updated 25 August 2023

On this page

Welcome and introductions

Budget – GST funding, revenue and Compliance Program

Private Wealth's GST focus 2023–24

Improve small business tax performance

Community and industry insights round table

Legislation and ATO updates

Other business and meeting close

Attendees

Guest attendees

Apologies

Welcome and introductions

The new ATO co-chair, Deputy Commissioner Hector Thompson, introduced himself to members and with external co-chair Andrew Howe welcomed members and guests, including state and territory representatives from South Australia and the ACT. Conflicts of interests were canvassed, none declared.

Members raised the need for clarity when it comes to confidentiality of meeting packs and other communications from the ATO, namely which topics and papers can be shared and with whom. The ATO committed to clearly communicating what can be shared publicly, as well as what members can share with their association members.

Budget – GST funding, revenue and Compliance Program

The ATO took members through the GST-related measures and collection figures announced in the May 2023 Federal Budget. In particular, the ATO outlined the aims of the 2023–27 GST Compliance Program, which is expected to deliver an additional \$3.8 billion in GST revenue to states and territories over this period, at a cost of \$588.8 million. The GST Compliance Program has been ongoing since 2010.

The Contemporising GST Risk Models Project was also discussed. This project focused on developing new GST risk models as part of the 2019–23 GST Compliance Program. It exposed many of the fraudulent practices highlighted through Operation Protego.

The ATO said it was working through a range of logistical issues surrounding the increased Budget funding for additional work programs and has increased its graduate intake to bring extra people on board.

There was general discussion on the issues of GST registrations and grouping, particularly surrounding the lodging and processing of grouping forms. The ATO said it would examine these issues to see what could be done to improve things.

Private Wealth's GST focus 2023–24

The ATO took members through its targeted industry approach, focusing on retail, construction and retirement village industries.

The retail and construction industries are the 2 most significant industries for GST activity and were both impacted by the COVID-19 pandemic. Retail experienced rapid growth and an increased reliance on online sales while construction contracted.

The ATO is continuing with a broader review of issues impacting retirement villages with a focus on developing a greater understanding of industry operating models including new business models that are emerging.

The ATO will continue to invest in GST correct reporting, Top 500 engagements and refund integrity work.

Member comments

Members asked if not-for-profit retirement village operators are also being looked at and, if so, are their information needs any different. The ATO said it is looking across the board and taking a group approach.

Members noted that the movement of data to the cloud and a focus on cost-cutting by digital service providers, with many based offshore, might lead to a reduction in the length of data retention. This means that data may only be available to third-party agencies like the ATO for 12 months or so. The ATO noted that this topic will be discussed at the next Tax Practitioner Stewardship Group meeting.

Improve small business tax performance

The ATO updated members on progress with the corporate initiative 'Improve small business tax performance.' The current focus is on pilots with the aim to place greater confidence and certainty in the system, increase digitisation to reduce errors and mistakes, and decrease new debt as payments move closer to events.

The pilots underway are:

- right time GST payments
- monthly GST reporting
- building confidence and certainty into natural systems.

Another pilot, planned to start in October 2023, is on monthly PAYGW reporting.

The ATO explained that the building confidence and certainty into natural systems pilot involved working with digital service providers on developing tips and nudges that can help taxpayers and advisers proactively fix errors and mistakes.

The pilot is looking to establish a framework for how we treat risks upfront in the digital tools that a small business uses. The ATO welcomes members of the GST Stewardship Group in helping to identify parts of the GST administration that could be suitable for this.

Member comments

Members asked whether people were likely to stay with monthly reporting after the pilots had finished or go back to quarterly reporting. The ATO said some people had told them that more regular GST payments had improved their mental health and improved their fiscal discipline.

There was general discussion about how a move to monthly lodgment could be a good way to reduce new debt. The ATO said it is testing whether any increase in business costs from monthly reporting and payment is offset by benefits from better record-keeping and business management.

Members asked whether any clients in the pilots were still doing paper business activity statements (BAS) and whether the pilot proposals were dependent on businesses completing digital BAS.

