



Australian Government
Australian Taxation Office

ATO Regulator Performance Framework self-assessment report 2019–20

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Introduction

About the Regulator Performance Framework

As part of the Government's regulatory reform agenda, the government released its Regulator Performance Framework (RPF) under the 2014 Spring Repeal Day. The framework is an important element of the government's commitment to reduce the cost of unnecessary or inefficient regulation imposed on individuals, business and community. As a regulator, the Australian Taxation Office (ATO) is required to self-assess its performance against the RPF.

The RPF comprises six outcomes-based key performance indicators (KPIs) and associated measures. The KPIs articulate the government's overarching expectations of regulator performance, namely that:

- regulators do not unnecessarily impede the efficient operation of regulated entities
- communication with regulated entities is clear, targeted and effective
- actions undertaken by regulators are proportionate to the risk being managed
- compliance and monitoring approaches are streamlined and coordinated
- regulators are open and transparent in their dealings with regulated entities
- regulators actively contribute to the continuous improvement of regulatory frameworks.

About this report

The Commissioner of Taxation is responsible for administering Australia's tax system and significant aspects of Australia's superannuation system. He is also the Registrar of the Australian Business Register (ABR).

The ATO is the Australian Government's principal revenue collection agency, administering the legislation governing tax, and supporting the delivery of government benefits to the community.

This report addresses the RPF's ATO-specific metrics and reporting requirements agreed with the Board of Taxation (initially in 2015 and updated in 2018). It is an assessment of our performance as a regulator for 2019–20.

The [2018–19 ATO Regulator Performance Framework self-assessment report](#) identified two areas requiring continued focus in 2019–20 which are aligned with our intent and focus for the next four years to 2024, specifically to:

- build trust and confidence in the tax and superannuation systems
- be an integrated, streamlined and data driven organisation.

Progress in 2019–20 regarding these areas for improvement is outlined on page 8.

How we assess our performance

The following table shows the rating methodology and definitions we use to assess our performance.

Rating	Definition
Excellent	Met all expectations with no further improvements required.
Very good	Made significant improvements, with programs of work almost complete. Significantly exceeded service commitments.
Good	Improvements consistent with expectations, with some further work required, as reflected in feedback. Exceeded service commitments.
Satisfactory	Met base expectations as expected and all service commitments achieved.
Requires development	Did not meet base expectations or service commitments.

The metrics we use to assess our performance, initially established in 2015 and updated in 2018, are a mix of **35 metrics**. The results of the metrics are included in the [Appendix](#).

The suite of metrics comprises:

- **15 outcome-based metrics** – our true and most powerful measures of performance. For each of these metrics we incorporate brief analysis of the result.
- **9 survey-based metrics** – presented in one table, with analysis focused on systemic trends across the suite of questions.
- **11 activity-based metrics** – presented in one table. These metrics cannot tell us how effective we have been, that is, an increase in activities does not necessarily signify improved performance.

Of these metrics, a significant proportion are also reported in the [Commissioner of Taxation annual report 2019–20](#), with ten of these (focused on key survey and outcome-based metrics) included in the annual performance statement. The annual performance statement reports on our performance under the *Public Governance, Performance and Accountability Act 2013* in achieving our purpose. A further two metrics are ongoing ATO service commitments.

Our purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems. We achieve this by:

- making it easier for people to participate
- delivering contemporary and tailored services
- ensuring purposeful and respectful relationships
- operating as a professional and productive organisation.

In assessing the quality of our performance against each metric, we have regard to:

- Results compared to our performance targets for mature and well-established metrics, such as those included in our annual performance statement and some service commitments.
 - We assess our performance targets annually to determine where existing results are expected to be maintained and where future performance is expected to be stronger.
- Trend improvement for metrics which are still relatively new, such as our survey-based metrics.
 - As these metrics mature, we will establish appropriate performance targets.
- Activity-based or volume-based metrics having a less direct relationship to the quality of our performance.
 - For these metrics, an increase in the volume of activity does not automatically mean an improvement, or a decline, in our performance.

Our service commitments have been designed to assure the ATO and the community that the services we provide are of a consistent and high standard and therefore form an important component of assessing regulation imposed on individuals, business and the community. Many of our commitments have targets that are meaningful to our clients and challenge us to deliver the best possible service.

We regularly report on our ongoing service commitments on **ato.gov.au**.

Results for our survey-based metrics are based on a representative sample of the overall population, in order to ensure their statistical validity. We measure the perceptions of those who have recently interacted with us to understand and improve the client experience, as well as to understand their views of the overall tax system and sentiment regarding the ATO. Where surveys require direct interaction with the community – for example, via a phone or online survey – the interaction is undertaken by an external provider, in order to ensure the independence and integrity of results.

We will continue to monitor and assess performance as we build on the outcomes we have achieved to date.

For more information about the performance of the ATO, refer to:

- **ato.gov.au**
- [Commissioner of Taxation annual report 2019–20](#).

Overall assessment of performance

Overall self-assessment rating: **Good**

As a regulator of the tax and superannuation systems in Australia, we have assessed our overall performance against the Regulator Performance Framework to be **good**.

This assessment is based on the outcomes of our metrics and the improvements made for each of the six key performance indicators (KPIs). We have assessed our performance to be good for five of the six KPIs, and satisfactory for the other. Details of our assessment are outlined in the individual KPI summaries.

Overall, we achieved positive results (improved or met target) for 16 of the 35 ATO-specific metrics, with three broadly stable, five showing a decline, and 11 based on activities (where trend in the metrics does not accurately reflect performance).

Following is a breakdown of our assessment for each KPI. Some metrics apply to more than one KPI, with results for these metrics included within the summary for all relevant KPIs.

KPI 1: Regulators do not unnecessarily impede the efficient operation of regulated entities

Assessment: Good

Summary of metric results: Improved or met performance target – 6
Stable – 0
Decline – 1
Activity-based (where trend does not reflect performance) – 1

Activity-based examples: Support for the superannuation system
Single Touch Payroll implementation
Payment and debt management

KPI 2: Communication with regulated entities is clear, targeted and effective

Assessment: Satisfactory

Summary of metric results: Improved or met performance target – 3
Stable – 1
Decline – 2
Activity-based (where trend does not reflect performance) – 5

Activity-based examples: Improve the end-to-end client experience
 Public advice and guidance
 Enhance the digital channel experience

KPI 3: Actions undertaken by regulators are proportionate to the regulatory risk being managed

Assessment: Good

Summary of metric results: Improved or met performance target – 1
 Stable – 0
 Decline – 1
 Activity-based (where trend does not reflect performance) – 1

Activity-based examples: Tax gap analysis
 Taskforce work to address tax avoidance
 Tailored one-to-one engagements to obtain justified trust

KPI 4: Compliance and monitoring approaches are streamlined and coordinated

Assessment: Good

Summary of metric results: Improved or met performance target – 4
 Stable – 0
 Decline – 0
 Activity-based (where trend does not reflect performance) – 3

Activity-based examples: Single client accounting system
 Analytics integration
 Automation and artificial intelligence

KPI 5: Regulators are open and transparent in their dealings with regulated entities

Assessment: Good

Summary of metric results: Improved or met performance target – 2
 Stable – 1
 Decline – 0

Activity-based (where trend does not reflect performance) – 0

Activity-based examples: Public advice and guidance during COVID-19
Publishing of service commitments
Dispute resolution

KPI 6: Regulators actively contribute to the continuous improvement of regulatory frameworks

Assessment: Good

Summary of metric results: Improved or met performance target – 1
Stable – 1
Decline – 0
Activity-based (where trend does not reflect performance) – 1

Activity-based examples: Online services for tax and BAS agents
Treasury partnership
OECD participation

Progress regarding areas of improvement identified in our 2018–19 report is set out below:

Areas for improvement identified in 2018–19 report

Progress in 2019–20

To build trust and confidence in the tax and superannuation systems

Partially improved: Client perception results have shown a small improvement across the majority of measures of confidence in the ATO, including how we are working together with our partners. There was a slight decline in clients' perceptions of fairness in disputes, in relation to the final decision being fair.

To be an integrated, streamlined and data driven organisation

Partially improved: Our 2019–20 performance results demonstrate improvements in some elements of our efficiency and our use of data, with other results remaining broadly stable.

2019–20 presented many new and unexpected challenges, but it also allowed us to demonstrate the vital work we do in serving all Australians and further validate the community’s trust and confidence in our administration.

