



Paving the way forward – working together to meet the changing needs of our clients

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Thank you Petris. The last time I joined you was back in 2017, where I spoke to you about the ATO's Reinvention program and focus on long term change. Though being here virtually doesn't quite compare to joining you there on the Gold Coast, I'm pleased to have the opportunity to speak with you again today about the progress we have made at the ATO towards our transformation.

I'd like to begin by acknowledging the efforts of the tax profession over the past 24 months. This has been a challenging time for us all, particularly for small businesses, and we appreciate all you have done to help your clients navigate stimulus measures while continuing to help them meet their tax obligations. You have shown great dedication and resilience, especially given many of your own businesses were under pressure.

In 2020, the ATO was entrusted with delivering a much-needed lifeline to the community. We rapidly built brand new systems and online processes to deliver these stimulus measures, and the speed of our efforts was reflected in the fact that we spoke of change in terms of weeks, not months.

Our experience with the stimulus measures showed us just how important our commitment to digital transformation is and how having access to the right data enables us to be agile in our delivery of large-scale programs. We were able to quickly and effectively deliver these

measures because of the digital platforms we already had in place. And though, like many of you, we have had to shift our priorities over the past two years, we have continued to make steady progress towards our transformation agenda, for the benefit of taxpayers, the tax profession and our staff.

The pandemic brought with it seismic changes, and workplaces, businesses and industries will never be the same. The needs and expectations of the community are evolving.

As we continue to work through the impacts of COVID-19, our partnership with you is more important than ever. We both play an essential role in helping the community respond, adapt and recover. So today I would like to talk to you about the ATO's commitment to digital transformation, and how this will enable us to better work with you to meet the changing needs of our clients.

Our commitment to digital transformation and the vital role of intermediaries

In 2018, a year after I spoke to you about Reinvention, we reinvigorated our change program and developed two aspirations to guide us to 2024:

- to become more streamlined, integrated and data-driven, and
- to build trust and confidence.

These aspirations drive our efforts to transform into the organisation the community expects of us now and into the future. We are investing in where we want our tax, super and registry systems to be and laying the groundwork for a future where interactions with us are streamlined, connected and easier.

You play an important role in driving improvements to the system, for you and your clients. We have IPA representatives on our consultative forums and working groups, and we welcome their valuable feedback. Co-creation is important to us. We know if we want a solution to work, we must listen, understand the real issues and develop solutions everyone gets value from – not just the ATO.

As part of our 2024 aspirations, we have identified a range of strategic initiatives, or programs of work, to get us there. Our focus is on optimising our self-service offerings for taxpayers and their advisors, which will improve your experience when interacting with the ATO. This

includes addressing pain points, streamlining processes, and providing you and your clients with greater visibility of client data.

The ATO has a deep respect for your role in the tax system. The support, advice and guidance you provide your clients is fundamental to upholding the integrity of our tax and super systems. There will always be a need, particularly among businesses, for professional support interpreting and navigating tax, super and registry. You have shown just how critical this support is by helping many of your clients weather one of the harshest periods they have ever faced. Though digitisation simplifies tax processes, tax-technical expertise will always be of high value to the community.

In the Digital Age, change is constant. Since joining the ATO, I have driven the organisation to put the client at the centre of all we do, and that means our systems and services need to keep pace with the times. Clients and their representatives can now access a range of services online and expect a similar level of contemporary service from government.

Improving our digital services benefits everyone, including you. We want to enable you to focus on areas of higher value, like working with your clients to best position their businesses for success.

Our transformation is an ongoing journey and it's one we need you on board for. The pandemic forced us all to roll out solutions at great speed, accelerating digital adoption. While we can't maintain that pace forever, we must keep our foot on the accelerator and ensure our clients are brought up to speed to secure our recovery from COVID-19. We need your help in fostering the right environment for future growth, and part of that is embracing changes to how we administer the system.

Data and the digital economy

The Federal Government recognised the importance of Australia's digital transformation with the Digital Economy Strategy announced in this year's Budget. This outlined significant investments to grow Australia into a leading digital economy, including enhancements to digital services like myGov, as well as a commitment to driving initiatives such as eInvoicing.