The ATO said it will come back to the stewardship group in 2024 to talk about the outcomes and learnings from the pilots.

Community and industry insights round table

Members provided feedback and insights on a range of topics. These included the ATO's incorporation of ChatGPT and other artificial intelligence (AI) tools. The ATO said it is looking into opportunities that may exist to use AI as well as how these tools can be used for fraud.

Members discussed justified trust and its focus on areas where companies may be underpaying tax. The ATO confirmed it looks at areas where it thinks a higher level of assurance is needed.

There was general discussion regarding the upcoming industry engagement and feedback on food classification matters. Similar engagement on medical and health supplies is being considered.

Members discussed microbusinesses' low level of understanding of their tax obligations and the help provided by tax clinics such as the one at the University of New South Wales. There will be further, dedicated discussion on microbusinesses at a future stewardship group meeting.

Members asked about the ATO's changing approach post-COVID-19 to debt collection and payment plans. The ATO said that its approach is tailored and differentiated for each client, with payment plans available. A Lodge and Pay representative will come to a future meeting to talk about the ATO's approach.

Members asked for clarity on the ATO's service offerings for large businesses, noting that client relationship managers used to provide a more comprehensive service. The ATO will provide a response at the November 2023 meeting.

Legislation and ATO updates

Members were provided with an opportunity to ask questions on updates which included:

- legislation and consultation
- news and program updates
- GST discussions at other ATO stewardship groups
- GST public advice and guidance

- GST litigation.

Other business and meeting close

Several departing members were provided with letters of appreciation as this was their last meeting with the GST Stewardship Group.

Attendees

Attendees list

Organisation	Attendee
ATO	Hector Thompson (Co-chair), International, Support and Programs
ATO	Alex Affleck, Office of the Chief Tax Counsel
ATO	Andrea Wood, International, Support and Programs
ATO	Kath Anderson, Individuals and Intermediaries
ATO	Rowan Fox, International, Support and Programs
ATO	Will Day, Small Business
Australian Banking Association	Chris Plakias
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Coles Finance	George Nikolaou
Corporate Tax Association	Paul Suppree
CPA Australia	Ken Fehily

Digital Service Providers Australia New Zealand	Matthew Prouse
Independent member	Jennee Chan
Property Council of Australia	Andrew Howe (Co-chair)
Small business representative	Amanda Gascoigne
The Tax Institute	Bastian Gasser
University of New South Wales	Prof. Michael Walpole

Guest attendees

Guest attendees

Organisation	Attendee
ATO	Adrian Preston-Loh, Public Groups
ATO	Andrew Watson, Individuals and Intermediaries
ATO	Ashleigh Larner, Private Wealth
ATO	Brian Lu, Public Groups
ATO	Jenny Lin, Private Wealth
ATO	Matthew Bambrick, Policy, Analysis and Legislation
ATO	Melissa Spurge, Public Groups
ACT Treasury	Nicole Wong

Department of Treasury and Finance, South Australia	Eka Baker
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Apologies

Apologies list

Organisation	Member
Law Council of Australia	Andrew Sommer
Treasury	Geoff Francis

QC 73186


GST Stewardship Group key messages 21 March 2023

Key messages discussed at the GST Stewardship Group meeting 21 March 2023.

Last updated 10 May 2023

On this page

- Welcome and introductions
- ATO Second Commissioner update
- Cybersecurity in the GST system
- Engaging with clients in the Private Wealth market on GST
- Community and industry insights roundtable
- Small business by the numbers – Microbusinesses and GST
- Shadow economy program
- Membership refresh



Treasury and ATO

Attendees

Guest attendees

Apologies

Welcome and introductions

Co-chairs Will Day and Andrew Howe opened the meeting, which has the theme of 'protect GST'. Conflicts of interests were canvassed, none declared. Will Day welcomed members and guests, including state and territory representatives from South Australia and Western Australia.

ATO Second Commissioner update

ATO Second Commissioner Jeremy Hirschhorn addressed the group, highlighting that consulting with Stewardship Groups provides the ATO with the insights to help make the tax system work better.

