



11 April 2025

Dr Caralee McLiesh PSM
Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

By email: communication@anao.gov.au

Dear Dr McLiesh,

Draft 2025-26 ANAO Annual Audit Work Program

The Corporate Tax Association (**CTA**) welcomes the opportunity to make a submission to the Australian National Audit Office (**ANAO**) in relation to the draft *2025-26 ANAO Annual Audit Work Program*.

The CTA is the key representative body of over 160 major companies in Australia on tax issues impacting the large corporate sector. The majority of the CTA membership is large Australian-listed entities. A list of CTA members along with further information about the CTA can be found on our website at www.corptax.com.au.

As a key stakeholder of the Australian Taxation Office (**ATO**), we have a strong interest in the proposed potential audit topics relating to the ATO. We support the ANAO undertaking these audits and provide our reasons for supporting them.

1. Data governance in the Australian Taxation Office

The ATO is responsible for millions of pieces of data and acquires more data each year. It relies on this data and the analytics applied to the data for many purposes, including assuring tax is paid in the large business market.

It also relies on the data it collects to determine the tax gaps it calculates for the various taxes and market segments. As such, the quality of the data it collects and how that data is analysed and incorporated into measures of ATO performance in compliance outcomes matters.

We support the ANAO conducting a review of the effectiveness of the ATO's governance of data and analytics. It would also be useful for the ANAO to examine the validity of the many uses to which that data is put.

2. Implementation of ethical frameworks by the Australian Taxation Office

The ATO should be included in the series of audits proposed around the implementation of the Australian Public Service (**APS**) ethical framework by APS Agencies. There is immense responsibility placed upon the ATO to undertake proper administration of Australia's tax and revenue laws, including in relation to the fair application of those laws, undertaking appropriate consultation with stakeholders on new and existing laws and adhering to its own [Ethical Business Relationship Statement](#).

While the ATO considers itself highly scrutinised, there is a growing perception within the taxpayer community that as the ATO's reach and influence across government has increased, its adherence to its internal policies has declined, with decisions being made by a select few and governance and ethical procedures not always being adhered to.

In this regard, aside from ensuring the ATO has implemented the APS ethical framework, the ANAO audit should give particular focus to entity-specific frameworks and adherence to internal governance and ethical statements.

3. Management of Compliance in the Small Business Market

The ATO has had a strong focus on its tax gap program since its inception and should be commended for being transparent in the publication of the information. As the latest data shows, the small business income tax gap for 2021-22 was about \$17.7 billion with a 13.4% gross gap and 12.6% net gap. By contrast, the large business income tax gap for 2021-22 was \$3.6 billion with a 6.8% gross gap and a 4.1% net gap.

While the markets are different (small business has 5.8 million participants and large business has 8,300 participants), a question arises as to why the gap is relatively large and why the ATO only impacts revenue collections in the small business market in dollar and percentage terms by 0.8%.

A review of the reasons for the allocation of resources might be useful to understand whether the ATO resources are being applied to their best and most efficient use. This may involve some investigation into how the ATO's project-based funding unduly influences the areas to which it dedicates the most resources (and therefore compliance activity).

4. Management of confidential information in the ATO

An examination of the effectiveness of the ATO management of confidential information would be useful, particularly where the ANAO is able to clearly identify the barriers imposed on the ATO regarding the protection of confidential information and articulate the circumstances in which those barriers apply.

Treasury in the process of conducting a [review of the tax regulator secrecy exceptions](#). Given the ANAO proposal references 'specific secrecy offences in the Commonwealth law', this would include the secrecy provisions which apply to the ATO contained in the *Taxation Administration Act 1953* (Cth) (**TAA**).

We support a comprehensive examination of the relevant secrecy provisions in the TAA by the ANAO.

5. Wind-up of the Modernising Business Registers program and management of residual risks

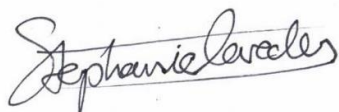
There are legislative and other barriers that inhibit the sharing of information between government departments, resulting in an unnecessary administrative and compliance burden on organisations who need to provide the same information to a number of government departments (for example, updating the Australian Business Register for changes to contact details or changes in the directors of a corporation where the same information needs to be provided to ASIC and the ATO).

The Modernising Business Registers program would have significantly improved the connectivity between the Australian Business Register, ATO and ASIC systems to streamline sharing of information between the government departments. Organisations should be able to update one government department and rely on that same information being shared with other relevant departments rather than submitting the same information individually to separate government departments.

Not only should the ANAO examine the effectiveness of the nominated government departments in managing residual risks after the abolition of the Modernising Business Registers program, and the management of risks after registry functions were transferred back to ASIC, it should also quantify the compliance burden that remains as a result of the Modernising Business Registers program being halted and consider recommendations to address the remaining compliance burden.

Should you have any questions, please do not hesitate to contact me on 0408 028 196.

Yours sincerely,



Stephanie Caredes
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