

Overview of the State Revenue Office's 2008-09 Audit Program

July 2008

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Preamble

The purpose of this section is to provide an overview of the SRO's 2008-09 Audit Program.

During 2008-09, the SRO will continue to examine its approach to promoting compliance with a view to assessing the effectiveness of current approaches and identifying new programs with a greater emphasis on assisting taxpayers and their representatives to meet their legislative obligations.

The major elements of the 2008-09 Audit Program is described below and includes descriptions of a number of new compliance activities to be conducted for the first time in 2008-09 as well as the major ongoing audit programs.

Duties

Tasmanian Revenue Online (TRO) Agent Program

The primary purpose of this program is to educate TRO registrants whilst maximising compliance with the *Duties Act 2001*. This is an "active" compliance program focussed on promoting compliance as opposed to detecting potential instances of non-compliance. The SRO examines the quality and validity of information entered on TRO and that agents are maintaining appropriate records of transactions.

Based on feedback from TRO users during 2007-08, the 2008-09 program will be modified to ease the administrative effort on users participating in audits.

Referral Program

The Duties Referral Program is a generic description of a range of activities including:

- lodgement enforcement where lodging parties do not provide sufficient information to enable assessment matters to be completed;
- investigations where information provided to the SRO is inconsistent or indicative of possible non-compliance with the *Duties Act 2001*; and
- acting upon intelligence received from government departments and agencies (Commonwealth, State or local), external organisations or the public that relate to the administration of the Act.

Motor Vehicle Duty Program

The Motor Vehicle Program aims to detect transfers of ownership of motor vehicles where the appropriate level of duty has not been paid. The SRO will examine Motor Registry data to identify transfers duty has not been paid or where the level of duty paid does not appear adequately reflect the value of the vehicle.

Motor Vehicle Duty Dealer Awareness Program

The Motor Vehicle dealer's exemption provides dealers with the ability to purchase stock for re-sale without paying duty. The major area of non-compliance occurs where the vehicles for sale are utilised for other purposes such as personal use, use as a courtesy vehicle or workshop vehicle. The SRO is of the view that, in most cases, the major reason for non-compliance relates to a lack of awareness of the conditions under which the dealers exemption certificate is granted.



In 2008-09 the SRO will be trialling a program aimed at providing dealers with resource materials that will assist them in remaining aware of their obligations. The provision of this resource material will also be supported by visits by SRO staff to dealers, particularly new car dealerships.

Payroll Tax

Payroll Tax Awareness Program

In 2008-09 the SRO intends trialling a new program aimed at providing employers nearing the tax-free threshold (\$1.01 million) with information on Payroll Tax. It is intended that employers will be identified for this the program through data matching using data and returns from the Australian Taxation Office (ATO), the Australian Securities and Investment Commission (ASIC), WorkCover and data held within the the SRO.

It is anticipated that this program will increase the proportion of employers voluntarily registering for Payroll Tax with the SRO.

Payroll Tax Registered Program

The Payroll Tax Registered Program aims to detect employers who have not paid the correct level of Payroll Tax. The SRO will undertake a range of data matching exercises using data sets and returns from a range of State and Commonwealth sources to identify employers who may not be paying the correct level of payroll tax.

Payroll Tax Unregistered Program

The Payroll Tax Unregistered Program aims to detect employers who have not registered and paid Payroll Tax. The SRO employs a range of data matching techniques using data sets and returns from a range of State and Commonwealth sources to identify employers who may be liable for Payroll Tax for audit.

Payroll Tax Referral Program

The Referral Program is a generic description of audit and compliance activities undertaken as a result of specific information being provided to the SRO. This information may be provided via various intelligence activities undertaken within the SRO or matters referred to the SRO arising from intelligence or audit activities in other jurisdictions.

It is anticipated that through The National Payroll Tax Harmonisation initiative, an increased level of sharing of information between jurisdictions will increase the number of referrals arising from compliance activities in other jurisdictions.

Land Tax

Land Tax Referral Program

The Referral Program is a generic description of audit and compliance activities undertaken as a result of specific information being provided to the SRO. This information may be provided via various intelligence activities undertaken within the SRO or matters referred to the SRO from wider Tasmanian community.

Land Tax Principal Place of Residence (PPR) Program

The PPR Program aims to detect properties which are not subject to Land Tax that are not classified as the owner's Principal Place of Residence. The SRO selects properties for investigation based on a range of data matching activities.



Land Tax Grouping Program

The Grouping Program aims to detect properties which should be linked to a single Taxpayer for the purposes of determining the Taxpayer's Land Tax liability. The SRO selects properties for investigation based on a range of data matching activities.

First Home Owner's Grant (FHOG)

FHOG Recipient Awareness Program

Based on the results of the FHOG Residency Program in previous years, a significant proportion of investigations resulting in a recall of the grant arise from recipients who overlook their obligations in respect of the residency requirement. Typically this occurs when a recipient changes their place of residence for employment reasons prior to the completion of the mandatory six month residency requirement and they do not advise the SRO.

With a view to improving the level of voluntary disclosure of recipients changing their principal place of residence, the SRO will be trialling a new program aimed at reminding recipients of their requirements two months prior to the expiration of the mandatory residency period.

FHOG Eligibility Program

The purpose of this program is to detect applicants who do not meet the eligibility requirements for the grant in respect of the suitability of the property, Australian citizenship and prior ownership by the applicant or his/her spouse. Predominantly the majority of investigations relate to prior ownership.

The SRO conducts checks on 100 per cent of all Tasmanian applications.

FHOG Residency Program

Under the FHOG legislation recipients are required to live in the property for six continuous months commencing within 12 months of receipt of the grant. This program aims to verify that all recipients of the grant meet this requirement.

FHOG Agent Program

The FHOG Agent program is an active program aimed primarily at promoting the understanding and requirements of the FHOG Deed of Arrangement between the SRO and the Agent.

This program aims to assist Agents with ensuring that appropriate information regarding the eligibility requirements for the Scheme is provided to applicants.

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