Jeremy outlined why the ATO has worked hard to develop effective measurement of tax gaps, utilising the resultant greater understanding of why things are not working well to improve the tax system. A big step forward will be to develop a 'bottom up' GST gap to supplement the current 'top down' measurement.

Jeremy discussed the significant opportunities digitalisation brings for the tax system, from a client segment perspective, particularly for small business, and from a tax perspective, for GST. Key to much of the tax digitalisation (and data holding) discussion is what, if any are the natural systems of business and how can we move/shape the tax system around those systems and data holdings. Jeremy also spoke about how the benefits of greater digitalisation can create a range of cybersecurity issues, such as digitally enabled identity fraud.

Members discussed the nature of natural systems and whether accounting systems are the natural GST systems or simply back-end processing systems. If they are not the natural systems for GST, what are the alternatives? Banking systems?

Cybersecurity in the GST system

The ATO outlined the impacts to business of cybersecurity attacks and the ATO's system integrity controls. The 3 key areas that affect the ATO and other organisations are:

- scams
- identity protection issues
- cybersafety.

The ATO monitors and reports identified scams to relevant regulators and works closely with the Australian Competition and Consumer Commission and its Scamwatch area to manage scams. The ATO discussed identity protection measures, and the importance of responding to any messages about suspect usage and changes to your digital identity or ATO online accounts, in addition to keeping your digital identity secure.

The ATO advised members the Prime Minister had recently announced the appointment of a national coordinator for cybersecurity, who will sit within the Department of Home Affairs. The work of the Australian Cyber Security Centre also provides useful cyber safety guidance materials.

Member comments

Many of Australia's top digital service providers do not report back to Australian authorities on cybersecurity issues because they are foreign-owned.

The number one security improvement for email systems to help stop identity fraud is to use multi-factor authentication (MFA). There was general discussion on how to encourage users to implement MFA to help prevent their systems being compromised.

Engaging with clients in the Private Wealth market on GST

The ATO briefed members on how the ATO currently engages with private groups on GST matters. An overview was provided on the tailored approaches taken across the Top 500, Next 5,000, Medium and Emerging and Commercial Deals programs, which includes assurance and risk-based approaches. Where appropriate, engagements will take an integrated approach with income tax.

An assurance approach is generally only undertaken in Top 500 integrated engagements. The assurance ratings for GST will contribute to the Top 500 private groups overall assurance rating.

Members' questions focused on what, if any, trends are being seen by the ATO. For the Top 500 assurance approach, discussion focussed on understanding of the level of governance within the private wealth market and insights on how the GST Accounts Analysis tool (previously consulted on with members) has been implemented.

Community and industry insights roundtable

Members provided feedback and insights on a range of topics including consistency through the justified trust process in relation to the GST classification of goods, particularly food and medical supplies. Members said the lack of consistency in approach and the level of uncertainty on specific products were causing some anxiety among members of their associations.

Members talked about the role formerly played by the ATO industry food partnership forum which enabled the ATO and taxpayers to work together to try and resolve uncertainties. They said growth in the list of products necessitated the need to work more closely together to achieve greater certainty.

The ATO noted that it is working to update relevant public advice and guidance. It is looking to develop a comprehensive engagement strategy with all cross-sections of the industry to resolve issues and provide greater certainty, noting complex rules where multiple factors need to be considered.

A member said a recent survey they had undertaken highlighted a range of issues in relation to GST classification and other advice and guidance.

There was also discussion about how the ATO might be able to provide more specific information for tax agents on a range of topics relating to GST, including financial services and clients registering for GST.

Small business by the numbers – Microbusinesses and GST

The ATO provided members with an update on the demographics of the small business population, with a focus on microbusinesses (small businesses reporting less than \$75,000 business income per year) and GST attributes.

Around two-thirds of Australia's small businesses are considered microbusinesses. Only around 20% of these microbusinesses are GST-registered, compared to around 55% of all small businesses. The top 2 industries for GST-registered microbusinesses are Transport, Postal and Warehousing, and Construction.

