



**Australian Government**  
**Australian Taxation Office**

# ATO Regulator Performance Framework self-assessment report 2017–18

# Contents

<b>Introduction</b>	<b>3</b>
About the Regulator Performance Framework	3
About this report	3
How we assess our performance	4
<b>Assessment of performance</b>	<b>6</b>
<b>KPI 1 performance summary</b>	<b>10</b>
Regulators do not unnecessarily impede the efficient operation of regulated entities	
<b>KPI 2 performance summary</b>	<b>12</b>
Communication with regulated entities is clear, targeted and effective	
<b>KPI 3 performance summary</b>	<b>14</b>
Actions undertaken by regulators are proportionate to the regulatory risk being managed	
<b>KPI 4 performance summary</b>	<b>17</b>
Compliance and monitoring approaches are streamlined and coordinated	
<b>KPI 5 performance summary</b>	<b>19</b>
Regulators are open and transparent in their dealings with regulated entities	
<b>KPI 6 performance summary</b>	<b>21</b>
Regulators actively contribute to the continuous improvement of regulatory frameworks	
<b>Appendix – metric results and analysis</b>	<b>23</b>
Outcome-based metrics	23
Survey-based metrics	29
Activity-based metrics	32

# Introduction

## About the Regulator Performance Framework

As part of the Government's regulatory reform agenda, the government released its Regulator Performance Framework 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 Regulator Performance Framework.

The Regulator Performance Framework 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, and operates as the Australian Government's principal revenue collection agency. We administer legislation governing tax, and support the delivery of government benefits to the community.

This report addresses the Regulator Performance Framework's ATO-specific metrics and reporting requirements agreed with the Board of Taxation in 2015. It is an assessment of our performance as a regulator for 2017–18.

The 2016–17 ATO Regulator Performance Framework self-assessment report forms the basis for reporting in 2017–18. The areas of improvement identified in 2016–17 were:

- > tailoring communication and services to clients, ensuring an understanding of available services
- > increasing the understanding of how the ATO is integrating its services with other government departments
- > being timely in responding to our clients and keeping them informed about status, delays and issues
- > greater appreciation of, and empathy for, taxpayers, and the operating environment of businesses
- > more sophisticated use of data for both services and compliance purposes
- > earlier engagement, greater transparency and cooperation with clients and tax professionals
- > consulting on matters that directly affect our clients.

Progress in 2017–18 regarding these areas for improvement is outlined on page 8.

This year there has been a change to how the metrics are presented compared with previous years' reports. The metric results and analysis are now grouped into outcome-based, survey-based and activity-based metrics, and are included in the report Appendix. While the actual metrics are unchanged, if comparing reports across years, there will not be direct alignment in the numbering or arrangement of metric results.

## 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 as set in 2015 are a mix of 43 metrics. These are made up of 11 ongoing ATO service commitments and two 2015–16 service commitments that have been retained for Regulator Performance Framework reporting only (seven of these commitments are based on client survey results). There are also 10 additional client surveys, 10 outcome-based metrics and 10 activity-based metrics.

Of these metrics, the majority are also reported in the *Commissioner of Taxation Annual Report 2017–18*, with six 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.

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 through the delivery of our goals:

- > making it easier for people to participate
- > delivering contemporary and tailored service
- > ensuring purposeful and respectful relationships
- > 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 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](http://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](http://ato.gov.au)
- > *Commissioner of Taxation Annual Report 2017–18.*

# 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 the six key performance indicators (KPIs). We have assessed our performance to be good for each of the six KPIs. Details of our assessment are outlined in the individual KPI summaries.

Overall we achieved positive results for 14 of the 43 ATO-specific metrics with 11 remaining relatively stable, eight showing a decline and 10 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 – 4 Decline – 3 Activity-based (where trend does not reflect performance) – 2
Activity-based examples:	Government superannuation reform implementation Single Touch Payroll implementation Tax Help Program

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

Assessment:	Good
Summary of metric results:	Improved or met performance target – 6 Stable – 3 Decline – 2 Activity-based (where trend does not reflect performance) – 5
Activity-based examples:	Increased online visibility of their client accounts for tax practitioners Communication of public advice and guidance Occupation guides and fact sheets on work-related expenses

**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 – 1 Decline – 0 Activity-based (where trend does not reflect performance) – 2
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 – 1 Stable – 2 Decline – 1 Activity-based (where trend does not reflect performance) – 3
Activity-based examples:	Combining broadly sourced data sets to identify previously unknown relationships and risks. Enterprise client profile and enterprise view of risk Pre-filing transactions for individual taxpayers

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

Assessment:	Good
Summary of metric results:	Improved or met performance target – 3 Stable – 0 Decline – 3 Activity-based (where trend does not reflect performance) – 1
Activity-based examples:	Early engagement for advice Alternative dispute resolution Independent Assurance of Settlements program

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

Assessment:	Good
Summary of metric results:	Improved or met performance target – 0 Stable – 1 Decline – 1 Activity-based (where trend does not reflect performance) – 1
Activity-based examples:	Treasury partnership Stewardship groups OECD participation

The 2016–17 ATO Regulator Performance Framework self-assessment report forms the basis for reporting in 2017–18. Progress regarding areas of improvement identified in 2016–17 is set out below:

Areas for improvement identified in 2016–17 report	Progress in 2017–18
Tailoring communication and services to clients, ensuring an understanding of available services	<b>Improved:</b> Improvements in perceptions of how we provide individual attention and consultation to clients, including status updates and reliability of information.
Increasing the understanding of how the ATO is integrating its services with other government departments	<b>Ongoing focus required:</b> While we have contributed to a range of whole of government initiatives, outcomes declined in 2017–18 compared to the previous year.
Being timely in responding to our clients and keeping them informed about status, delays and issues	<b>Partially improved:</b> We improved 2017–18 outcomes for keeping clients informed about status, delays and issues. However, timely responses remain an area for ongoing focus.
Greater appreciation of, and empathy for, taxpayers, and the operating environment of businesses	<b>Partially improved:</b> Introduction of Single Touch Payroll in 2017–18 was a major milestone in providing clients with a streamlined and improved experience. However, perception outcomes were broadly stable compared to the previous year.
More sophisticated use of data for both services and compliance purposes	<b>Improved:</b> In 2017–18, we completed the integration of risk models for our small business and individual clients. We are building an enterprise client profile, supplemented by an integrated whole-of-client, whole-of-system risk profile.
Earlier engagement, greater transparency and cooperation with clients and tax professionals	<b>Improved:</b> Our early engagement strategy was extended to all of our client segments in 2017–18.
Consulting on matters that directly affect our clients	<b>Improved:</b> Perceptions of how the ATO consults improved for individuals compared to the previous year, and improved significantly for both individuals and businesses when compared to 2015–16.