The ATO is taking a lead role in delivering better whole-of-government services for the community.

The foundations of these faster, simpler and better-connected systems are made of data, and we have a strong commitment to strengthening this capability.

Data underpins our culture of service, our early intervention activities and our goal of prevention rather than correction. We receive, match and pre-fill increasingly large volumes of data from a variety of third-party providers. In 2021, we pre-filled over 89 million pieces of data, helping you and your clients to get it right the first time.

The benefits of strengthening this capability are clear: it makes it easier for people to get things right, while making it harder to do the wrong thing, and it enables us to provide more tailored interactions. Having a more holistic picture of a client's circumstances allows us to identify the best way to engage with them and their advisors, whether that's providing extra support or identifying when claims require a more detailed look. With improved data we can monitor for changes in compliance behaviour, identify those at-risk and engage with them early.

Our 'nearest neighbour' analytics are an example of how we're using data to engage early and provide greater transparency of our view of client risk.

During Tax Time 2021, nearly 370,000 taxpayers were prompted to review their work-related expense deductions based on comparisons to individuals with similar jobs and expenditure, resulting in significant revenue impact. We've recently expanded this approach to sole traders and are looking into extending this to other small businesses in future.

Our new 'Data visibility – reported transactions' service will provide you and your small business clients with a view of information the ATO has received about the business from third party providers. This service will allow for data to be used in a variety of ways, including reconstructing lost or damaged records, tax planning and business management, and assisting clients with poor record keeping.

We're also exploring how we can share more of our internal risk rules and insights with Digital Service Providers and other intermediaries to help businesses and their advisors assess their own tax and super performance in their accounting software. We are still in the exploratory phase of that work, and we will continue to engage with you as we explore possibilities.

We're focused on building strong digital foundations so we can realise and pass on the benefits of our data, enabling the ATO and tax profession to channel our resources where we can both make the biggest difference.

Improving the experience for small business

As you will be aware, one of the hardest hit segments of the community has been small businesses. Many have had to rapidly adapt the way they operate to stay afloat, and while some businesses have thrived, many are still doing it tough. Small businesses are a diverse group with varying needs and complexities, and we will continue to provide tailored support to assist you and your clients through these challenges, because it is the best way to keep them engaged.

We know tax is just one of many regulatory matters small business owners must grapple with. We are committed to relieving the compliance burden, where we can, so small business owners can spend more time on their business and less time on tax.

The success of Single Touch Payroll (STP) taught us that the most effective way to simplify the client experience is by integrating processes and obligations into the natural systems used by businesses each day. This approach drives meaningful improvements in tax and super performance by making it easier for clients to keep good records, manage their obligations and get things right up front. This supports our aim of preventing non-compliance rather than uncovering it later.

From 1 January, STP 2 will support the administration of the social security system and reduce the reporting burden for employers who need to report information to multiple government agencies. Digital Service Providers are at varying stages of readiness and we know this commences at a time when employers are already under pressure, so we are taking a flexible and reasonable approach with the transition.

I am proud to be the Registrar of the Australian Business Registry Service (or ABRS), which represents a further step towards reducing administrative burden, bringing together more than 30 government business registers. This will make it easier for businesses to meet their registration obligations, and it makes sense that the ATO has taken on this function.

We recently launched director ID – our first service offered under ABRS. By helping us connect the dots between directors and companies, director ID will help combat illegal phoenix activity and create a fairer environment for honest businesses.

The tax profession played a vital role in shaping the private beta trials and we appreciate your continued support in helping clients navigate this new requirement. I am pleased to say that we have seen a high take-up of this new service with over 34,000 director IDs issued in the first week, and more than 86,000 issued to date.

Another significant development that makes engaging with us easier is myGovID and Relationship Authorisation Manager (RAM), which provide a more secure way to log in to our online services. Clients can now access a range of online government services without having to keep track of credentials across departments. This has been a critical enabler for stimulus measures and has supported businesses and agents to adopt flexible working arrangements in response to COVID-19. It just wouldn't have been possible to do what we collectively did if we were still using AUSKey.