The ATO is undertaking further work, including trend analysis, on this sector and will present more information at a future meeting.

Members asked a range of questions focused around obtaining a deeper understanding of this small business population.

Shadow economy program

The ATO noted that the Shadow Economy program is now focusing on reducing recoverable debt and investing in compliance, prevention, the Black Economy Standing Taskforce and the Illicit Tobacco Taskforce.

The ATO took members through Electronic Sales Suppression Tools (ESST), outlining what they are, how they have become more sophisticated and how the ATO is addressing them.

Member comments

A range of questions were asked relating to ESST including its contribution to the tax gap, ease of access to software and the feasibility to implement it.

Members spoke about the prevalence of quotes being provided in the construction and property renovation sector without GST included, potentially opening up the conversation for cash payment in return for no GST being charged.

A member acknowledged the ATO now refers to this program of work as the shadow economy but raised a concern that the prescribed name of the taskforce still contains a cultural insensitivity.

Membership refresh

Will Day updated members on the 2023 GST Stewardship Group membership refresh. This included the approach, how existing associations and individual members will be contacted, the incorporation of an expression of interest process, the appointment of a new external co-chair and its expected completion ahead of the meeting on 15 November.

Treasury and ATO

Members were provided with an opportunity to ask any questions on updates provided which included:

- legislation and consultation updates
- news and program updates
- GST public advice and guidance updates
- GST litigation updates.

Attendees

Attendee list

Organisation	Member
ATO	Will Day (Co-chair), Small Business
ATO	Alex Affleck, Office of the Chief Tax Counsel
ATO	Andrea Wood, Small Business
ATO	Rowan Fox, Small Business
Australian Banking Association	Chris Plakias
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Coles Finance	George Nikolaou

Corporate Tax Association	Paul Suppree
CPA Australia	Ken Fehily
Digital Service Providers Australia New Zealand	Matthew Prouse
Independent Member	Jennee Chan
Law Council of Australia	Andrew Sommer
Property Council of Australia	Andrew Howe (Co-chair)
Small Business Representative	Amanda Gascoigne
The Tax Institute	Bastian Gasser

Guest attendees

Guest attendees

Organisation	Attendee
ATO	Adrian Preston-Loh, Public Groups and International
ATO	Amy James-Velagic, Private Wealth
ATO	Emma Cramey, Enterprise Solutions and Technology
ATO	Jacinta Lawson, Small Business
ATO	Jenny Lin, Private Wealth
ATO	Jeremy Hirschhorn, ATO Executive
ATO	Kim Dimmick, Small Business
ATO	Matthew Bambrick, Policy, Analysis and Legislation

ATO	Melissa Spurge, Public Groups and International
ATO	Michael Morton, Small Business
ATO	Peter Horton, Small Business
ATO	Rebecca Fealy, Integrated Compliance
ATO	Simon Kert, Enterprise Solutions and Technology
ATO	Tina Ford-Doe, Individuals and Intermediaries
ATO	Tony Goding, Small Business
ATO	Tracy Robertson, Small Business
Treasury	Victoria Henry
SA Treasury	Eka Baker
WA Treasury	Sara Procter

Apologies

Apologies list

Organisation	Member
ATO	Kath Anderson, Individuals and Intermediaries
ATO	David Mendoza, Small Business
Treasury	Geoff Francis
University of New South Wales	Michael Walpole

GST Stewardship Group key messages 16 November 2022

Information about the key topics discussed at the GST Stewardship Group meeting 16 November 2022.

Last updated 6 January 2023

On this page

Welcome and introductions

ATO and GST digital strategies

Improve small business tax performance

Community and industry insights

Treasury and ATO

Operation Protego

Lodge and Pay

GST Stewardship Group wrap-up

Other business

Attendees

Guest attendees

Apology

Welcome and introductions

GST Stewardship Group co-chair Will Day welcomed everyone and talked about recent leadership changes across the ATO. He went through the action items from the last meeting, all of which have been completed. External co-chair Andrew Howe also welcomed people to the meeting.