We started the year with a clear focus on making the ATO a leading tax and superannuation administration, known for its contemporary service, expertise and integrity. We demonstrated significant capacity in delivering the government’s COVID-19 economic stimulus measures. The ATO’s ability to deliver at such an unprecedented scale was made possible through swift and decisive action in mobilising resources to high demand client-focused work and an upscaling of our IT activities.

A key change for the ATO as a result of the COVID-19 pandemic has seen a shift from a compliance and revenue collection agency to one focused on administering payments. This resulted in a change in some of our pre-COVID-19 practices, including ceasing all face-to-face client interactions, reviewing automated work programs, and remitting certain penalties and interest.

The ATO’s focus on our small business clients was clear in all of our interactions throughout 2019–20, but particularly during the second half of the year. Small businesses continue to account for the majority of collectable debt and are a key focus of our payment and debt strategies. We recognise that small businesses may experience cash flow issues for various reasons at any time, and that they have been particularly impacted over the last year by the severity of natural disasters and the COVID-19 pandemic. In response, we granted additional time beyond the original due date for more than 12.9 million lodgments and payments along with 680,000 payment plans tailored to individual circumstances. We also granted lodgment deferrals, provided quicker access to GST refunds and small business taxpayers being audited were given the choice of continuing or pausing the audits.

In light of these factors and the results of our metrics, we consider that positive outcomes were achieved through 2019–20. As an organisation we:

- delivered on our government commitments, including through our funded taskforces on corporate tax avoidance, the black economy and serious financial crime
- completed one of the biggest data migrations ever undertaken in the public or private sector, consolidating data into a single account processing system that provides a whole-of-client account view for around 17 million accounts
- improved and streamlined businesses’ interactions with government, by enhancing systems like Single Touch Payroll (STP), delivering myGovID and the Relationship Authorisation Manager (RAM) for business, and continuing our work on ABN reforms
- finalised a secure robust data network that allows Australian businesses to seamlessly exchange invoices with suppliers and buyers in over 34 countries
- supported Australians affected by summer bushfires by facilitating lodgment and payment deferrals, and adjustments to pay as you go (PAYG) instalments to alleviate cash flow pressures.

Much of this was completed before the onset of the global COVID-19 pandemic, and from February 2020 our priorities and focus shifted. The ATO contributed to the design of several economic stimulus measures, as well as being entrusted to deliver key programs.

As STP was already being used by the majority of employers across Australia to report salary and wage information, it was key to enabling JobKeeper, and provided a level of integrity across the program. The flexibility and intuitive interfaces of myGovID and RAM also proved critical, enabling businesses and tax and BAS agents to access a range of stimulus measures like JobKeeper and Cash Flow Boost for employers.

- We upheld our high governance and risk management standards to protect the integrity of the tax and superannuation systems and ensure support went to where it was needed most.
- Our June 2020 staff engagement survey showed strong improvements in employee engagement, culture and commitment to the ATO.

The support provided by the ATO extended beyond the design and administration of these vital measures. The ATO helped individuals and businesses through deferrals of some payments, quicker access to GST refunds, and options to enter low-interest payment plans for existing or future tax debts. Taxpayers being audited were given the choice of continuing or pausing the audits. Most of those who chose to pause their audits were individuals and small businesses. Similarly, the ATO gave priority to objections for individuals and small businesses that were more likely to result in a refund, as well as putting a small number of objections on hold at the client's request.

The significant tasks of delivering the stimulus measures and supporting people who were suddenly unable to meet their tax and superannuation obligations were met with efficiency, with no additional funding sought from the government during 2019–20. We re-prioritised our resources and activities to meet emerging needs as the government's response developed.

Before the emergence of COVID-19, we had already made significant changes to our systems, which made it easier for clients to continue effectively engaging with us during the pandemic:

- For businesses, we had delivered myGovID and Relationship Authorisation Manager (RAM). These tools provide businesses and tax practitioners with more secure and streamlined access to government online services as they mobilised to a home-based workforce.
- We had successfully transitioned all tax and BAS agents to our new Online services for agents platform, a substantially more reliable and tailored service they could use working remotely.
- Our single client accounting system, which went live in December 2019, assisted us in tailoring our approach to each individual's unique circumstances as we could see their data in one place.
- Improvements to our systems meant we were well placed to manage the large volumes of transactions arising from the stimulus measures.

To guide the organisation, the ATO Executive team have set four key themes for the year ahead:

- responding to COVID-19 – contributing to Australia's economic recovery while meeting community expectations of fairness in the system and our administration

- continuing our transformational journey – building our systems and capability so we can deliver for the community when it matters most, and simplifying our processes to drive better outcomes
- continuing to become more streamlined and integrated – improving the way we collect, manage, share and use data to build confidence and drive actions that maximise value
- establishing the Commonwealth Business Registry Service – simplifying business registration to make it easier for businesses to interact with government and further unlock the value of business registry data to support economic growth.

Although we have made some inroads into trust and confidence, we consider further investment in our two areas of focus from 2019–20 is warranted and these remain our aspirations as we head toward 2024. Therefore, we will continue to focus on these two areas for improvements when assessing improved outcomes in our 2020–21 self-assessment report, namely to:

- build trust and confidence in the tax and superannuation systems
- be an integrated, streamlined and data driven organisation.

KPI 1 performance summary

Regulators do not unnecessarily impede the efficient operation of regulated entities

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the [Appendix](#).

Measure	Description	Metric(s)
1.1	Demonstrate an understanding of the operating environment of the industry or organisation, or the circumstances of individuals and the current and emerging issues that affect the sector.	S1, A2
1.2	Take actions to minimise the potential for unintended negative impacts of ATO activities on taxpayers or affected supplier industries and supply chains.	1, 4, 5, S2
1.3	Implement continuous improvement strategies to reduce the costs of compliance for taxpayers.	2, 3

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we have reduced impediments to the efficient operation of regulated entities.

Summary of metric results

Performance either improved or met target for six of the eight metrics for this KPI, with one showing a decline, and one based on activities.

Positive outcomes were achieved during 2019–20 with respect to improved results for availability of key digital systems, proportion of inbound transactions received digitally for key services, and compliance costs for individuals. We also met our performance target for the reduction in the administrative cost to business and government in dealing with each other. We did however see an increase in the number of complaints received, predominantly due to higher community interest and interactions arising from the implementation of the COVID-19 stimulus measures and the low and middle income tax offset.

Activity-based examples

Through our focus on **payment and debt management** the ATO aims to improve taxpayers' understanding of their obligations and, where possible, prevent debt. We work proactively with taxpayers and have developed new products and services to make payment easier and to address debts as soon as possible. In 2019–20, we:

- enhanced our payment plan services, introducing opt-in payment plan instalment reminders, with nearly 800,000 reminders sent during the year
- incorporated the online payment plan service into Online services for agents
- implemented our single client accounting system and further developed our data and analytics program
- through our 'Better as Usual' program, began raising staff awareness of the interconnectedness of taxpayers' interactions with the ATO as an end-to-end process.

These initiatives also improved our understanding of whether a client's behaviour is driven by an inability to engage with us or an ongoing intentional failure to do so and enabled us to provide the most appropriate support according to the circumstances. During the latter part of 2019–20, assisting clients impacted by disasters such as flooding, bushfires and the COVID-19 pandemic has been a critical focus for our organisation.

Our **complex issue and case program** manages matters that do not fit within our standard processes. We adopt tailored approaches to suit each situation, using innovative solutions, showing empathy, and looking through the client's 'lens'. Along with complex cases and issues that threaten system integrity, this work is providing insights into how the ATO can work 'better as usual'. The program is helping to improve processes, procedures, communications and systems across our less-complex client interactions.

Along with protecting revenue, the ATO is charged with protecting people's superannuation. Our work on **superannuation guarantee assurance** focuses on using data in our approach to reducing the super guarantee gap and on improving transparency of member information, enabling individuals to proactively engage with their superannuation through ATO Online.

Our use of data to identify risks to the superannuation system has also enabled us to influence positive behavioural change through preventative approaches, and to identify and address employers who make an overt decision not to comply with their obligations.

In 2019–20, we:

- implemented targeted education and prevention activities for industries with a history of underpayment or late payment
- conducted a pro-active communications campaign, contacting employers with a history of paying their super guarantee contributions late, reminding them of their obligation to lodge super guarantee charge statements and pay the charge – resulting in improved lodgment of statements without further intervention and a corresponding improvement in on-time payment by these employers the following quarter

The implementation of **Single Touch Payroll** (STP) provided employers (and tax practitioners) with digital end-to-end services to report payroll and superannuation information and allowed this payroll data to be pre-filled into individuals' income tax returns and business activity statements.