In light of these factors and the results of our metrics, we consider that positive outcomes were achieved through 2017–18, in particular the reduction in unintended administrative costs for the community and meeting all target based service commitments.

The 2018 Budget measures announced by Government show we are continually refreshing approaches to tax system integrity risks in this very dynamic environment. We see investments like these as a very strong indicator of confidence in our capabilities and ability to deliver results – and we are very proud of that.

However, while we are pleased with our performance, our results can be better. We are committed to listening, empathising and understanding what and how we can improve our performance – particularly in terms of how the community and stakeholders perceive us; our services, efficiency, effectiveness and integrity. Their perception of whether we have treated taxpayers fairly and acted with integrity influences their willing participation in the tax and superannuation systems.



We know we are not perfect and are always looking to improve. Inevitably things do go awry every now and then, and we need to be quicker to acknowledge mistakes or misunderstandings, apologise if necessary, remedy and get things on track. We will continue to learn from experience, from our measures and feedback, and particularly from putting ourselves in the shoes of taxpayers. We will build on our achievements, learn from successes and mistakes, and direct our resources to what matters most.

We remain open and receptive to feedback and scrutiny and use those sources of intelligence to help us make improvements in the right places. We have invited the ANAO to review our management of small business end-to-end debt processes with the report due in May 2019. Of scrutineer reviews in recent years, we have adopted the majority of recommendations, none of which found systemic abuse of small business. While important, we note these reviews are only one small component of how the ATO makes decisions to improve the administration of the system. The vast majority of improvements are made as the result of our business-as-usual processes and collaboration with the community generally and through industry bodies.

We have recently launched our new *Corporate plan – Towards 2024* – which retains our purpose and vision and describes our intent and focus for the next six years. In particular, our aspirations to 2024 are to:

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

These two aspirations are consistent with the areas identified for improvement in our self-assessment report, particularly as they relate to community perceptions of the ATO. Therefore, they will be our two focal points when assessing improved outcomes in our 2018–19 self-assessment report.

# 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.	1, A1, A2, S1, S2
1.2	Take actions to minimise the potential for unintended negative impacts of ATO activities on taxpayers or affected supplier industries and supply chains.	2, 3, S3, S4
1.3	Implement continuous improvement strategies to reduce the costs of compliance for taxpayers.	4–8, S5

### 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 15 metrics for this KPI with four remaining relatively stable, three showing a decline and two based on activities.

Positive outcomes were achieved through 2017–18 with respect to a decline in the number of complaints and their timely resolution, as well as a reduction in unintended administrative costs for businesses and a significant increase in the use of the Australian Business Register (ABR). However, positive perceptions of ease and cost of meeting obligations declined for businesses in 2017–18 while perceptions of individuals against these two criteria remained broadly stable.

### Activity-based examples

Along with protecting revenue, the ATO is charged with protecting people's superannuation. We work with the superannuation industry to provide information to allow individuals to make informed decisions about their retirement.

This year we undertook significant work to implement the government's superannuation reforms. This included developing ways for funds to report information to the ATO, which allows us to assist individuals to not breach their obligations around excess contributions.

We made superannuation balance details available via *ATO online*, allowing individuals to make better decisions relating to their superannuation caps, and eligibility for super co-contributions and spouse contributions tax offset. Two new services were introduced during the year – the Member Account Attribute Service and the Member Account Transaction Service. These require super funds to report their member contributions and transactions when they occur from 1 July 2018. We are working closely with funds to ensure a smooth implementation by 1 April 2019.

Introducing Single Touch Payroll (STP) in 2017–18 for employers with 20 or more employees was a major milestone in providing clients with a streamlined and improved experience. STP is designed around an employer's natural business processes. With STP, we can help employees review the super payments their employer has made on their behalf. We worked closely with digital service providers to ensure their STP-enabled software products were ready for employers with 20 or more employees to report from 1 July 2018. At the end of June 2018, we had almost 3,900 employers voluntarily reporting to us each pay day. We have invested in information technology infrastructure to ensure our systems and platforms have sufficient capacity to meet forecasted transaction peaks.

During the year, we provided more tailored support to our various client groups to facilitate and encourage voluntary compliance, and make the taxpayer experience helpful and 'light-touch'. Individuals (not in business) are supported by the ATO in a range of ways. Our *myTax* portal is more streamlined, efficient and personalised and pre-fills information provided to us by employers, banks and government agencies, making it easier for taxpayers to complete their tax return. Our information guides have also been streamlined, making them simpler and easier to understand.

A penalty relief initiative has been implemented so that when taxpayers make an inadvertent error, by failing to take reasonable care in their income tax returns and activity statements, they are not penalised. We also implemented the total superannuation balance initiative, which simplifies and makes more transparent the superannuation interests of our clients.

Thousands of taxpayers were assisted through our Tax Help program, with the dedicated work of over 760 volunteers in more than 600 centres. To help taxpayers get their tax returns right, we guided them with 170,000 real-time messages – for example, on work-related expenses, and dividend and interest income.

Through our work on the Australian Business Register in 2017–18, the ABR remained a trusted source of data for business, government and the community, with over 1 billion ABN lookups taking place. 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.

Starting up a business has been made easier through the launch of the Business Registration Service at **business.gov.au**. In addition, an approved third-party registration service has been successfully trialled since February 2017, saving businesses time by letting them apply for their ABN and other multiple key business and tax registrations on the one form.

By promoting a common language for business information and standards for electronic information sharing, the SBR program contributed \$1.45 billion in administrative savings to business and the government in 2017–18. To support its evolution and ongoing relevance, we continue to engage and build our relationships with key partner agencies. This included delivering SBR future state plans which will adopt a federated data model.

# 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.	18, S6–S8, A3–A7
2.2	Provide decisions and advice in a timely manner, clearly articulating expectations and the underlying reasons for decisions.	9–14, S6, S7, S9
2.3	Provide advice that is consistent and supports, where appropriate, predictable outcomes.	S10

### 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 maintained clear, targeted and effective communication with regulated entities.

### Summary of metric results

Performance either improved or met target for six of the 16 metrics for this KPI with three remaining relatively stable, two showing a decline and five based on activities.

Our performance improved with respect to a number of our service commitments, all of which exceeded their relevant targets. Community perceptions of our ability to provide advice that can be relied on also improved. However, community perceptions of satisfaction and ease declined, primarily driven by users of our online systems. We are currently undertaking considerable work on a new tax agent portal and will continue to work hard to improve the online experience for tax professionals, business users and individuals.