ATO and GST digital strategies

The ATO provided members with an overview of the ATO digital strategy which was endorsed in August 2022 and the accompanying GST digital strategy.

The strategies are focused on digitalisation, not just digitisation. Digitisation is the process of transforming information from physical to digital, whereas digitalisation refers to improving holistically and transforming to be fully digital end-to-end, maximising the use of digital identity, data, and natural systems.

The ATO digital strategy highlights what digital makes possible for the next 3 years and beyond, with a vision for the ATO to be a leading digital business that shapes trusted and effective digital services and ecosystems.

The GST digital strategy describes the direction the ATO will undertake to deliver contemporary and future-focused digital services through natural systems for GST participants.

The ATO is working to understand the common building blocks to put in place to develop a seamless digital economy with closer to real-time reporting and payments using natural systems.

Members were keen to be involved in further consultation and input into the development of the GST digital strategy. Feedback and insights included:

- They see real benefits to digitalisation, not just for improving tax performance, but also for the client and tax adviser experience and efficiency for GST administration and integrity of the system.
- Services need to be designed for all users in the system, including financial advisers and lawyers, who may have clients using the ATO's digital services, but are not able to utilise digital services themselves.
- The ATO digital strategy needs to ensure a consistent user experience. It must cater for infrequent and sporadic users so when they do interact it is familiar and easy for them to use.
- The ATO is working to understand the common building blocks to put into place to develop a seamless digital economy with real-time payments.
- Co-chair Will Day summarised the discussion

- There is support for these strategies and the ATO needs to design for the variety of users in the system.
- The ATO will continue to work with members in the coming year to seek their input as this work progresses.

Improve small business tax performance

One of our key focus areas in the ATO Corporate Plan 2022–23 is Improve small business tax performance and the ATO's progression to tax administration 3.0 where taxable events, reporting and payment are better integrated. The ATO asked members to consider the 3 main focus areas as the ATO heads down a digital first path:

- What are the natural systems to support a real-time GST reporting solution?
- What could be the definition of real-time, suitable to Australian conditions?
- What are the shifts required, such as clients needing to be digital and subscribed to eInvoicing?

Feedback and insights from members included:

- The ATO needs to consider making it easier for businesses to correct any mistakes they may have made when uploading data without imposing penalties.
- Systems will need to be designed for simplicity, have scope to cover abnormal transactions and also contain safeguards to stop people doing the wrong thing.

Community and industry insights

Members provided feedback and insights on a range of topics including:

- concern about Australian Business Number (ABN) and GST registrations being cancelled if they have not been used for some time – members will provide information to enable the ATO to work through these issues

- effective engagement on GST matters through other ATO external forums and Stewardship groups – members talked about the challenges of ensuring the right feedback is going to the right forum at the right time including
 - members of other committees may not have the knowledge to understand issues from a GST perspective
 - there are specific GST-related factors that GST Stewardship Group members may want to focus on
 - justified trust operates differently for GST than it does for income tax
 - there are different approaches to justified trust in the public groups and private wealth client experiences.
- businesses that are resource and GST knowledge-constrained are making GST-related mistakes – these mistakes are due to a combination of system complexity and a lack of trained resources.

Treasury and ATO

Agency representatives from Treasury and the ATO provided written updates which were included in the meeting papers provided to members.

Treasury

Key issues covered included:

- legislation introduced since the 15 September 2022 GST Stewardship Group update
- recent consultation on
 - franked distributions and capital raising
 - addressing the tax challenges arising from the digitalisation of the economy
 - strengthening the ABN system
- specific Budget 2022–23 measures.

ATO

Updates included:

- digitalisation and tax administration 3.0
- eInvoicing update
- Australian Business Registry Services including director ID
- ATO tax gap estimates
- GST at other ATO Stewardship groups
- GST public advice and guidance priorities
- GST litigation and service commitments
- GST communications.

Operation Protego

The ATO provided members with an update on recent developments in Operation Protego, formed by the ATO to disrupt and address individuals that were not genuine businesses and seeking to exploit the GST refund system.