As at 30 June 2020, over 707,000 or 86% of employers were reporting through STP, comprising 99% of employers with 20 or more employees and 82% of employers with 19 or fewer employees. We received 10.8 million income statements from 196,000 employers during Tax Time 2019, on behalf of over 8.6 million individuals, some of whom had multiple employers.

STP was a key enabler for the JobKeeper program. Having the majority of employers across Australia reporting their salary and wage information through STP provided a level of inbuilt integrity across the program and improved the experience for those employers through pre-populated STP data.

STP was recognised through the Institute of Public Administration Australia (IPAA) Awards 2020, awarded as the winner in the category for 'Culture and Capability', demonstrating the innovation and scale of the program and the broader cultural change for the ATO and businesses.

More information about STP is available at ato.gov.au/STP.

During the year, we provided tailored support to our various client groups to help them meet their obligations as easily as possible through contemporary tools, systems and services.

Measuring availability of our **digital systems** ensures that we understand the reliability of services for clients interacting digitally. During 2019–20, our key digital systems were highly available to the community (99.7% availability, excluding scheduled outages). We are investing in improvements that continue to increase the resilience and availability of ATO digital services, so that critical services are secure, highly available and scaled appropriately for the expected increase in transaction volumes.

In 2019–20, the **Australian Business Register** (ABR) remained a trusted source of data for business, government and the community, with over 1.5 billion searches using ABN Lookup. We continued to make improvements to the register and the registration process to ensure the experience strikes the right balance between making it easy to get things right, and hard not to.

By promoting a common language for business information and standards for electronic information sharing, the Standard Business Reporting program contributed to a total annual reduction of \$1.95 billion in administrative savings to business and the government in 2019–20, relative to the costs of businesses using lodgment methods via previous systems.

To meet the dramatic increase in demand for our services due to COVID-19, we extended our **contact centre** hours and mobilised our staff – with around 2,000 staff diverted to support our front-line services (such as contact centres) and around a further 3,800 redirected to priority work on the delivery of stimulus measures.

KPI 2 performance summary

Communication with regulated entities is clear, targeted and effective

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the [Appendix](#).

Measure	Description	Metric(s)
2.1	Provide guidance and information that is up to date, clear, accessible and concise through media appropriate to the target audience.	7, A3–A7
2.2	Provide decisions and advice in a timely manner, clearly articulating expectations and the underlying reasons for decisions.	6 – 9, S3
2.3	Provide advice that is consistent and supports, where appropriate, predictable outcomes.	S4

Self-assessment rating: Satisfactory

This assessment is based on the results of the metrics relating to each measure and the examples of how we have maintained clear, targeted and effective communication with regulated entities.

Summary of metric results

Performance either improved or met target for three of the 11 metrics for this KPI, with one broadly stable, two showing a decline, and five based on activities.

Our performance exceeded the target for one of our two service commitments. However, the percentage of complaints resolved in 15 days fell marginally short of the target. Our performance with respect to average completion times for both private rulings and objections declined. Significant work continues to match resourcing to demand, along with streamlining of systems and processes.

Activity-based examples

To improve the **end-to-end client experience**, we are implementing a multi-year, ATO-wide program. This is transforming our approach to deliver an integrated experience for clients, recognising that a single person may be interacting with us in various roles. We call the series of interactions a client has with us ‘the pipeline’. There are a number of ‘pipes’ taxpayers may move through as they deal with us around particular matters. We are committed to understanding the end-to-end experience they have with us – from lodgment, to disputes and debt management, to their lodgment again next year.

As a starting point, we conducted a pilot to examine the experience for certain groups of taxpayers who don't meet their lodgment obligations. Working closely with the tax and BAS agent community, we also applied the pipeline methodology to the new Cash Flow Boost stimulus measure, to ensure the process was as efficient and effective as possible.

Complementing our pipeline reviews, is an increased focus on actions that can have the **highest client impact** to the unintended detriment of the client. By improving our understanding of the potential impact of these interactions, we can design the right safeguards to deliver services better cognisant of the client's circumstances. In these interactions, our staff consider not only the power they can apply, but whether they should apply it in a particular situation in preference to alternatives available to resolve the issue. This initiative also allows us to identify opportunities for systemic improvements earlier in the pipeline, which will reduce the need for high client impact actions.

The ATO has a number of initiatives designed to assist clients with their tax affairs. We provide **public advice and guidance** to help taxpayers understand their rights and obligations in a range of situations.

The ATO tailors its approach to providing public advice and guidance, using various avenues including web-based guidance, fact sheets, rulings and more detailed explanations users can access depending on their needs. This flexible approach is of value in times of crises – such as the recent natural disasters and COVID-19, where we worked with our clients to provide timely yet accurate web guidance, followed by consultation on more formal products for issues that were highly technical.

We received positive feedback on our responsiveness to delivery of public advice and guidance during COVID-19. As part of the COVID-19 response, our suite of public advice offerings on the ATO website played a key role in providing timely and targeted practical advice. The extensive use of **ato.gov.au** during 2020 demonstrates the critical need this served during the pandemic.

We continue to seek feedback on content throughout the development of public advice and guidance products, including through targeted consultation groups, to ensure our advice and guidance meets community needs.

By improving the **digital channel experience**, we can also improve the way we provide information to clients. Our goal is to optimise the channels to achieve the best outcome for clients, reducing the scope for error and the administration effort required of them and us. We continued our five-year program to digitise more of our outbound communications and significantly reduce reliance on non-preferred channels.

It is becoming increasingly possible for individuals and businesses to meet tax and superannuation obligations as part of their day-to-day activity. We are **enhancing the digital ecosystem**, by integrating more digital services into existing systems, including payroll systems, accounting software, practice management software and superannuation funds. We have seen the benefits of the integrated and streamlined ecosystem through Single Touch Payroll.

KPI 3 performance summary

Actions undertaken by regulators are proportionate to the regulatory risk being managed

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the [Appendix](#).

Measure	Description	Metric(s)
3.1	Apply a risk-based proportionate approach to compliance obligations, engagement and regulatory enforcement actions.	10, 11
3.2	Regularly reassess preferred approach to regulatory risk. Amend strategies, activities and enforcement actions to reflect changing priorities that result from new and evolving regulatory threats, without diminishing regulatory certainty or impact.	11, A11
3.3	Recognise the compliance record of taxpayers, including using earned autonomy where this is appropriate. Consider all available and relevant data on compliance, including evidence of relevant external verification.	11

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and how our actions were proportionate to the regulatory risk being managed.

Summary of metric results

Performance either improved or met target for one of the three metrics for this KPI, with one based on activities.

Our operational efficiency continues to improve, as evidenced by the decline of our administrative costs relative to the tax revenue we collect. This result highlights the positive outcomes arising from our risk-based proportionate approach to compliance obligations, engagement and regulatory enforcement actions. The total revenue effects for 2019–20 from all our interventions totalled \$13.7 billion, of which penalties and interest made up \$2.4 billion.

Activity-based examples

The ATO aims to provide the community with confidence in our administration of the tax and superannuation systems and that this results in the collection of the right tax at the right time, for the wellbeing of all Australians. To provide that confidence, we need to understand the effectiveness of our approach, which we do by using revenue-based performance measures and tools such as tax gap analysis.

We will continue to shift to a more preventative and pre-emptive approach, sustainably reducing the tax gap. Our prevention and education products and systems improvements are aimed at making it easier for people to understand and meet their commitments. These complement our activities targeting those taxpayers who intentionally avoid their obligations.

Work continued on activities to address the **individuals tax gap** (for those individuals not in business), including strategies to streamline income tax reporting and enhance our use of data to make it available for pre-filing of income tax returns. This tax gap relates to individual taxpayers who earn an income as salary and wage earners, as investors or both. However, it excludes those in business and high wealth individuals, who are covered in other areas of our tax gap program.

The individuals tax gap was first published in July 2018 and an update for the 2017–18 tax return year shows that our strategies and approaches are starting to take effect, as the gap has declined. However, it is important to note that a small amount of overclaiming across a large population does add up to a significant amount and that this area requires continued focus. The tax gap is discussed in greater detail in Part 3 of the [Commissioner of Taxation annual report 2019–20](#) and on our website at ato.gov.au/taxgap.

To better support individual taxpayers and address the mistakes we see in tax returns, we will continue to explore opportunities to pre-fill income tax returns, with a focus on areas that are driving the individuals tax gap. In 2019–20, we:

- collected data on taxpayers who acquired and disposed of cryptocurrency and, through our pre-fill service, we used this data to remind them of their obligations to report income from these transactions
- collected data from short-term rental platforms and used this to better understand the use of online platforms and whether taxpayers are reporting their income correctly
- continued to explore and pilot potential new data sets to help manage errors that are commonly made for work-related expenses and rental claims
- piloted approaches where selected taxpayers were advised in advance of lodging their returns that they would be required to provide substantiation to support their claims at the time of lodging. The pilot showed improved accuracy of work-related expense claims and reduced stress on taxpayers about expected contact from the ATO following up on their claims.

