



Statement to Senate Economics Legislation Committee Friday 10 September 2021

10 September 2021

Australian Taxation Office Tabled Statement to Senate Economics Legislation Committee - Inquiry into the Coronavirus Economic Response Package Amendment (Ending JobKeeper Profiteering) Bill 2021 - Friday 10 September 2021.

1. This statement addresses the questions asked by the Committee and provides details of the ATO's compliance activities in relation to JobKeeper.
2. The ATO was entrusted to support Australia's economic response to COVID-19 through the administration of economic stimulus measures such as JobKeeper, Cash Flow Boost and the Early Release of Super.
3. In total, close to \$89 billion in JobKeeper payments were made to more than 1 million eligible businesses, which flowed onto more than 3.8 million individuals.
4. To breakdown recipients by size:
 - More than 97% of entities who received JobKeeper payments were small to medium businesses with a turnover of less than \$250 million. By value, these small to medium businesses received approximately \$70 billion (78%) of all JobKeeper payments.
 - About 0.2% of claimants were large businesses. These businesses received approximately \$9 billion (10%) in payments.
 - The remaining 2% of entities were charities and not for profits who received the remaining nearly \$10 billion (11%).
5. To be eligible for the initial phase of the scheme, entities needed to meet an estimated or actual decline in turnover test. Meeting this test

for one month meant businesses were eligible for the first six months of the scheme. The vast bulk of JobKeeper payments, about \$70 billion, was paid in the first six months.

6. Throughout our administration of JobKeeper, significant attention was given to ensuring payments were made only to those who were eligible.

7. Our rigorous compliance framework included vetting applications upfront in real-time (or soon after application) and carrying out further audits once applications were submitted.

8. The ANAO found in its review of the stimulus measures that:

- The ATO has been effective in managing risks related to the rapid implementation of COVID-19 economic response measures.
- The ATO undertook appropriate planning to support the rapid implementation of the six economic response measures — predominantly using its existing systems and processes to support governance, resourcing, and consultation.
- The ATO's risk documentation evidences its priority of implementing the measures in a timely manner, while also managing fraud and other integrity risks on a progressive basis.

9. We stopped more than \$767 million going forward through our pre and post payment reviews. To date, we have also reviewed more than 114,000 entities to the value of approximately \$12.5 billion.

10. From this, we have identified \$470 million in overpayments of which we:

- have recovered \$194 million and,
- are pursuing \$89 million, with \$6 million in dispute.

11. We have determined not to pursue \$180 million, mostly from small businesses, where there have been honest mistakes: usually because the employers claimed it in good faith and passed it on to their employees.

12. We have undertaken a comprehensive review of cases that forecast a decline in turnover and found the vast majority of taxpayers undertook the projected decline in turnover test in good faith. From our review of more than 1,600 entities across all markets, including 480 large businesses, we found more than 95% were eligible.

13. Some entities made reasonable forecasts for the eligibility month but ultimately did not experience the projected decline in turnover for the full three or six months.

14. To date, 75 businesses have approached us to voluntarily repay JobKeeper amounts, and of those, 62 have already repaid \$203 million. These payments are voluntary as there is no legal obligation for these businesses to return JobKeeper payments.

15. To address questions raised by the Committee, based on tax returns processed for 2019-20, approximately 6,600 entities had business income over \$50 million. Of these, about 3,400 entities across 2,000 economic groups directly claimed for and received JobKeeper net payments in the 2019-20 financial year totalling around \$5 billion.

16. The ATO has not undertaken analysis of companies that received JobKeeper and have since returned a profit, as the level of profitability was not an eligibility criterion. In addition, JobKeeper is determined at an employing entity level and relevant profits are determined at a head company level. Profitability is also typically determined annually, not quarterly or monthly.

17. One of the key responsibilities of the Commissioner of Taxation is to protect the integrity of the tax system and ensure the community has full confidence in the ATO's handling of their information.

18. It is critical to the administration of Australia's taxation and superannuation systems that community confidence concerning the confidentiality of taxpayer information is not eroded.

19. The Senate has significant and important powers and plays a crucial role as a check on the power of the government of the day.

20. The Senate has made Orders for the Production of Documents seeking information about businesses that received JobKeeper payments. Reflecting the critical role that taxpayer secrecy plays in supporting an effective and robust tax system, as the Commissioner, I made a Public Interest Immunity claim. Following the Senate's rejection of that claim, the Government has itself made a Public Interest Immunity claim.

21. I find myself in an unprecedented situation as the Commissioner. I certainly acknowledge and respect the powers of the Senate and the critical function it undertakes. However, resolution on my production of

the documents requires clarity on the Government's outstanding claim of public interest immunity as a matter of priority.

Chris Jordan
Commissioner of Taxation
10 September 2021

66772

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).