Most people identified were conducting this fraud in their own names, rather than on behalf of someone else.

Members noted that ATO campaigns on social media platforms such as TikTok may be useful to reach the people involved in this fraud and that tax agents are already putting messages onto TikTok to warn about this type of fraud.

Members discussed a range of options that could be considered by the ATO to limit the impact of this type of fraud.

Lodge and Pay

In 2022–23, the ATO is centred on minimising new growth in collectable debt and reducing our backlog through normalising our core strategies and focusing on targeted strategies.

The resumption of firmer and stronger actions and implementation of targeted strategies is working and resulting in higher year-to-date GST collections than forecasted.

While the ATO has implemented an adaptive collection strategy to deal with significant GST fraud debt related to Operation Protego, recoverability prospects remain low and will continue to have an impact on GST collectable debt in 2022–23.

The ATO is driving innovation and efficiency in our lodgment and payment pipeline.

We have issued formal intent notices to approximately 10% of 30,000 businesses who meet the criteria for the **disclosure of business tax debts**. Around one in 3 of these businesses no longer satisfy the conditions for disclosure of their business tax debt because they have established payment plans.

GST Stewardship Group wrap-up

Members provided their feedback on the group's key achievements in 2022 and suggested ideas for the 2023 forward work program.

Feedback from members on key achievements in 2022 included:

- Pre-meeting information is presented professionally.
- Information is clear and actionable.
- Having 3 formal meetings a year is better than 2.
- Face-to-face discussions are better than videoconferencing. It is good to be able to talk openly, and express honest opinions. The group is very cohesive.
- Voices and concerns of members are being heard and acted on with a view to genuinely improving the GST system.
- The willingness of senior ATO officers to come to meetings is appreciated.
- Smaller offline discussions work well and deep dives on particular topics are also very good.
- Workshopping the 2030 GST vision was useful and practical.

Ideas from members for the 2023 forward work program included:

- Deep dives into topics such as the ATO's GST digitalisation program and fraud prevention would be useful.

- It makes sense for the GST Stewardship Group to play a key part in helping to develop the ATO's GST digital strategy.
- The group could work through the experiences of new-to-business clients, what they must do and their interactions with the system when they register for GST in order to help improve the process for them.
- Updates on the Tax Avoidance Task Force and the work the ATO is doing in the shadow economy space and discussion on the disaggregated tax gap by sector would be beneficial.
- The ATO could program in more meetings with members on specific topics.
- The ATO could more effectively utilise member organisations to improve the operation of the GST system.

Other business

The ATO will undertake a review of the GST Stewardship Group membership in 2023.

Attendees

Attendees list

Organisation	Member
ATO	Will Day (Co-chair), Small Business
ATO	Alex Affleck, Office of the Chief Tax Counsel
ATO	Andrea Wood, Small Business
ATO	Kath Anderson, Individuals and Intermediaries
ATO	Rowan Fox, Small Business

Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Coles Finance	George Nikolaou
CPA Australia	Ken Fehily
Independent member	Jennee Chan
Law Council of Australia	Andrew Sommer
Property Council of Australia	Andrew Howe (Co-chair)
Small business representative	Amanda Gascoigne
The Tax Institute	Bastian Gasser
University of New South Wales	Michael Walpole

Guest attendees

Apologies list

Organisation	Attendee
ATO	Adrian Loh, Public Groups and International
ATO	Andrew Watson, Small Business
ATO	Bianca Armytage, ATO Corporate
ATO	Carmel Rugolino, Enterprise Solutions and Technology
ATO	Claire O'Neil, Lodge and Pay
ATO	Elissa Walker, Enterprise Solutions and Technology
ATO	Ian Ayrton, Small Business

ATO	Jenny Lin, Private Wealth
ATO	Kim Dimmick, Small Business
ATO	Melissa Spurge, Public Groups and International
ATO	Michael Morton, Small Business
ATO	Sheridan Harvey, Policy, Analysis and Legislation
ATO	Tanya O'Callaghan, Small Business
ATO	Vivek Chaudhary, Lodge and Pay
Treasury	Victoria Henry
VIC Treasury	Georgina Grant

Apology

Apologies list

Organisation	Member
ATO	David Mendoza, Small Business
Australian Banking Association	Chris Plakias
Corporate Tax Association	Paul Suppree
Digital Service Providers Australia New Zealand	Matthew Prouse
Treasury	Geoff Francis

GST Stewardship Group key messages 15 June 2022

Information about the key topics discussed at the GST Stewardship Group meeting 15 June 2022.