The ATO received funding for **taskforces** to focus on specific threats to the tax and superannuation systems – such as tax avoidance, serious financial crime, illegal phoenix activity and the black economy. We aim to provide assurance that the ATO is collecting the right amount of tax. In 2019–20, significant achievements for the ATO's taskforces included:

- The Tax Avoidance Taskforce raised \$2.7 billion in tax liabilities and almost \$1.6 billion in cash collections (apportioned figures).
- The Serious Financial Crime Taskforce raised \$131 million in liabilities and \$59 million in cash collections.
- The Black Economy program raised \$787 million in liabilities and an estimated \$696 million in cash collections.

- The Phoenix Taskforce raised \$112 million in liabilities and \$47 million in cash collections.
- The Superannuation Guarantee Taskforce raised almost \$111 million in liabilities.

We assure tax compliance through our **justified trust program** to give the community confidence that our clients are reporting and paying the right amount of tax.

For businesses, particularly larger businesses, we primarily assure tax by reviewing objective evidence obtained through one-to-one engagements with them.

Under our justified trust program, we undertake specific tax assurance engagements with:

- the top 100 and next 1,000 public and multinational businesses
- the top 500 private groups.

We also assure indirect tax through our ongoing relationships with large excise clients.

We worked with the 'top 1,000' public and multinational companies and superannuation funds to ensure they reported the right amount of income tax and, under the black economy program, we made over 5,100 business assistance visits in 22 metropolitan, regional and remote locations, predominantly to small businesses. We continued our program to educate future taxpayers, with around 420 presentations reaching an audience of over 28,000 students. We also connected with migrant communities, with over 270 presentations reaching around 10,500 people.

At the other end of the scale, we target serious crimes that present the highest risk to Australia's tax and superannuation systems. Serious financial crime affecting the ATO-administered measures of the Commonwealth Coronavirus Economic Response Package was recognised as a priority for the Serious Financial Crime Taskforce in May 2020.

Support for tax practitioners extends beyond providing a better way to interact with our systems. Another factor is ensuring those who are doing the right thing are not disadvantaged by those who are not. Our **Intermediaries engagement and assurance** strategy and tax practitioner model are used to inform our interactions with tax agents and reflect the level of risk we see in their client base, their business practices and their own tax affairs. We also improved the way we work with key partners in the system, such as the Tax Practitioners Board (TPB) and professional associations, giving them visibility of our tax practitioner model.

In response to the introduction of the COVID-19 stimulus measures, we focused on a 'disrupt and protect' strategy to identify and deal with tax practitioners exploiting those measures. We developed a rolling assurance approach to refine our view of risk and tailored treatment approaches throughout each phase of the administration of the payments.

To support the Better as Usual program, we improved the way we collate information from objections, facilitation, Dispute Assist and complaints. This allows us to develop actionable insights to improve our client engagement and ultimately reduce the proportion of actions that result in objections and complaints.

KPI 4 performance summary

Compliance and monitoring approaches are streamlined and coordinated

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the [Appendix](#).

Measure	Description	Metric(s)
4.1	Minimise frequency and impact of requests for information and coordinate with similar processes including those of other regulators.	S5
4.2	Tailor information requests and only make when necessary, and only then in a way that minimises compliance costs to taxpayers.	13, 14
4.3	Utilise existing information to limit the reliance on requests to taxpayers and share the information among other regulators, where possible.	12, 14, A8, A9
4.4	Base monitoring and inspection approaches on risk and, where possible, take into account the circumstances and operational needs of taxpayers.	A10

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we streamline and coordinate compliance and monitoring approaches.

Summary of metric results

Performance either improved or met target for four of the seven metrics for this KPI with three based on activities.

All targets for our measures in relation to Government and community were met. However, the number of agencies using ABR Explorer decreased toward the end of June 2020, due to the replacement of AUSkey in March 2020 by myGovID as the access service to ABR Explorer. We are working with those agencies that have not yet transitioned to myGovID to re-establish their access to ABR Explorer so they can continue to access ABR data.

There has also been an improvement in the perceptions of our clients as to how we are integrating services better with other government agencies.

Activity-based examples

Our transition towards being a streamlined, integrated and data-driven organisation relies on having the right data available for our staff and clients, and the right tools and capabilities to understand and use the data in innovative ways. We also need to provide assurance that our use of data is ethical and soundly governed.

We are embracing new technologies, including data-learning programs, to ensure our staff have the data, insights and skills needed to work smarter and improve interactions with clients. Our use of automation, artificial intelligence and sophisticated analytical techniques help us better understand our clients and provide the tailored and timely services they expect.

We have been developing our **data backbone** – the infrastructure and tools to continue to manage, use and share information across our organisation. This needs to be scalable and flexible to cope with increasing data needs.

In recent years, we have focused on enterprise-wide client data, one component of our data backbone, to provide timely and accurate information to help staff perform their role. The Enterprise Client Profile (ECP) tool provides staff with access to a range of client facts and insights. It generates consistent and timely information in a contemporary way and can be tailored to specific work requirements. We have around 13,000 staff currently using ECP, with users accessing the system over 70,000 times a day. ECP helps guide staff and ensure a more empathetic treatment of clients – for example, those faced with difficulty meeting their obligations due to the COVID-19 pandemic.

While our data backbone is about the infrastructure to manage our data, **analytics integration** is about using data to help us to work smarter and deliver better outcomes for the community. Data analytics is increasingly integrated in work across the ATO.

We ran our inaugural Data and Analytics Expo for staff in November 2019. This included webinars, a 'hackathon', demonstrations of our latest tools, and a panel discussion looking at the complexities of data ethics to answer the question of 'how far is too far'. In June 2020, we introduced Data and Analytics as a new professional stream within the ATO, providing strategic direction on workforce capability development. This new professional stream covers data analytics, data management, data science, data engineers and revenue analysis. Analytics integration will transform the nature of ATO work and the outcomes we deliver.

We brought together our client systems into a **single client accounting system**. This transitioned almost 17 million activity statement accounts, consisting of around 6 billion individual records, into the same system we were already using for income tax and superannuation. This was one of the largest and most complex data conversions in ATO – and APS – history. Planned enhancements include the incorporation of enterprise payments and receivable management using ATO data science and analytic modelling. As part of this, 'Decision Optimisation' technology will allow us to tailor our interactions with clients and select the best treatment strategy based on risk and previous compliance history.

Our **data democratisation and visualisation** strategy aims to give staff access to the trusted data they need in a faster and more effective way. This will make it easier for them to draw insights for well informed and timely actions in supporting the community.

We are progressing new and innovative ways of using **automation and artificial intelligence** to improve decision-making, streamline business processes and automate repetitive tasks. Machine learning and robotic process automation (RPA) technologies provide opportunities to increase our understanding of client behaviours and create efficiencies for more repetitive tasks. In 2019–20, we undertook scoping, governance, funding and delivery planning for implementing RPA at scale in the ATO. We will continue to look for new ways to use our existing technology and new tools to expand our capability.

Underpinning the use of our data is the need for sound **data governance and ethics**, to ensure we maintain the trust and confidence of the community. In 2019–20, we developed our overarching data governance model and drafted principles for our Data Ethics Framework (with contributions from the ATO’s Integrity Advisor and across our organisation). Data governance also applies to the sharing of data and intelligence with our external partners. We worked with digital service providers to publish our Reasonable use of ATO digital services policy, which ensures services are used appropriately and system access is available.

The ATO has received numerous requests for unit record and aggregated data relating to the stimulus programs which we administer, as well as for other data reported by taxpayers to the ATO. These requests have been for both one-off data sets and for regular data provisions and have been made by federal and state government agencies, and non-government entities, with all requests reviewed to ensure it is appropriate for the data to be provided, and where possible under confidentiality laws (including confidentiality laws enacted as part of the stimulus measures), the data requested has been released. Examples of this data provision include single touch payroll unit record data to the Australian Bureau of Statistics (ABS) (for use in their Weekly Payroll and Jobs series) and Jobkeeper and Cash Flow Bonus data to the ABS, Treasury and other entities.

With rapid growth in online activity, there is greater need for governments to be able to verify the **digital identity** of individuals and businesses. It also brings greater opportunity for fraudsters to steal and sell personal data. The ATO continues to invest in securing taxpayer information through robust identity, authentication and authorisation platforms.