### Activity-based examples

Measuring availability of our digital systems ensures that we understand the reliability of services for clients interacting digitally. We have been monitoring the availability of our digital systems and services since November 2017. Over the period of measurement, our systems have been highly available to the community, ranging from 98.68% to 99.67%. 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.

Our service and channel management strategy is focused on improving client interactions and supplements our long-term planning. It guides the way our services and interactions are delivered to provide clients with a well-designed, tailored, fair and transparent experience. While the strategy has a long-term focus, a number of improvements for key client interactions were delivered prior to Tax Time 2018, including:

- > significant online improvements to provide tax practitioners with increased visibility of their clients' accounts and status and the ability to access payment plans
- > piloting a new process to support clients to go digital when receiving their first activity statement, after registering a new role over the phone
- > expanding the client population who are eligible for a 'push' income tax assessment in Tax Time 2018, making it easier for clients with basic and stable affairs
- > reducing the volume of statements of accounts issued by paper.

A key component of the strategy is the ATO service model, which has been designed around the key theme 'every interaction matters'. Work on the model will continue in 2018–19, with a focus on improving our clients' experience of the various channels they use to interact with us. The strategy will see us direct our investment and effort into preferred channels, so that the client experience in those preferred channels is optimised.

We continue to develop services for tax agents, including guidance and education on specific areas of concern (including work-related expenses) and providing assistance to correct errors we have identified. The ATO's occupation guides and fact sheets on work-related expenses have been well received by tax agents and industry groups.

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.

We are continuously striving to make our advice meaningful, timely and consistent, using data sources to identify emerging issues, and to prioritise and tailor our products. This year, we increased community participation and consultation in the development process and made it easier for the public to provide feedback on our products.

The ATO aims to provide pre-emptive advice to inform people about issues before they emerge. We continue to publish law companion rulings with specific and early guidance on significant new law, which this year included measures relating to housing affordability and GST on low value imported goods. The ATO uses Taxpayer Alerts to share our concerns with the community and to indicate at an early stage when we think an arrangement may not comply with the law.

To make our advice easier to understand, we have adopted new formats for our publications – such as our series of infographic posters on work-related expenses for specific occupations, in preparation for tax time. A survey of clients and tax professionals found the majority agreed that our guidance made it easy for them to understand their tax obligations, with two out of three clients agreeing they were able to find the guidance they needed.

We are using data sources to identify emerging issues and to prioritise and tailor our products. For example, intelligence, patterns and trends from our work with public and multinational clients are being captured and used to develop guidance products for this group.

During the year, we provided more tailored support to our various client groups to facilitate and encourage voluntary compliance, and make the taxpayer experience helpful and 'light-touch'.

We understand the important role small businesses play in the economy and continue to put in place measures to support them. In 2017–18, we delivered concise tax and superannuation updates to over 2.3 million Small Business Newsroom subscribers. Our *New to business essentials* email service reached over 419,000 new small businesses, setting them up with the right information from the start. And through our 'cash-only visits' program, we supported nearly 5,000 businesses in meeting their tax obligations.

Almost 3,500 small business requests for private rulings or guidance were actioned during the year, on issues such as small business concessions, non-commercial losses and personal services income. We also provided guidance on ride-sourcing, accommodation sharing, and the sharing economy more generally.

Other activities designed to help small businesses meet their tax and superannuation obligations included visits to regional communities, webinars, after-hours assistance via web chat or call-backs, and a range of self-help and public information videos.

In supporting public and multinational businesses, we improved compliance through close collaboration, including through key tax advisory firms. We worked with our larger clients, applying the justified trust methodology to assure they are paying the right amount. Our integrated *Tax risk management and governance review* guide was updated in January 2018 to help our clients develop a whole-of-tax governance framework and evaluate their strategic and operational risks. We continue to publish timely advice and guidance on important tax matters, and provide earlier certainty on complex issues by issuing more private rulings.

Our assistance specifically for not-for-profit organisations included providing up-to-date, tailored information on our website, and our not-for-profit news service. We also established a dedicated phone service for not-for-profit organisations.

# 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.	15
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.	A1, A3, S3
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.	–

#### NOTE

There are no specific metrics for measure 3.3, 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 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 four metrics for this KPI with one remaining relatively stable and two based on activities.

Our operational efficiency continues to improve, as evidenced by the decline of our administrative costs relative to the community we serve and 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.

#### Activity-based examples

While our emphasis is on helping people willingly comply with their tax obligations, we take action to protect the integrity of the Australian taxation system and ensure everyone pays the right amount of tax. We have been transforming the way we assess risks and the strategies we use to address them.

We use the risk-differentiation framework to help us assess tax risk and determine the intensity of our response in a coherent, consistent and considered way. It complements the compliance model, which suggests an appropriate choice of remedy. Our risk-differentiation framework and compliance model are openly available on [ato.gov.au](http://ato.gov.au).

Our analysis of the tax gap plays a key role in improving the design and administration of the tax and superannuation systems. Our tax gap research program helps us understand the system in operation and provides evidence and insights to inform our strategy development, administrative design and input to policy development.

In 2017–18, we released tax gaps for superannuation guarantee, large corporate groups' income tax, and tobacco duty. These gaps have informed our employer compliance strategies and the Corporate Tax Avoidance Taskforce, and supported the increased investment in dealing with illicit tobacco and the change to the taxing point for tobacco.

We also progressed research and analysis for the gaps related to large and small superannuation funds, and income tax for individuals not in business. These three gaps have since been released in the first few months of 2018–19. Insights from our tax gap analysis supported increased government funding to bolster our efforts to address the individuals not-in-business income tax gap.

Even prior to releasing the gap estimate for individuals not in business, our early insights meant we could be proactive in increasing our help and education activities. In the lead up to Tax Time 2018, we shared our observations about over-claiming of work-related expenses and rental deductions, and provided advice on how to avoid errors.

We are continuing to work through our research program and will publish new tax gaps when we have credible, reliable and meaningful estimates.

The ATO has received funding for taskforces to focus on specific threats to the tax and superannuation systems – such as tax avoidance, serious crime, phoenix activity and the cash economy. We aim to provide assurance that the ATO is collecting the right amount of tax.

At the end of June 2018, 44 taxpayers have changed, or are in the process of changing, their Australian-sourced sales back onshore as a result of the multinational anti-avoidance law (MAAL). The ATO anticipates an additional \$7 billion in sales revenue will be returned to the Australian tax base each year as a result of the MAAL.

Following release of the Black Economy Taskforce report in May 2018, ten measures were announced in the 2018 Federal Budget to address the taskforce’s key recommendations. The new measures and our guidance are expected to significantly influence voluntary compliance in 2018–19 and beyond.