Last updated 22 August 2022

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Welcome and introductions

As this was the first face-to-face formal meeting in more than 2 years, GST Stewardship Group co-chair Deborah Jenkins introduced ATO members and guests to the group. She also covered the key messages from the last formal meeting in November 2021, including the action items, all of which had been completed.

GST system – context and environment

This focused on understanding the current environment and context and how that might impact on administration and performance of the tax system.

The ATO took members through a presentation that included a political, economic, social, technological, legal and environmental

snapshot over the past 6 months. The presentation focused on 5 key themes for GST:

- Opportunities arising from digitalisation
- Use of cryptocurrency and non-fungible assets in supply chains
- Property and construction market changes
- Change in preferences for energy sources and implications
- Generational and cultural attitudes to risk, business and tax.

Members' comments

How do you change mindsets and positively influence attitudes to tax obligations in the current environment? Young people in their 20s and 30s may be compliant but think the system is broken. The ATO needs bolder messaging regarding its work dealing with tax fraud. The ATO should reconsider providing broad tax respite during natural disasters.

The size and scale of small business debt presents a collection challenge. Also, there is still a digital divide. How do you bring people into the electronic system without alienating them?

The GST gap and non-compliance are big worries among tax practitioners who do the right thing. They are frustrated when they see people committing fraud.

Increasing cultural diversity among new businesses means they may have different ideas about good record-keeping and perspectives on authority.

Does Australia still have a fit-for-purpose regulatory framework with secrecy laws that limits the ATO's ability to share information and legislation restricting the role of digital service providers?

Is the ATO resourcing public guidance sufficiently so that it can provide timely guidance on emerging issues?

A number of commercial players are now moving into the build to rent sector but do not understand residential issues. The legislation is complex – are there opportunities to simplify the law?

Current GST performance and key programs at the ATO

ATO small business future vision

The ATO outlined its small business future vision 2030 including the adoption of a digital first approach. The presentation included some of the challenges the ATO is facing with the shadow economy, refund fraud, tax complexity and errors and growing levels of small business debt.

There are 3 main focus areas as the ATO heads down a digital first path:

- What assurances should be built into the tax digital ecosystem?
- Incentives to join a permission-based tax digital ecosystem – How would people opt in and participate?
- Integrity controls for bad and opportunistic actors – The ATO's new approach should not expose the system to any more risks.

The GST gap and managing risk behaviours for small business clients

The ATO presented the GST tax gap in the small business market, what is being done to address it, and other GST endemic risks such as food and property. The ATO shared statistics about the small business market.

Based on the Small Business Income Tax Gap Random Enquiry Program, there were 3 indicators of a good business:

- They have good record-keeping.
- They are using digital software products.
- They engage an adviser when they need to.

The ATO is using a range of nudge messaging and acting on third party data to help businesses get things right, including payment plans and ABN cancellation upon exit.

Members were surprised at the number of small businesses with no employees and noted the challenge of how to effectively engage with these businesses.

Integrated compliance – serious fraud and evasion

The ATO provided members with an overview of the work undertaken in Integrated Compliance in relation to GST evasion and fraud. This covered the work within the compliance program to treat high risk evasion behaviour; the Criminal Law Program investigating and prosecuting external fraud; and the System Integrity Program detecting vulnerabilities that pose potential fraud or serious evasion threats and ensuring appropriate risk tolerances, treatments and controls are in place.