In June 2019, we delivered myGovID and RAM as a new whole-of-government identity solution for individuals and businesses. This enabled the replacement of AUSkey as the log-in credential for businesses by March 2020.

The transition from AUSkey to myGovID and RAM exceeded expectations on all indicators, including client adoption, usage and sentiment and has provided increased security. It has led to a reduction in calls to our contact centres. Having myGovID and RAM in place became a critical enabler for a range of stimulus measures, including cash flow boost and JobKeeper payments for businesses.

Improving our **security capabilities** – in terms of cyber and other security threats – is an ongoing priority. In 2019–20, we upgraded our network access controls, increased the visibility of inbound email traffic to our security systems, and extended our system and network asset information to allow better analysis of potential vulnerabilities.

KPI 5 performance summary

Regulators are open and transparent in their dealings with regulated entities

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the [Appendix](#).

Measure	Description	Metric(s)
5.1	Ensure risk-based frameworks are publicly available in a format which is clear, understandable and accessible.	–
5.2	Be open and responsive to requests from taxpayers regarding the operation of the tax and superannuation systems, and approaches implemented by the ATO.	S7, S8
5.3	Ensure performance measurement results are published in a timely manner to ensure accountability to the public.	–
5.4	Ensure disputes are dealt with in an open and transparent manner.	S6

Note

There are no specific metrics for measures 5.1 or 5.3, as per the ATO Regulator Performance Framework.

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we are open and transparent in our dealings with regulated entities.

Summary of metric results

Performance improved for two of the three metrics for this KPI while the other metric result was stable.

Community perceptions of confidence in the ATO increased overall. Perceptions of fairness in disputes increased with regard to the process but decreased in relation to the final decision.

Activity-based examples

Our governance arrangements support the Commissioner in leading the ATO, setting our strategic direction and ensuring we meet our commitments to government and the community. Arrangements we have in place to assist us in implementing the principles and objectives of corporate governance include:

- sound governance structures

- integrated fraud and risk management
- open and transparent operations
- being accountable to our stakeholders.

We fulfil our corporate governance responsibilities by complying with accountability requirements in legislation and policy and meeting public expectations of good management. We regularly review our corporate governance arrangements and ensure our staff have training and information on how the ATO is governed and how we are all held to account.

Australia's tax and superannuation systems are community assets. Appropriate access to information about these systems enhances transparency and leads to increased levels of trust and confidence

External scrutineers provide independent reviews of the ATO's operation – either as the result of their own annual program of work, or in response to concerns raised by members of the public and the Australian Parliament. Reviews help us to identify options for improving services to our clients, address potential barriers to willing participation, and ensure the successful delivery of outcomes in our administration of the tax and superannuation systems.

Our Taxpayers' Charter outlines clients' rights and obligations. It explains what clients can expect from us in administering the tax and superannuation systems and outlines our commitment to dealing with clients in a way that is professional, considers their circumstances, and provides them with relevant information. We are committed to following it in all our dealings. Our performance against the Taxpayers' Charter in 2019–20 can be considered satisfactory, with an improvement in client and community perceptions when compared to 2018–19.

Our [Tax and Corporate Australia](#) publication details how we assure that corporate taxpayers pay the right amount of tax and how we assist them to do so. It sets out the ways we are improving the system for those who want to comply, and how we are taking firm action against those who choose not to. It also discusses our areas of focus and details our past compliance performance.

One of our strategic objectives is to build community confidence by sustainably reducing the tax gap and providing assurance across the tax and superannuation systems. Tax gap estimates allow us to better understand levels of compliance and risk in the tax and superannuation systems. The insights gained from this work can guide us in determining priority risks and developing strategies (including administrative design, help and education, and audit), which aim to sustainably reduce the tax gap.

In October this year, we released a further five gap estimates and for the first time, have published gap estimates for all 15 income-based and transactional based taxes. Achieving this has allowed us to estimate the overall tax gap as \$31.1 billion, or 6.9% of the total tax we would collect if everyone was fully compliant with tax law. Put another way, we see \$423 billion in overall tax paid for 2017-18 meaning we received 93% of tax revenue, the bulk of which was voluntary. With the full release of the tax gap program this year, we are now able to view the performance of the tax system over the past three years. The results show that the tax gap has reduced from 7.7% to 6.9% over the past three years, showing the system is performing well and improving.

To ensure the published figures are credible (believable and complete), meaningful (explained) and reliable (dependable and trustworthy), an independent expert panel review and approve all gap estimates annual before they are published. Additional information is available at ato.gov.au/taxgap

The ATO continues to focus on improving client interactions. As with experiences around the world, 2019–20 was a unique year for the ATO. In particular, the implementation of the COVID-19 stimulus measures and the low and middle income tax offset saw an increase in community interest and interactions. That trend was also seen in complaints, with 24,778 received for the year (inclusive of those from the IGTO), compared to 19,826 in 2018–19. Although the year brought challenges, the flexibility of the ATO's front-line resources enabled us to adjust our efforts and redirect resources where needed. This saw a complaint finalisation result of 83% resolved in 15 business days or within the date negotiated, slightly below our target of 85%.

Complaints, feedback and compliments provide valuable insights to identify enhancements to our services. In 2019–20, the ATO received 3,430 items of feedback which most often related to enhancements to our online services, as well as our communication products and channels. In addition, 2,079 community compliments were received, which reinforced our efforts to deliver good client experiences, often relating to positive interactions delivered by our staff, as well as the usability of our services.

Some clients will disagree with our assessment of their tax and superannuation system obligations. We aim for our **dispute resolution** process to build trust and confidence within the community that our decisions are fair, reasonable and made in accordance with the law. To support the Better as Usual program, we improved the way we collate information from objections, facilitation, Dispute Assist and complaints. This allows us to develop actionable insights to improve our client engagement and ultimately reduce the proportion of actions that result in objections and complaints.

We resolved over 22,000 objections, which represents less than 0.1% of over 38 million returns lodged. There were 455 applications for review or appeal to the Administrative Appeals Tribunal or other courts in 2019–20, with 153 decisions made either in relation to these applications or applications made in earlier years. The significant gap between the number of applications and actual decisions reflects the fact that most matters are resolved through alternative dispute resolution. For more information on numbers of disputes, see Appendix 3 of the [Commissioner of Taxation annual report 2019–20](#).

KPI 6 performance summary

Regulators actively contribute to the continuous improvement of regulatory frameworks

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the [Appendix](#).

Measure	Description	Metric(s)
6.1	Establish cooperative and collaborative relationships with stakeholders to promote trust and improve the efficiency and effectiveness of the ATO administration.	15, S9, A1
6.2	Engage stakeholders in the development of options to reduce compliance costs.	A1
6.3	Regularly share feedback from stakeholders and performance information – with policy departments to improve the operation of the tax and superannuation systems and associated administrative processes.	

Note

There are no specific metrics for measure 6.3, as per the ATO Regulator Performance Framework.

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we contribute to the continuous improvement of regulatory frameworks.

Summary of metric results

Performance improved for one of the three metrics for this KPI with one remaining broadly stable, and one based on activities.

Strong results relating to our engagement and sharing of information with stakeholders and working with government agencies to contribute to improvements in the operation of the tax and superannuation systems, are outlined in the following activity-based examples.

Activity-based examples

We work closely with Treasury on the development of legislation for measures announced by the Australian Government, providing advice on how the drafted law can be best administered and meet the intent of the policy. Our advice considers insights from across the ATO, including revenue implications, feedback from front-line activities, interactions with IT systems, and administrative and compliance impacts.

Our relationship with Treasury is a significant component in successfully influencing new legislation; and our performance measure Influence – Government and Treasury perceptions of the ATO and the quality of our advice achieved a ‘Very good’ rating in 2019–20.

We played a key role in designing and implementing law for the government’s response to national disasters and the COVID-19 pandemic. Using data available to the ATO, we provide analysis on the effects that these major events and the government’s response will have on revenue available to deliver programs for the Australian people. We provided data analysis on the effect of responses to COVID-19 on tax collections and the operation of COVID-19 stimulus measures. Our data analysis, costing and forecasting has been relied on for the government’s economic update in July 2020 and the development of the Federal Budget, delivered in October 2020.

In 2019–20 we also contributed policy and legislative advice to the following bodies of work:

- modernising business registers and introducing director identification numbers – to make it easier and faster for businesses to interact with the government, and to create a single, accessible and trusted source of business data
- combatting illegal phoenix activity – building on the work of the Phoenix Taskforce to deter and disrupt illegal phoenix activity and reduce the impact on businesses, employees and government
- superannuation – facilitating the closure of eligible rollover funds and, in certain circumstances, allowing fund trustees to voluntarily transfer amounts they hold to the ATO
- National Tax Clinic Program – securing \$4 million over four years to fund tax clinics across the country, following the success of a pilot program.