Through our Serious and Organised Crime Program, we target our civil and prosecution responses to those who engage in high-risk organised crime. In 2017–18, we raised over \$180 million in liabilities and collected over \$21 million in cash through this program.

We want to ensure that we deal with tax professionals who display or encourage poor compliance behaviours. We moved quickly to identify egregious tax practitioner behaviour and took steps to shield the community. This included 12 tax practitioners having ATO system access withdrawn during 2017–18.

To address concerns around the cash economy, we communicated with over 40,000 small businesses nationally about the potential risks presented when operating as cash-only or mainly-in-cash transactions, and how to find out more about electronic payment options.

We continued to enforce Australia’s foreign investment rules and improve compliance by foreign investors. As part of this, we screened almost 11,000 residential foreign investment applications and collected over \$113 million in fees, identified almost 600 breaches and issued penalties of over \$3 million.

In our continuing role leading the Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC), we are working with other tax authorities to analyse shared data and identify key players in the international arena. The ATO is leading the coordination of the international collaborative response to the Paradise Papers leak, and we are investigating taxpayers with a connection to Australia to better understand their connection to the entities and tax havens featured in the data leak.

We have developed mitigation strategies to deal with existing and emerging individuals’ risks – that is, risks to the timely and correct lodgment of individuals’ tax returns and payment of any tax debts.

With the expansion of our work-related expenses program this year, we interacted with over one million taxpayers in relation to their claims.

We used real-time analytics to send ‘nudge’ messages to approximately 230,000 taxpayers (or nearly 7% of *myTax* users) while they were preparing their return in *myTax*, asking them to review specific items. As a result, lodgers made adjustments estimated to have saved almost \$24 million in government revenue.

We use tailored one-to-one engagements to obtain justified trust over the top 100 public and multinational businesses. Our focus on understanding and assuring clients from a whole-of-tax perspective has positively shifted client behaviour. The desire to improve the ATO’s level of assurance has led several clients to improve how they work with us.

Additional funding under the Tax Avoidance Taskforce has enabled us to expand this one-to-one engagement beyond the top 100 to other large public and multinational businesses. Under the Top 1,000 tax performance program, we are engaging with the next 1,000 large public and multinational businesses. This involves using streamlined assurance reviews to obtain additional evidence and gain greater assurance over their income and indirect tax affairs.

We also work with the largest 320 private and wealthy groups using ongoing one-to-one engagements to obtain justified trust. These tailored engagements have positively influenced client behaviour and prevented aggressive tax planning and disputes.

We assisted privately owned and wealthy groups by providing tailored services, based on our understanding of their specific risk position, circumstances, choices and behaviours. This assists in meeting compliance obligations and lowering tax risk through good tax governance.

In supporting public and multinational businesses, we improved compliance through close collaboration, including through key tax advisory firms. We worked with our larger clients, applying the justified trust methodology to assure they are paying the right amount.



# 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.	S11
4.2	Tailor information requests and only make when necessary, and only then in a way that minimises compliance costs to taxpayers.	S12
4.3	Utilise existing information to limit the reliance on requests to taxpayers and share the information among other regulators, where possible.	7, 16, 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 one of the seven metrics for this KPI with two remaining relatively stable, one showing a decline and three based on activities.

There has been a significant increase in the use of the Australian Business Register (ABR) by government agencies and the community as demonstrated by the strength of the results. Results show a decline in the perceptions of our clients as to how we are integrating services better with other government agencies and whether we contact them unnecessarily. These results have highlighted the need to continue our focus on tailoring engagement according to circumstances and continuing to increase awareness in how we are working in collaboration with other agencies to integrate services.

## Activity-based examples

The emergence of new technologies, including analytical tools, increased digitalisation, and unprecedented data and information flows, are creating fundamental and rapid change across the economy. This offers significant opportunities to enhance tax and superannuation administration, reduce the burden on the community and automate aspects of revenue collection. The ATO is increasingly becoming a 'digital business' to harness these new opportunities.

The ATO collects information from a wide range of third-party sources, both public and private, and is expanding collection sources, as well as frequency of data sharing. We are working with other agencies to integrate multiple data sets to produce more accurate and useful data than that provided by single data sources. By combining insights from broadly sourced data sets, we can identify relationships, risks and behaviours previously unknown.

For example, we have used ATO data holdings with:

- > ASIC data – which has increased our understanding and focus on 'straw' and 'shadow' directors, and high risk companies
- > big structured and unstructured datasets from the Panama and Paradise Papers – enabling us to identify previously unknown relationships, international risks and behaviours and make great progress in our tax avoidance taskforce work
- > information from external files and internal systems – enabling us to identify offshore tax evasion.

We use the data and insights we gain from these processes to ensure people and businesses are complying with their registration, reporting, lodgment and payment obligations. We pre-fill in excess of 80 million transactions for a more streamlined experience and much greater accuracy in reporting. Each year we expand the information sources we use for pre-filling, with information on disposal of shares and units included for Tax Time 2018.

To support individuals to correctly report income in their tax return, we use automated programs that identify and correct errors once a return is lodged checked against the third-party data we receive. This means returns are processed more quickly, reducing refund delays and the need to contact a taxpayer about the error. It also avoids potential debt issues at a later stage.

By matching the data we collect to client records and using it to build our understanding of those clients, we are creating an enterprise view of client risk. This is an integrated whole-of-client, whole-of-system 'risk profile'. In 2017–18, we completed the integration of our risk models for small business and individual clients.

When a client's history is added to their risk profile, the ATO is able to tailor the services clients use and interactions they have with us. In particular, this capability is being used to support the way we deal with clients who have overdue liabilities, providing a tailored experience based on their history with us to balance the needs of the revenue system with the circumstances of the client.

The ATO has invested heavily in technologies that help us collect, store and use data to create benefits for clients and the community on a broad scale and at faster speeds. In order to manage our data, we improved our data infrastructure and the governance around it. We established our data and analytics roadmap outlining key strategies being delivered over four years; this commenced in early 2018. This four-layered program considers technology, data, capability and engaged business.

We are transitioning to our new Enterprise Data Hub technology to efficiently integrate and store data from third parties with our taxpayer information. This technology is being supplemented with new capabilities to enable us to better manage less-structured information, and enhanced identity-matching capabilities.

# 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.	10, 11, S13–S15, A3
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.	S16

### NOTE

There are no specific metrics for measure 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 either improved or met target for three of the seven metrics for this KPI with one remaining broadly stable, two showing a decline and one based on activities.