A range of media and communication activities are used by the ATO to highlight activities used to identify and prosecute entities that commit GST fraud.

Members asked whether the ATO could prosecute social media influencers promoting GST fraud. The ATO said that it is possible but, like all offences, would require evidence of an offence being committed.

The ATO also works with the telecommunication sector and the Australian Competition and Consumer Commission to detect and prosecute scammers, many of whom are based overseas.

GST performance and key programs for public and multinational businesses

The ATO took members through programs that focus on public and multinational businesses including the Top 100 and Top 1,000 programs. Combined Assurance Reviews for the Top 1,000 program include both income tax and GST assurance. The main barriers to businesses achieving a high rating are governance, correct reporting and systems.

Vision for GST in 2030

The ATO and members spoke about developing new strategies for the prevention of known problems – help and education, advice and guidance, working with partners such as the tax profession and digital service providers, and looking at how to ensure the right controls around registrations and refunds.

The group explored ideas for improving the administration of the GST system built around the following 3 themes:

- Protect GST – addressing behaviours across specific markets, industries and compliance pillars
 - a number of compliance-related measures were discussed
- Future-proof GST – address vulnerabilities and complexities in the system, focusing on
 - cultural changes/changes of mindset
 - systems changes
 - law changes
 - changes to the external environment, such as the rise of cryptocurrency
 - productivity improvement, innovation promotion, digital and data optimisation.

Agency updates

Treasury and the ATO provided written updates which were included in the meeting papers provided to members.

Treasury

The key issues covered in the written update were:

- legislative updates including the
 - Treasury Laws Amendment (Cost of Living Support and Other Measures) Bill 2022
 - Excise Tariff Amendment (Cost of Living Support) Bill 2022
 - Treasury Laws Amendment (Enhancing Superannuation Outcomes for Australians and Helping Australian Businesses Invest) Bill 2021
- recent consultation on
 - Deductible Gift Recipient category for pastoral care services

- Consumer Data Right (CDR) rules and standards design paper in the telecommunications sector
- CDR Sectoral Assessment for the Open Finance Sector – Non-Bank Lending
- Digital Games Tax Offset
- distribution guidelines for ancillary funds
- review of the News Media and Digital Platforms Mandatory Bargaining Code.

ATO

Written updates were provided on:

- Tax time
- New measures
- Australian Business Registry Services including director ID
- GST discussions at other ATO Stewardship groups
- GST Public Advice and Guidance priorities
- GST litigation and GST service standards.

Attendees

Attendees list

Organisation	Member
ATO	Deborah Jenkins (Co-chair), Small Business
ATO	Alex Affleck, Office of the Chief Tax Counsel
ATO	Andrea Wood, Small Business
ATO	Kath Anderson, Individuals and Intermediaries

ATO	Sue Goodear, Small Business
Australian Banking Association	Chris Plakias
Chartered Accountants Australia and New Zealand	Kevin O'Rourke
Coles Finance	George Nikolaou
Corporate Tax Association	Paul Suppree
CPA Australia	Ken Fehily
Digital Service Providers Australia New Zealand	Matthew Prouse
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Property Council of Australia	Andrew Howe (Co-chair)
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ATO	Andrew Watson, Small Business
ATO	Bianca Armytage, ATO Corporate

ATO	David Mendoza, Integrated Compliance
ATO	Dora Jain, Small Business
ATO	Jenny Lin, Private Wealth
ATO	Justine Williams, Small Business
ATO	Kasey Macfarlane, Private Wealth
ATO	Kim Dimmick, Small Business
ATO	Megan Croaker, Public Groups and International
ATO	Rebecca Richards, Public Groups and International
ATO	Sarah Taylor, Integrated Compliance
ATO	Sheridan Harvey, Policy, Analysis and Legislation
ATO	Tony Goding, Small Business
NSW Treasury	Nathan Pringle
SA Treasury	Zov Mazibuko
Treasury	Victoria Henry

Apologies

Apologies list

Organisation	Member
ATO	Emma Tobias, Small Business
Law Council of Australia	Andrew Sommer

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