We continue foundational, strategic work with our partners to develop a Data sharing ethical framework to position responsibilities and rights in an increasingly data-driven world. The Data and Analytics Steering Committee is putting related governance arrangements in place and a data ethics review panel will be established. Working with Treasury and the Australian Bureau of Statistics (ABS), we are making data available to the Australian Government and individual agencies, including employment and tax debt data.

We also work with other agencies to provide integrated ATO insights, advice and expertise for designing a better tax and superannuation system. ATO officers assisted the Board of Taxation, providing advice on working groups for the *Fringe benefits tax compliance cost review*, consultation for *Reforming the income tax residency rules for individuals*, for the *Corporate tax residency review* and through the provision of secretariat services.

We continued our ongoing work to improve our digital services for agents. We transitioned all tax and BAS agents to our Online services for agents and decommissioned the Tax and BAS Agent portals. This provides a more reliable and personalised service and a consistent user-interface across ATO Online platforms, as well as the ability to conduct more transactions online in real time.

With the availability of the new myGovID digital identity credential, tax practitioners were better positioned to access government online services securely and remotely, particularly in the COVID-19 environment.

Our work in improving digital services for tax practitioners via software and online was recognised in:

- the iTnews Benchmark Awards 2020 – with the ATO named a finalist in the category of ‘Best Federal Government Project’
- the Digital + Technology Collective 2019 AMY Awards – with Online services for agents selected as the winning entry in the category of ‘Utility’, an award for the best in tools, apps, online services and other digital offerings devoted to simplifying, streamlining or just improving the daily life of clients.

We were able to achieve this through our close partnership with tax practitioners and software developers.

Our 2019–20 corporate plan introduced a new initiative to deliver **online services for business**. By replacing the Business Portal with our ATO Online platform, we will be able to introduce additional tailored services. During 2019–20, all key milestones and readiness activities were met. These include high-level design, mapping out the change and transition approach, and planning for beta testing with specific users in readiness for *Online services for business* being released in 2020–21.

The ATO and TPB are enhancing the integrity of the system through activities such as data sharing, ensuring that our separate roles are coordinated in applying strategies to address risks, and improving guidance material and communications. Throughout the year, we worked closely with the TPB to share intelligence early and ensure that the activities of the highest risk practitioners are addressed, implementing the Joint Compliance Program. In 2019–20, the ATO made actionable referrals related to around 300 tax agents and unregistered preparers.

Through our **international partnerships** with other tax administrators, we share information to influence tax reform and identify global trends and best practices. In 2019–20, our international program included our participation as members of the Organisation for Economic Co-operation and Development (OECD) – including its Forum on Tax Administration and the Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC), which we chair. We met with revenue agencies in North America, Europe and South East Asia.

Australia’s international network of treaties and information exchange agreements extends to over 100 jurisdictions through our Double Tax Agreements, Tax Information Exchange Agreements and the OECD Multilateral Convention. Australia’s treaty network also facilitates international collaboration with other jurisdictions on compliance projects and common tax risks and issues, providing for increased transparency across jurisdictions.

We provided advice to jurisdictions adopting the Australian cross-border framework approach to managing consumption tax, including Thailand, Norway, Singapore, the European Union and New Zealand.

Appendix – metric results and analysis

The following table shows the metrics we use to assess our performance – and their alignment across the measures for each KPI.

Outcome-based metrics

Metric	Description	Measure
1	Number of complaints received	1.2
2	Adjusted median cost to individual taxpayers of managing their tax affairs	1.3
3	Reduction in the administrative cost to businesses and government in dealing with each other	1.3
4	Proportion of inbound transactions received digitally for key services	1.2
5	Key digital systems availability	1.2
6	Service commitment – 85% of complaints received are resolved in 15 business days, or within the date negotiated with the client	2.2
7	Service commitment – 80% of private rulings are finalised in 28 calendar days of receiving all necessary information	2.2
8	Elapsed time in days for private rulings	2.1, 2.2
9	Average cycle times for objections	2.2
10	Cost to collect \$100	3.1
11	Total revenue effects – Tax revenue from all compliance activities	3.1, 3.2, 3.3
12	Increased use of the ABR as the national business dataset	4.3
13	Proportion of ABN applicants obtaining a decision online at the point of application	4.2
14	Tax returns – Proportion of items that are pre-filled	4.2, 4.3
15	Communication of our decision to consult on matters submitted	6.1

Results – outcome-based metrics

Metric	Result		
	2017–18	2018–19	2019–20
Metric 1 - Number of complaints received	20,241	19,826	24,778

The ATO continues to focus on improving client interactions. As with experiences around the world, 2019–20 was a unique year for the ATO. In particular, the implementation of the COVID-19 stimulus measures and the low and middle income tax offset saw an increase in community interest and interactions. That trend was also seen in complaints, with 24,778 received for the year (inclusive of those from the IGTO).

Although the year brought challenges, the flexibility of the ATO's front-line resources enabled us to adjust our efforts and redirect resources where needed. This saw a complaint finalisation result of 83% resolved in 15 business days or within the date negotiated, slightly below our target of 85%.

The number of complaints continues to be only a small proportion of our interactions, representing 0.1% of total tax returns lodged.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 2 - Adjusted median cost to individual taxpayers of managing their tax affairs	Unchanged ^(a) on prior year result	Unchanged ^(a) on prior year result	2.5% decrease
(2019–20 performance target: Remain steady)	(2016–17 returns)	(2017–18 returns)	(2018–19 returns)

Note

(a) The unchanged results for 2017–18 and 2018–19 reflect a change of 0.2% or less in the adjusted median from the previous year.

This measure shows movement in the cost to individual taxpayers of managing their tax affairs.

The adjusted^(a) median cost of managing tax affairs for 2018–19^(b) income tax returns was relatively lower compared to the previous year (a marginal decrease of 2.5%) and the performance target is considered to be fully met. Taxpayers who did not report an amount at the relevant label on the tax return are not captured in this calculation; however, over recent years a slight declining trend has emerged in the ratio of taxpayers claiming cost of managing tax affairs to the total individual taxpayer lodging population.

The cost of managing tax affairs includes the costs of preparing and lodging tax returns and activity statements, fees paid to tax advisers, and the costs of tax reference material. While

external market forces can influence these, our strategies for making it easier to comply, through the provision of better guidance and advice and contemporary and digital services, also influence this trend.

- (a) AWOTE – average weekly ordinary time earnings (for full-time adults) is used to adjust these costs.
- (b) The 2017–18 and 2018–19 income tax return split the relevant label into three components:
 - i. interest charged by the ATO
 - ii. litigation costs
 - iii. other expenses incurred in managing tax affairs.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 3 – Reduction in the administrative cost to businesses and government in dealing with each other (2019–20 performance target: \$1.95 billion)	\$1.58 billion	\$1.55 billion	\$1.95 billion

In 2019–20, the administrative cost reduced by \$1.95 billion, an improvement of \$400 million compared to the previous year, which met the performance target.

This increase can be attributed to an increased uptake of SBR services, particularly Single Touch Payroll and superannuation reporting.

The result indicates that ABR program initiatives continue to deliver savings to business and government through reducing the reporting burden, minimising cost to business and enhancing business interactions through natural-based systems.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 4 – Proportion of inbound transactions received digitally for key services (2019–20 performance target: 90%)	88% ^(a)	89%	91%

Note

- (a) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

In 2019–20, our methodology for measuring the proportion of inbound transactions received digitally was broadened to incorporate updates to the Client Register, including information on:

- address – business, postal and residential
- email
- phone number – after-hours, business hours and mobile.

An overall result of 91% was achieved, which exceeds the target and represents a two-percentage-point increase compared with the previous year.

The introduction of a new taxable payments annual report (TPAR) online form in June 2019 contributed to an increase of 28 percentage points in digital lodgments of the TPAR.

Online services for agents has increased the ability for agents to engage digitally using the ATO Online platform. This has resulted in a 20-percentage-point increase in digital payment arrangements.

Digital lodgments of activity statements increased by three percentage points compared to the previous year. This is partly due to online registrations for activity statement obligations now defaulting the client's lodgment preferences to digital rather than paper. Single Touch Payroll and increasing registrations for myGov have also played a part in the increase in digital lodgments.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 5 – Key digital systems availability (2019–20 performance target: 99.5% excluding planned outages)	99.4% ^(a)	99.5%	99.7%

Note

(a) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

Measuring availability of our digital systems ensures that we understand the reliability of services for clients interacting digitally. In 2019–20, the overall result was 99.7%, a 0.2 percentage point increase from the previous year, and exceeding the target.