Our performance improved with respect to timely responses to complaints and request for private rulings, as well as letting clients know of status or delays. However, community perceptions of our timeliness and their ability to contact the ATO via their preferred method both declined this year and will be a focus where we will continue to focus in 2018–19.

We publish our performance for all our service commitments monthly on [ato.gov.au](http://ato.gov.au), and report on the performance of the ATO in achieving its purpose annually. We report on the performance criteria published in the Portfolio Budget Statements and our *Corporate Plan* through the annual performance statement included in the *Commissioner of Taxation Annual Report*.

### Activity-based examples

Recognising that taxpayers need tailored support, we have justified trust programs to assure the income and indirect tax compliance of large corporate groups.

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.

We continue to engage with clients at an early stage, especially in relation to complex arrangements. This ensures we can influence client behaviour in a timely way, often before a transaction or arrangement has occurred. Our early engagement strategy was extended to all of our client segments in 2017–18.

Due to the complexity of tax and superannuation law, it is inevitable that some areas of disagreement will arise. Where a taxpayer disagrees with an ATO decision, they have the right to have that decision reviewed. At these times, the ATO provides a dispute resolution service to ensure consistent application of the law and fair outcomes for the community. Our approach is to engage with clients as early as possible, dealing with matters before they reach the courts.

Since 2015–16, all disputes are managed and resolved by officers who are independent from the original primary decision-making area, and who report to a separate Second Commissioner. We aim for a fair and efficient resolution, minimising the time and costs involved. Approximately two-thirds of objections are resolved within three weeks of being raised with us.

To get better outcomes for taxpayers and the Australian community, we provide assistance in some cases, where taxpayers involved in an objection or dispute process may be disadvantaged by exceptional personal circumstances. Our Dispute Assist program aims to help these unrepresented taxpayers navigate the dispute process, and is also looking at ways to connect taxpayers with independent experts from charities and law firms providing pro-bono services.

We continued to improve upon our use of alternate dispute resolution techniques, such as our in-house facilitation service and settlements as a means of pragmatically resolving disputes. In 2017–18, we received almost 250 referrals for in-house facilitation (a 99% increase over 2016–17). Each facilitation that resolves a dispute will save taxpayers and the ATO time, costs and prevent the stress that comes with protracted dispute. Importantly, it helps to provide certainty for taxpayers for future years, contributing to willing participation in the tax system.

To give the community confidence that the ATO is exercising sound judgment, we seek assurance from a range of channels.

Under our Independent Assurance of Settlements program, we have engaged four former Federal Court judges and refer the largest and most significant decisions on disputes to them for review. During the year, they reviewed 12 settlements and found that 11 provided a fair and reasonable outcome for the Australian community. Their feedback has provided insight into improving how the ATO undertakes settlements.

Public groups and international clients have access to our Independent Review program. Since the introduction of the program in July 2013, there have been 64 reviews conducted for groups with a turnover greater than \$250 million. This year we conducted 16 reviews, the most in any year of the program. Only one case has proceeded to litigation in the first five years of the program. This program has driven improvements in the quality of statement of audit positions for the large market and in clients' understanding of our audit positions. We propose to pilot an expansion of Independent Review to the small business market in 2018–19.

All matters in which the general anti-avoidance rules (GAAR) may apply are considered in accordance with our published practices and, in most cases, referred to the GAAR panel before a final decision is made. The panel members (external business and legal experts and senior ATO officers) provide independent advice on the basis of the facts of the matter to an ATO decision-maker. Of the 35 matters considered in the 2017–18 financial year, preliminary advice was provided on 15 matters and final advice was provided to ATO decision-makers on a further 20 matters.

# 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.	1, A1, S17
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

Of our three metrics for this KPI, one remained relatively stable, one showed a decline and one is based on activities. Timely communication of our decision to consult on matters submitted remains an area for improvement.

Strong results in the engagement and sharing of information with our 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 continue to see results from our Treasury partnership, where our understanding of the tax and superannuation systems aided in identifying and scoping of revenue measures for the Budget 2018–19. We influenced the design and delivery of measures relating to affordable housing, superannuation guarantee integrity, and the black economy to address tax avoidance, and the Hybrid Mismatch rules, providing guidance on the operation of those rules and the new diverted profits tax. We also provided advice on Budget revenue and administered expenses forecasts.

The ATO provides access to high quality tax data to enable policy evaluation and research. We produce detailed micro tax data for the Treasury and Parliamentary Budget Office and work with these organisations on policy costings and analysis. We also publish annual aggregate taxation statistics, respond to ad hoc data requests, and release cross-sectional ‘confidentialised’ individual micro tax data and a new longitudinal file of income tax and superannuation data for external researchers.

Our influence is also seen in our international collaboration. Along with Treasury, we engage regularly with the Organisation for Economic Co-operation and Development (OECD) and other tax regulators to share intelligence and work on areas of common concern.

By working with and through others, we can deliver more for our clients. Our Cash Flow Coaching Kit, which we co-designed and tested with registered tax practitioners and their small business clients, is one example. In 2017, the kit was awarded an Australian Good Design Award in the Public Sector category for 'smart, practical application of design thinking to a widespread, real-life need' and our approach was recognised as best practice in our work on the Future of the Tax Profession. We are continuing our collaborative approach on a digital version.

We have been co-designing a new system, *Online services for agents*, to provide tax and BAS agents with access to services currently available through our portals. With the help of the agent community, we are confident the product will meet the needs and expectations of end users and empower them to assist their clients. To supplement this product, we are working to assist digital service providers to integrate the same *Online services for agents* functionality into the practice management software they develop for tax and BAS agents.

Another key to better consultation and working with our partners is giving them a voice and an advocate within our agency. In 2017–18, our consultation focus was on making it easier for individuals and industry bodies to contribute to the development of the tax and superannuation systems, raising matters of their own or responding to matters we are seeking views on.

Our new Partners Experience Committee was established following the model we used to guide ATO-wide improvements for our various client segments. The committee is charged with setting the ATO's partnering vision and developing the strategies and plans for optimising outcomes from the interactions we have with our partners.

A new Professional Services Reference Group, made up of key influencers in the tax and BAS agent communities, will focus on understanding issues affecting agents and developing practical solutions to those issues.

Each of our ATO stewardship groups has diverse representation across the Australian community, ensuring we have access to the views and inputs of as many stakeholders as possible. These groups are responsible for the stewardship of their respective market or product segment. Throughout 2017–18, we identified some opportunities to improve the efficiency and effectiveness of our stewardship groups and we continue to collaborate with key stakeholders to optimise the contribution these groups make to the tax and superannuation systems.

Other activities designed to help small businesses meet their tax and superannuation obligations included visits to regional communities, webinars, after-hours assistance via web chat or call-backs, and a range of self-help and public information videos.