Though we face continued uncertainty, there is reason to be optimistic about our growing digital economy and the tax, super and registry service you and your clients will receive from the ATO. I encourage you to make sure your clients are digital-ready and to help them get on board – it will make their business more resilient, provide them with better knowledge about their business, make their day-to-day work easier and give you better information to work with when you are trying to support them.

Building security and assurance into our digital systems

While the expanding digital economy means better connected systems and opportunities for innovation, it also presents new challenges and risks. The ATO holds one of the largest and most comprehensive data stores in Australia. We are committed to safeguarding this data against evolving cyberthreats and data breaches. The community has entrusted us with protecting their personal information and we take this responsibility very seriously.

We have implemented strong and robust cybersecurity measures to protect the complex systems we administer. And while our systems are

some of the most resilient out there, we maintain a proactive approach, continually innovating against threats and embedding security into our systems. Our work with digital identity is one of the ways we are making digital interactions more secure. We have made major strides recently with Strong myGovID, which incorporates advanced face verification technology to strengthen myGovID to a higher level. This allows us to offer higher value services online and in real-time, like TFN applications – a significant improvement to the client experience.

While it has always been a big focus for us, the rapid growth in digital engagement has reinforced the importance of adopting a whole-of-system approach to preventing cybercrimes and identity fraud. This means that we sometimes need to add additional layers of security to the programs and systems we administer to ensure we fulfil our obligation to protect our clients, you and the broader tax system. We may sometimes require a little more information from you to access the records of your clients. With the large amounts of sensitive information both the ATO and the profession hold, and the growing threat of cybercrimes, we must all be prepared to take those extra steps to protect our clients and uphold the integrity of the system.

Looking ahead

At the heart of the ATO's 2021–22 corporate plan is our commitment to working effectively with the tax profession to support the changing needs of the community now and into the future. Our evolving service offer to you is at the forefront of much of our work right now, and we have meaningful improvements underway that are intended to make things easier and faster for you.

We listened to your feedback on the lodgment deferrals process and responded with a limited phone deferral service for up to five clients. We have additional improvements planned that will make deferrals through Online services for agents quicker and more transparent – providing greater visibility of the process and reducing errors and delays.

We have commenced our review of the lodgment program to assess whether it remains fit for purpose and achieves the right outcome for clients, the profession and the tax system. Your experience is key to this piece of work and we have representatives from across the

profession contributing to the working group. Updates on this work will be provided through our various communication channels.

We're currently in the process of overhauling our client register to help ensure our communications go to the right place, addressing a major pain point in the self-service system. It's important to us that our client register provides clarity around how to best contact the right person in relation to a taxpayer's affairs, and we're conscious of your role as trusted advisors to your clients.

There are also some processes that are currently still manual, and we know that this is an irritant for you. We are consulting with our partners and working hard to move more of these processes online to improve the ease and speed of these interactions.

You are valued partners, and we want your experience to be streamlined too.

Conclusion

Over the past 2 years, Australians have faced unprecedented challenges brought about by the bushfire crisis and COVID-19 pandemic. In particular, tax professionals and their small business clients have had to adapt and innovate to survive. Times are changing and the ATO must change with them.

Data and technology are the keys to our success and – driven by our enduring commitment to transformation – we have taken huge strides towards a future where interactions with us are integrated, seamless and accessible. We must continue to harness advances in technology to ensure we provide contemporary digital services that support a modern, digital economy.

You play a critical role as stewards within the system, and embracing digital services is part of that. You are important partners in this journey, and we will continue to encourage and support our partnership, consulting with you on significant changes and working collaboratively on solutions to improve the way we interact with you and the community.

Thank you again for the opportunity to attend today. I look forward to continuing to work with you to deliver our vision of an integrated, streamlined tax system that meets the changing needs of the Australian community.

I'm happy to take questions.

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