The methodology for this measure comprises the availability of seven externally facing and two internally facing key IT systems. Availability is the comparison between the planned availability with the actual availability of a system for users.

For externally facing systems used by our clients and partners (community, tax and super professionals, and software developers), the average availability was 99.6% and for internally facing systems used by staff, the average availability was 100.0% (99.99% when rounded to two decimal places).

Metric	Result		
	2017–18	2018–19	2019–20
Metric 6 - Service commitment – 85% of complaints received are resolved in 15 business days, or within the date negotiated with the client	90%	88%	83%

Although there was a significant increase in the number of complaints received (over 24,700 compared with around 19,200 in 2018–19), the flexibility of the ATO’s front-line resources enabled us to adjust our efforts and redirect resources where needed. This saw a complaint finalisation result of 83% resolved in 15 business days or within the date negotiated, just slightly below our target of 85%.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 7 - Service commitment – 80% of private rulings are finalised in 28 calendar days of receiving all necessary information	88%	88%	88%

88% of private rulings were finalised in 28 calendar days of receiving all necessary information, exceeding the 80% target, and remaining stable compared with previous years’ results.

This demonstrates that the ATO continues to provide taxpayers with timely assistance and certainty on complex matters to enable them to meet their obligations.

Metric	Result					
	Average days			Median days		
	2017–18	2018–19	2019–20	2017–18	2018–19	2019–20
Metric 8 – Elapsed time in days for private rulings	62	76	92	39	52	64

There was an increase in both the average and median number of elapsed days to finalise a private ruling compared to 2018–19. In 2019–20 a combination of factors has placed upward pressure on the time taken to provide private rulings, including:

- the increasingly complex nature of private ruling applications and sourcing all required information from the client in order to finalise the request
- clients facing multiple external pressures such as natural disasters (bushfires) and supporting their business in a COVID environment
- Interpretative assistance resources responding to priority advice areas such as natural disasters (bushfires), the changing COVID-19 environment and government stimulus measures.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 9 – Average cycle times for objections (no 2019–20 performance target)	65 days	76 days	101 days

The average cycle time for objections increased in 2019–20. A number of factors contributed to this, including historical high levels of stock-on-hand as a consequence of high receipts in earlier years, changes to our operating model to prioritise high priority cases (including aged cases) and the resolution throughout the year of a large number of objections that had been held awaiting the outcome of litigation.

Metric	Result		
	2017–18 ^(a)	2018–19	2019–20
Metric 10 – Cost to collect \$100 (2018–19 performance target: consistent with trend)	\$0.74 (incl GST) \$0.67 (excl GST)	\$0.71 (incl GST) \$0.64 (excl GST)	\$0.66 (incl GST) \$0.62 (excl GST)

Note

(a) In the ATO Regulator Performance Framework self-assessment report for 2017–18, results for this metric were expressed as ‘gross’ and ‘net’ cost to collect, rather than inclusive or exclusive of GST and its administration costs.

The cost of collection measures the cost of collecting every \$100 of cash collections.

The cost to collect \$100 decreased from \$0.64 in 2018–19 to \$0.62 in 2019–20, excluding GST and its administration costs. The decrease reflects a 9% decrease in costs associated with collecting tax offset by a 5% decrease in collections in 2019–20.

Decreased revenue resulted from economic factors relating to the global COVID-19 pandemic. The significant decrease in costs was as a result of the ATO’s response to several natural disasters (bushfires, floods and drought) by re-prioritising planned work and reducing

certain activities, such as debt and legal work. The ATO supported the community by deferring lodgments, enabling faster refunds, deferring recovery action for debt and remitting interest and penalties. This was followed by significant staff redeployments to support the COVID-19 government stimulus measures in the last quarter of 2019–20.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 11 – Total revenue effects (tax revenue from all compliance activities) (2019–20 performance target: \$15 billion)	\$16 billion ^(a)	\$15.3 billion	\$13.7 billion

Note

(a) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

The total revenue effects measure is an estimate of the additional tax revenue that comes from our client engagement activities and is a combination of audit yield and wider revenue effects.

In 2019–20 the total revenue effects were \$13.7 billion against our target of \$15 billion. Our results for the first six months to December 2019 indicated we were likely to exceed our target for the year. However, changes to our approaches to assist taxpayers impacted by natural disasters and then COVID-19 meant that we were only just above plan by the end of March 2020. In the final quarter, COVID-19 led to the ATO implementing changes to our approach in order to support the community including:

- introducing deferrals for impacted clients and pausing our firmer action work, except for high risk clients, and stopping all outbound campaigns relating to debt and lodgment
- redeployment of our client engagement staff to support delivery of the government’s stimulus measures
- pausing and slowing down of interventions and other compliance-related activities other than those initiated by the client.

These factors, combined with reduced capacity for many Australians and their businesses to pay compliance liabilities raised before the onset of COVID-19, led to a significantly lower than planned quarter four, resulting in the ATO not achieving the \$15 billion target by the end of the year.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 12 - Increased use of the ABR as the national business dataset			
- government agencies	312 agencies using <i>ABR Explorer</i> (34% increase)	368 agencies using <i>ABR Explorer</i> (18% increase)	405 agencies using <i>ABR Explorer</i> (10% increase)
- community	11 agencies using <i>ABR Connect</i>	17 agencies using <i>ABR connect</i>	27 agencies using <i>ABR connect</i> (58% increase)
(2019–20 performance target: Agencies – 370 using <i>ABR Explorer</i> , 14 using <i>ABR Connect</i> Community - 1.3 billion <i>ABN Lookups</i>)	1.031 billion <i>ABN Lookup</i> searches (32.5% increase)	1.445 billion <i>ABN Lookup</i> searches (40% increase)	1.519 billion <i>ABN Lookup</i> searches (5% increase)

In 2019–20, the number of agencies using *ABR Explorer* increased by 10% to a peak of 405, while the number using *ABR Connect* web services increased by 58% to 27, both exceeding their target.

However, the number of agencies using *ABR Explorer* decreased to 233 by the end of June 2020, due to the replacement of *AUSkey* in March 2020 by *myGovID* as the access service to *ABR Explorer*. We are working with those agencies that have not yet transitioned to *myGovID* to re-establish their access to *ABR Explorer* so they can continue to access *ABR* data.

We are continuing to develop products that promote self-service, including education materials that facilitate interactions with *ABR Explorer*. System enhancements have improved the quality of data queries available for use by agencies. The *ABR Connect* web service reduces costs for government agencies by reducing the need for multiple databases.

There were more than 1.5 billion searches using *ABN Lookup*, a 5% increase from the previous year and exceeding the target.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 13 - Proportion of <i>ABN</i> applicants obtaining a decision online at the point of application	94.6%	96.5%	96.0%
(2019–20 performance target: 80%)			

The proportion of ABN applicants obtaining a decision online at the point of application recorded 96% for 2019–20, slightly down from 96.5% in 2018–19, which exceeded our target of 80% by 16 percentage points.

This measure continues to demonstrate the improvements in the process used by businesses in applying for an ABN, in particular a reduction in delays and the associated reduction in lost income arising from those delays.

There is a cost to both businesses and government as a result of delays in issuing ABNs:

- Businesses can experience a loss of income, delays in being able to invoice clients for work done and loss of accessing business discounts.
- Government impacts can include lost taxation revenue and additional welfare payments while clients are waiting for their ABN to commence their business.

Changes to the ABN application process were implemented in March 2019. These changes were designed to assist applicants to understand their entitlement to an ABN and their obligations. This helps deter those applicants who are not entitled and reduces reverse workflow in cancelling these at a later point if they were not entitled to an ABN. These changes have increased the accuracy of data on the register, resulting in savings for businesses and government agencies using this data. These changes did not materially impact applicants obtaining a decision online at the point of application as ineligible applicants are refused on-the-spot.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 14 – Tax returns - Proportion of items that are pre-filled (2019–20 performance target: 85%)	87.5% ^(a)	87.9%	87.1%

Note

(a) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

The 2019–20 result of 87.1% is slightly below the previous year but exceeds the target, reflecting the continued quality and timeliness of our pre-filing program to support our clients and tax agents to lodge tax returns and meet their obligations. The decrease is the result of receiving data from some third-party reporters later than the previous year due to them undertaking additional quality assurance processes on their data prior to providing it to us.