The ATO is committed to the whole-of-government Shared Services Program, which aims to ensure the APS is positioned to respond to the challenges of a rapidly changing environment in tight fiscal circumstances. To ensure effective planning and design of our shared services offering and supporting technology, the ATO is actively engaged with the Department of Finance, other provider agencies and nominated consumer agencies.

Digital identity and the broader digital ecosystem is changing and the ATO is embracing this future. In partnership with the Digital Transformation Agency, we are developing GovPass – a way to manage identity digitally across government. GovPass forms the government's client identity program, allowing individuals to securely and easily identify themselves, connect with government digital services and authorise people to act on their behalf.

# 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	Communication of our decision to consult on matters submitted	1.1, 6.1
2	Complaints received	1.2
3	Service commitment – 85% of complaints received are resolved in 15 business days, or within the date negotiated with the client	1.2
4	Adjusted average cost to individual taxpayers of managing their tax affairs	1.3
5	Time–cost index for business and superannuation funds to prepare and complete key tax returns	1.3
6	Reduction in the unintended administrative costs to business of complying with government regulation	1.3
7	Increased use of the ABR as the national business dataset by government agencies and the community	1.3, 4.3
8	Proportion of ABN applicants obtaining a decision online at the point of application	1.3
9	Elapsed time in days for private rulings	2.1, 2.2
10	Service commitment – 90% of electronic taxpayer requests are finalised in 15 business days	2.2, 5.2
11	Service commitment – 80% of private rulings are finalised in 28 calendar days of receiving all necessary information	2.2, 5.2
12	Service commitment – 70% of objections are finalised in 56 calendar days of receiving all necessary information	2.2
13	Service commitment – Objections – if we find that the request raises particularly complex matters that will take more than 56 calendar days to resolve after receiving all the required information, we will aim to contact you within 14 calendar days to negotiate an extended reply – a target of 80%	2.2
14	Service commitment – Private rulings – if we find that your request raises particularly complex matters that will take more than 28 calendar days to resolve after receiving all the necessary information, we will aim to contact you within 14 calendar days to negotiate a due date – a target of 80%	2.2
15	Cost to collect net \$100	3.1
16	Improvement in the quality of key data on the ABR	4.3

Metric	Result		
	2015–16	2016–17	2017–18
Metric 1 – Communication of our decision to consult on matters submitted (within 20 days)	2 (33% of 6 received)	1 (20% of 5 received)	0 (0% of 2 received)

In 2017–18 there were only two matters received that were considered potential consultation matters. A decision was not made within 20 working days in either case. One matter did result in consultation and the other did not proceed to consultation. While we only have a small number of matters for potential consultation each year, this result represents an area of focus for potential improvement in 2018–19, to ensure more timely responses to relevant stakeholders.

Metric	Result		
	2015–16	2016–17	2017–18
Metric 2 – Number of complaints received	34,323	25,073	20,241
Metric 3 – Service commitment – 85% of complaints received are resolved in 15 business days, or within the date negotiated with the client	87%	93%	90%

In 2017–18, the ATO received 20,241 complaints (inclusive of Inspector-General of Taxation complaints), a reduction of 19% compared to 2016–17. The number of complaints received is only a small proportion of our interactions with the community, representing 0.1% of the total tax returns lodged in 2016–17. The largest proportion of complaints received related to form processing, which includes flow-through impacts to speed of refunds.

Complaint processing performance was 90% resolved in 15 business days (or within the date negotiated), which exceeded the benchmark of 85%.

Metric	Result		
	2015–16	2016–17	2017–18
Metric 4 – Adjusted average cost to individual taxpayers of managing their tax affairs (2017–18 performance target: maintain or reduce the cost, relative to 2016–17)	3.6% reduction on prior year result (2014–15 returns)	1.0% reduction on prior year result (2015–16 returns)	Unchanged <sup>1</sup> on prior year result (2016–17 returns)

Metric 5 – Time-cost index for business and superannuation funds to prepare and complete key tax returns  
(2017–18 performance target: remain stable or decrease)

Overall trends remain broadly stable. The indicator tracks multiple indexes at the macro level and reports on the trend analysis. For this reason there is no quantitative data provided for this metric.

NOTE

<sup>1</sup> The unchanged result for 2017–18 reflects a less than 0.1% change in the adjusted median.



The adjusted median cost of managing tax affairs for 2016–17 income tax returns was unchanged compared to the previous year. Taxpayers who do not report an amount on this label are not captured in this calculation; however, over recent years a 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 the impact of external market forces can influence these costs, our strategies for making it easier to comply, by providing better guidance and advice, and contemporary and digital services, also influence this trend.

The time-cost index for business and superannuation funds uses averages of the time taken by taxpayers to prepare for and complete key tax forms. Index increases show it is taking longer to prepare and complete forms, while index decreases show it is taking less time.

Across our main tax return forms and business activity statement (BAS) indexes, the time-cost index remains broadly stable, demonstrating that the time it takes for clients to complete key forms to meet their obligations has not increased. The exception to this is superannuation fund returns where the index has been more variable in recent years, likely reflecting the ongoing changes in the superannuation system.

Metric	Result		
	2015–16	2016–17	2017–18
Metric 6 – Reduction in the unintended administrative costs to business of complying with government regulation (2017–18 performance target: \$1.54 billion)	\$1.2 billion	\$1.39 billion	\$1.58 billion

In 2017–18, an additional \$184 million of reduction in administrative costs was achieved, bringing the total annual reduction, relative to the cost of businesses using lodgment methods via previous systems, to \$1.58 billion. This exceeds the performance target of \$1.54 billion. This result is largely due to a greater volume than anticipated of SuperStream transactions, contributing to SBR savings of \$1.45 billion across the industry, while ABR savings were approximately \$123 million and AUSkey token savings were \$10 million.

This indicates that savings to business and government from ABR program initiatives continues to deliver in reducing the reporting burden, minimising cost to business and enhancing business interactions through natural-based systems for the business community.

As new initiatives such as e-Invoicing and Single Touch Payroll are implemented, savings are expected to increase further for both business and government.

Metric	Result		
	2015–16	2016–17	2017–18
Metric 7 – Increased use of the ABR as the national business dataset by government agencies and the community (2017–18 performance target: Agencies – 300 using ABR Explorer, 9 using ABR Connect Community – 750 million ABN Lookup searches)	140 government agencies using ABR Explorer  14% increase in ABN Lookup searches	232 government agencies using ABR Explorer (66% increase)  32.5% increase in ABN Lookup searches	312 government agencies using ABR Explorer (34% increase)  Total of 1.031 billion ABN Lookup searches (32.5% increase)  11 agencies using ABR Connect

A 34% increase in the number of government agencies using the ABR, as well as a 32% increase in ABN Lookup searches (each exceeding their performance targets), reflect the value of the national business register information (the ABR) to government agencies and the community. The number of government agencies using ABR Connect web services has increased from 6 to 11, exceeding the target of 9 agencies.