The measure is solely focused on individuals who are not in business. It reflects the proportion of their total income where our pre-filing exactly matched their final income tax result. A dollar-based systems-assurance approach is used, where pre-filing makes it easier for our clients to meet their obligations and increases trust and confidence in the accuracy of final tax outcomes.

To allow for appropriate checking of pre-fill results against the final income tax return, the methodology for this measure applies a time lag and reflects Tax Time 2018 results. This is to allow sufficient time for lodgment program periods to be completed and results to be assured by the ATO.

Metric	Result		
	2017–18	2018–19	2019–20
Metric 15 - Communication of our decision to consult on matters submitted (within 20 days)	0 (0% of 2 received)	1 (100% of 1 received)	2 (66% of 3 received)

In 2019–20 there were three matters received that were considered potential consultation matters. None of the matters proceeded to consultation.

The delay in the case where a decision was not communicated within 20 working days was due to lack of information provided by the submitter which required liaison with the organisation to identify the submitter, follow-up to seek the required information, and a delayed response from the submitter. While we only have a small number of matters for potential consultation each year, this result represents maintenance of performance, and reflects our continued focus on ensuring more timely responses to relevant stakeholders.

Survey-based metrics

Metric	Description	Measure
S1	Community Confidence factor - Easy	1.1
S2	Community Confidence factor - Helpful	1.2
S3	Community Confidence factor - Timely	2.2
S4	Community Confidence factor - Effective	2.3
S5	Client survey – In the past 12 months, the ATO appears to be integrating its services better with other government departments	4.1
S6	Perceptions of fairness in disputes	5.4
S7	Community confidence in the ATO	5.2
S8	Community Confidence factor - Fair	5.2
S9	Working together - Partner perceptions of how the ATO is working together with them to administer the tax and superannuation system	6.1

Results – survey-based metrics

Metric	Result ^(a)		
	2017–18	2018–19	2019–20
Metric S1 - Community Confidence factor - Easy	n/a	65/100	67/100
Metric S2- Community Confidence factor - Helpful	n/a	68/100	69/100
Metric S3 - Community Confidence factor - Timely	n/a	63/100	64/100
Metric S4 - Community Confidence factor - Effective	n/a	63/100	64/100
Metric S5 - Client survey – In the past 12 months, the ATO appears to be	54% individuals;	61/100 individuals (48% net agree)	63/100 individuals (51% net agree)

Metric	Result ^(a)		
	2017–18	2018–19	2019–20
integrating its services better with other government departments	53% business	61/100 business (46% net agree)	62/100 business (50% net agree)
Metric S6 - Perceptions of fairness in disputes			
- process was fair	54% ^(b)	57/100 (49% net agree)	61/100 (52% net agree)
- final decision was fair	65%	67/100 (57% net agree)	63/100 (65% net agree)
Metric S7 - Community confidence in the ATO	n/a	65/100	66/100
Metric S8 - Community Confidence factor - Fair	n/a	61/100	64/100
Metric S9 - Working together - Partner perceptions of how the ATO is working together with them to administer the tax and superannuation system	63/100 (61% net agree)	64/100 ^(c) (63% net agree)	67/100 (65% net agree)

n/a – metric not reported

Notes

- (a) Performance target for all survey-based measures is improved or broadly stable compared to the previous year result
- (b) Survey methodology changes were implemented in 2017–18. As a result, caution should be exercised in comparing trends across years.
- (c) The methodology was refined in 2018–19 and results are not comparable to the Empowerment – partner perceptions of how the ATO empowers and includes them result published in the 2017–18 annual report.

Overall results for ATO survey-based metrics improved in 2019–20. We use community perceptions to understand the changing expectations of the community over time, respond to concerns we are hearing, and build trust and confidence.

We undertook 9 survey metrics, with a total of 11 results (including sub-components of metrics). Of these 11 results:

- 5 improved significantly (i.e. increase of 2 index points or more) compared to 2018–19
- 5 showed a small improvement (i.e. increase of 1 index point compared to 2018–19)
- 1 declined (by 4 index points).

Across these survey metrics, partner perceptions of how the ATO is working together with them to administer the tax and superannuation systems increased by three points on the previous year, to 67/100. The result captures perceptions from tax professionals, APRA-regulated superannuation entities and digital service providers (DSP). Perceptions across tax professionals and DSPs significantly improved this year.

The improved result reflects the significant investment to enhance our digital partner experience and our response to the bushfires and COVID-19, including:

- supporting our partners and their clients to successfully transition over 1.7 million users to myGovID and RAM, enabling the decommissioning of AUSKey
- helping over 150,000 tax agent users migrate to the new Online services for agents, providing an enhanced experience and significantly more online functionality than previously available
- supporting a 652% increase in machine-to-machine transactions between our clients and the ATO, whilst also improving the performance and resilience of our core systems and infrastructure
- engaging with 2,000 DSP representatives in over 17 sessions within 3 months through rapid and targeted engagement to support delivery of stimulus measure initiatives in software
- over 400 improvements implemented to enhance the experience of *Online services for DSPs* used by 465 software developers
- developing an improved Tax Time 2020 certification process for DSPs to consume current-year returns
- establishing a dedicated mailbox for queries from tax professionals and DSPs for the stimulus measures
- demonstrating a more empathetic approach when engaging with the tax profession, particularly for debt and compliance activities, as well as granting bulk lodgment deferrals
- recognising the diversity of the tax profession by offering differentiated transition pathways, including visits to assist regional tax practices.

The overall score for community confidence in the ATO for 2019–20 was 66/100, which is slightly higher than the 2018–19 score of 65/100, and slightly above the target of 65/100.

For the first three quarters of 2019–20, community confidence in the ATO was tracking on target, with an average score of 65/100. This is consistent with previous years.

In the final quarter, coinciding with the government's response to COVID-19, community confidence increased to 69/100 indicating confidence in our ability to deliver COVID-19 stimulus packages, while maintaining the quality of the tax and superannuation systems.

Community perceptions of our fairness also increased by three points to 64/100, reflecting our ongoing focus on improving timeliness. In regard to disputes, perceptions that the process was fair increased by four points, while perceptions the final decision was fair decreased by four points.

Activity-based metrics

The ATO undertakes a significant number of activities that help to deliver outcomes for the community, including the activities noted below. However, such metrics cannot tell us how effective our activities have been as an increase in activities does not necessarily lead to an improvement in performance, nor does a decrease in activities necessarily lead to a decline in performance.

Activity metric	Description	Measure
A1	Number of matters that have been consulted on	6.1, 6.2
A2	Number of visits to the consultation page of ato.gov.au	1.1
A3	Number of interpretive guidance products provided	2.1
A4	Number of private rulings provided	2.1
A5	Number of public rulings and determinations provided	2.1
A6	Number of class rulings provided	2.1
A7	Number of product rulings provided	2.1
A8	Number of memorandums of understanding	4.3
A9	Number of international information exchanges (including specific, spontaneous and automatic exchanges)	4.3
A10	Number of compliance audits, reviews and other checks undertaken	4.4
A11	Level of compliance with Protective Security Policy Framework mandatory requirements	3.2
–	Measures with no specific outcome-based, survey-based or activity-based metrics	5.1, 5.3, 6.3

Results – activity-based metrics

Metric	Result		
	2017–18	2018–19	2019–20
Metric A1 - Number of matters that have been consulted on	36	32	32
Metric A2 - Number of visits to the consultation page of ato.gov.au	11,724	12,266	13,408

Metric	Result		
	2017–18	2018–19	2019–20
Metric A3 - Number of interpretive guidance products provided	55,048	51,584	53,191
Metric A4 - Number of private rulings provided	6,459	5,285	4,126
Metric A5 - Number of public rulings and determinations provided	64	54	51
Metric A6 - Number of class rulings provided	87	72 ^(a)	75
Metric A7- Number of product rulings provided	17	13	11
Metric A8 - Number of memorandums of understanding	135	144	178
Metric A9 - Number of international information exchanges (including specific, spontaneous and automatic exchanges)	706 total exchanges (463 incoming, 243 outgoing)	636 total exchanges (393 incoming, 243 outgoing)	518 total exchanges (367 incoming, 151 outgoing)
Metric A10 - Number of compliance audits, reviews and other checks undertaken	3.4 million	4.3 million	3.9 million
Metric A11 - Level of compliance with Protective Security Policy Framework mandatory requirements	Compliant – reporting requirements met ^(b)	Compliant - reporting requirements met	Compliant – reporting requirements met

Notes

- (a) Result was incorrectly published as 62 in the 2018–19 ATO Regulator Performance Framework self-assessment report.
- (b) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