In 2017–18, a new service, ABR Agency Connect was developed, joining ABR Identifier Search but using contemporary technology and additional data elements. ABR Connect web services provide cost savings to agencies by giving them access to the latest business information, thereby reducing their need to separately collect and maintain their own information and allowing them to better design and deliver programs. Use of the services has steadily increased to an average of more than one million searches per month. ABR Agency Connect was released in a Beta version, with an expectation that it will supplant ABR Identifier Search once it goes into full production.

We continued to enhance services to better support the increased use of ABR data, with improvements to ABR Explorer and ABN Lookup. The ABR Explorer tool supports over 310 eligible government agencies at all levels of government, with activities such as disaster response and recovery, planning and economic development, compliance and service delivery.

Metric	Result		
	2015–16	2016–17	2017–18
Metric 8 – Proportion of ABN applicants obtaining a decision online at the point of application (2017–18 performance target: 80%)	73.5%	86.4%	94.6%

This measure demonstrates improvements in the online ABN process, particularly reduction in delays and lost income arising from those delays. Government impacts can include lost taxation revenue and additional welfare payments whilst clients are waiting for their ABN to commence their business.

The proportion of ABN applicants obtaining a decision online at the point of application increased to 94.6% for 2017–18, an 8.2% increase on last year and well above our 80% target. The outcome is mainly due to the improvement being in place for the full year (only in effect for part of 2016–17) and demonstrates the improvement working as intended.

We have identified that, although we created savings for business in increasing on the spot decision for ABN applications, we would like to issue ABNs only to those who are entitled to one. In 2018–19, as a result of the review (November 2017), we will look to design a risk based ABN application process aimed at guiding ABN applicants to understand their entitlement as they apply. While this will be as tailored as possible, we expect the online decision rate to drop (but still above the target). The exact timing of implementing up-front risk assessment will be subject to design and system implementation capacity.

Result						
Metric	Average days			Median days		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
Metric 9 – Elapsed time in days for private rulings	38	61	62	23	36	39

Average elapsed days have remained constant in 2017–18 compared with 2016–17, while the median elapsed days have increased slightly. Compared with previous years, this result is a combination of:

- > a continued focus on finalising aged cases, and
- > an increase in early engagement with clients, resulting in a higher proportion of private rulings being of a more technical, complex nature.

Result			
Metric	2015–16	2016–17 <sup>2</sup>	2017–18
Metric 10 – Service commitment – 90% of electronic taxpayer requests are finalised in 15 business days	93%	92%	92%
Metric 11 – Service commitment – 80% of private rulings are finalised in 28 calendar days of receiving all necessary information	91%	85%	88%
Metric 12 – 70% of objections are finalised in 56 calendar days of receiving all necessary information	86%	77%	86%
Metric 13 – Objections – if we find that the request raises particularly complex matters that will take more than 56 calendar days to resolve after receiving all the required information, we will aim to contact you within 14 calendar days to negotiate an extended reply – a target of 80%	90%	87%	88%
Metric 14 – Service commitment – Private rulings – if we find that your request raises particularly complex matters that will take more than 28 calendar days to resolve after receiving all the necessary information, we will aim to contact you within 14 calendar days to negotiate a due date – a target of 80%	89%	89%	92%

These metrics indicate how timely and responsive we are with respect to a number of differing types of requests and forms of assistance that that may assist clients with meeting their obligations.

In 2017–18 we improved our performance on four of the five metrics and maintained our performance level on the remaining one. We also significantly exceeded our performance targets for all five metrics. These results demonstrate that the ATO continues to provide taxpayers with timely assistance and certainty (on complex matters) to enable them to meet their obligations.

NOTE

<sup>2</sup> From 1 July 2016, the basis for the electronic taxpayer requests calculation changed from finalisation within 20 calendar days to finalisation within 15 business days.

Metric	Result		
	2015–16	2016–17	2017–18
Metric 15 – Cost to collect net \$100	\$0.77 (gross)	\$0.74 (gross)	\$0.67 (gross)
(2016–17 performance target: consistent with trend)	\$0.84 (net)	\$0.81 (net)	\$0.74 (net)

The decreased cost to collect \$100 met the performance target for 2017–18 and is largely due to the 10.4% increase in collections in 2017–18. The cost to collect gross \$100 (excluding GST and its administration costs) decreased from \$0.74 in 2016–17 to \$0.67 in 2017–18.

Metric	Result		
	2015–16	2016–17	2017–18
Metric 16 – Improvement in the quality of key data on the ABR	3.2%	See qualitative assessment in 2016–17 report	See qualitative assessment below

As noted in last year’s self-assessment report, we are measuring each field separately. Whilst key fields’ accuracy remains stable, ABN status (as measured by an ABN being in use/entitled) experienced a significant drop (13.2%) from last year.

As a result of a review initiated by the Commissioner into the ATO’s approach to administering ABNs in November 2017, the majority of our planned integrity measures were reduced or stopped, along with changes to the data model used to manage the bulk cancellation of non-entitled ABNs – one of our key strategies in maintaining the integrity of the register. As a result, the number of bulk cancellations dropped to 200,000 in 2017–18, compared to 700,000 in 2016–17 while these campaigns were paused.

We are also seeing an increase in ABN applications from sole traders who may not be entitled. Work is being done to understand and address this potential risk in engaging labour where individuals are being incorrectly required to obtain an ABN to work (i.e. contracting, gig economy).

The accuracy of other key fields remains stable for the second consecutive year.

The outlook for ABN entitlement rate is positive. An outcome of the review (November 2017) will see an increased focus on education, pre-issue ABN entitlement checks, and the ATO adopting a whole-of-industry, or employer-level approach to identify and address ABN misuse. We expect this will be a more effective way of ensuring a level playing field for business and to make sure workers understand their obligations from the start.

## Survey-based metrics

Metric	Description	Measure
S1	Client survey – The ATO gives me individual attention	1.1
S2	Client survey – The ATO understands my industry operating environment	1.1
S3	Service commitment – People surveyed agreed that the ATO listens to and responds to feedback	1.2, 3.2
S4	Client survey – The cost of meeting my tax obligations is reasonable	1.2
S5	Client survey – Dealing with the ATO is getting easier	1.3
S6	Service commitment – People surveyed agreed that the ATO provides information that can be relied on and understood	2.1, 2.2
S7	Service commitment – People surveyed agreed that the ATO provides information sufficient to meet their needs	2.1, 2.2
S8	Service commitment – People surveyed agreed that the ATO makes it easy to access services and information	2.1
S9	Service commitment – People surveyed agreed that the ATO informs them of what they need to do	2.2
S10	Community satisfaction with ATO performance	2.3
S11	Client survey – In the past 12 months, the ATO appears to be integrating its services better with other government departments	4.1
S12	Client survey – The ATO does not contact me unnecessarily	4.2
S13	Service commitment – People surveyed agreed that the time taken was acceptable	5.2
S14	Service commitment – People surveyed agreed that the ATO lets them know of status or delays	5.2
S15	Client survey – I am able to contact the ATO in a way that I want	5.2
S16	Perceptions of fairness in disputes	5.4
S17	Client survey – The ATO consults me about issues that affect me	6.1

## Results – survey based metrics

Metric	Result (Performance target for all survey-based measures is improved or broadly stable compared to the previous year result)		
	2015–16	2016–17	2017–18
Metric S1 – The ATO gives me individual attention	37% individuals; 40% business	39% individuals; 39% business	43% individuals; 37% business
Metric S2 – The ATO understands my industry operating environment (businesses only)	34%	39%	37%
Metric S3 – People surveyed agreed that the ATO listens to and responds to feedback.	54%	55%	57%
Metric S4 – The cost of meeting my tax obligations is reasonable	48% individuals; 45% business	47% individuals; 49% business	46% individuals; 43% business
Metric S5 – Dealing with the ATO is getting easier	58% individuals; 56% business	55% individuals; 58% business	54% individuals; 53% business
Metric S6 – Service commitment – People surveyed agreed that the ATO provides information that can be: > relied on*; and > understood**.	78%* 78%**	73%* 76%**	76%* 77%**
Metric S7 – Service commitment – People surveyed agreed that the ATO provides information sufficient to meet their needs	79%	77%	75%
Metric S8 – People surveyed agreed that the ATO makes it easy to access services and information	75%	75%	72%
Metric S9 – Service commitment – People surveyed agreed that the ATO informs them of what they need to do	83%	80%	82%
Metric S10 – Community satisfaction with ATO performance	74%	75%	71%
Metric S11 – In the past 12 months, the ATO appears to be integrating its services better with other government departments	54% individuals; 46% business	49% individuals; 44% business	42% individuals; 42% business

Metric S12 – The ATO does not contact me unnecessarily	72% individuals; 70% business	65% individuals; 64% business	67% individuals; 63% business
Metric S13 – Service commitment – People surveyed agreed that the time taken was acceptable	78%	76%	72%
Metric S14 – Service commitment – People surveyed agreed that the ATO lets them know of status or delays	55%	56%	60%
Metric S15 – I am able to contact the ATO in a way that I want	57% individuals; 59% business	58% individuals; 63% business	58% individuals; 59% business
Metric S16 – Perceptions of fairness in disputes	55%	56%	54% <sup>3</sup>
Metric S17 – The ATO consults me about issues that affect me	33% individuals; 29% business	34% individuals; 34% business	37% individuals; 34% business

NOTE

<sup>3</sup> Survey methodology changes were implemented in 2017–18. As a result, caution should be exercised in comparing trends across years.

Overall, results for ATO survey-based metrics declined slightly in 2017–18. 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 17 survey metrics, with a total of 25 results (including sub-components of metrics). Of these 25 results:

- > four results improved significantly (i.e. by 3% or more) compared to 2016–17
- > seven results declined significantly (i.e. by 3% or more) compared to 2016–17
- > the remaining 14 results were broadly stable (i.e. within 2% of the 2016–17 result) once normal statistical fluctuations associated with survey results are allowed for.

Across these survey metrics, the most notable changes in client perceptions were:

- > more favourable 2017–18 trends observed for individuals than for businesses
- > improvements in perceptions of how we provide individual attention and consultation to clients, including status updates and reliability of information
- > declines in perceptions of satisfaction, timeliness, ease and cost of meeting obligations.

The decline in satisfaction was primarily driven by users of our online systems. We are currently undertaking considerable work on a new tax agent portal and will continue to work hard to improve the online experience for tax professionals, business users and individuals.

In addition, there was a decline in some client perceptions in the period post-April 2018, following the Four Corners investigation into the ATO's treatment of small business.

## 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. Therefore, 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.

Metric	Description	Measure
A1	Number of matters that have been consulted on	1.1, 3.2, 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, 3.2, 5.2
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
–	Measures with no specific outcome-based, survey-based or activity-based metrics	3.3, 5.1, 5.3, 6.3

## Results – activity based metrics

Metric	Result		
	2015–16	2016–17	2017–18
Metric A1 – Number of matters that have been consulted on	62	93	36
Metric A2 – Number of visits to the consultation page of ato.gov.au	12,981	13,452	11,724
Metric A3 – Number of interpretive guidance products provided	43,000	45,000	55,048
Metric A4 – Number of private rulings provided	9,400	7,300	6,459
Metric A5 – Number of public rulings and determinations provided	69 <sup>4</sup>	73	64
Metric A6 – Number of class rulings provided	115 <sup>5</sup>	127	87



Metric A7 – Number of product rulings provided	10 <sup>6</sup>	25	17
Metric A8 – Number of memorandums of understanding	119	115	135
Metric A9 – Number of international information exchanges (including specific, spontaneous and automatic exchanges)	691 total exchanges (409 inbound, 282 outbound) <sup>7</sup>	944 total exchanges (517 incoming, 427 outgoing) <sup>8</sup>	706 total exchanges (463 incoming, 243 outgoing)
Metric A10 – Number of compliance audits, reviews and other checks undertaken	3.8 million	3.1 million	3.4 million

#### NOTES

<sup>4</sup> The methodology for this metric changed to include law companion guidelines. The 2015–16 figure excluding law companion guidelines was 32.

<sup>5</sup> The methodology for this metric changed in 2016–17 to include all class rulings issued from new applications as well as updates to existing class rulings. The figure for 2015–16 only includes applications for new class rulings.

<sup>6</sup> The methodology for this metric changed in 2016–17 to include all product rulings issued from new applications as well as updates to existing product rulings. The figure for 2015–16 only includes applications for new product rulings.

<sup>7</sup> A correction has been made to the 2015–16 results due to incorrect reporting of 282 inbound and 409 outbound.

<sup>8</sup> This performance measure had a change of terminology in 2016–17 from inbound and outbound exchanges to incoming and outgoing exchanges.

