

## **Re: paper for consultation – Release of Draft Legislation**

### **Improving tax compliance - enhanced third party reporting, pre-filing and data matching**

To whom it might concern,

Shared Services Finance (SSF) currently processes account payables for the whole of ACT Government, with a number of small statutory authorities being the exceptions. SSF would like to provide some feedback in relation to the 2 documents released by the ATO on 10<sup>th</sup> July 2015 for consultation purposes:

1. Government grants and payments – draft record structure; and
2. Government grants and payments – discussion guide.

During November 2013, SSF had been requested by ATO to provide invoice payment details from two financial years: 12/13 and 13/14. The following issues were discussed at the time:

1. No current tracking of Government grant payments in Oracle across Directorates and Agencies. ACT Government currently uses Oracle as the Government financial management system;
2. Inability to split payments for goods / services;
3. Following a number of discussions around parameters and inclusions, it had been agreed with the ATO representatives that the following transaction types should be removed from the dataset submitted to the ATO:
  - a. Body corporate;
  - b. Bursary payments;
  - c. One time supplier;
  - d. Petty cash;
  - e. Employee reimbursement;
  - f. Carers: foster care and kinship payments;
  - g. ACTGOV internal invoices: payments to other ACT Government Agencies;
  - h. Refunds; and
  - i. Schools.

The three outlined issues above still stand now.

SSF has reviewed the draft record structure proposals, a few of the identified issues are outlined below:

1. The ability to perform exclusions will be limited due to the fixed record length structure. Some of the records relate to sensitive data, and the ability to undertake quality control management over extracted data is compromised;
2. Compliance to the proposed data structure is an issue due to some challenges identified below:
  - a. SSF does not currently capture separate columns for payee surname, given name and second given name. This will represent challenges to present such required information in the fixed record length;
  - b. Payees are recorded as supplier name, SSF does not differentiate between individual or companies, therefore, current practice does not accommodate separating field 4, 5, 6 and 7.
  - c. SSF currently moved to "One supplier, One ABN" and moved away from trading names as guided from the ATO. Therefore, we do not current capture trading names "*as it appears on the payee's invoice*";
  - d. As discussed, SSF cannot separate payments that relate to goods, services and grant payments; and currently not capture grant names;
  - e. Currently, tax withheld is recorded in a manual effort with amounts transferred to accounting code distribution. Additionally, statement by a supplier is not recorded anywhere in the system.
3. Some clarification questions are outlined below:
  - a. Please confirm one file for each Payer's ABN is required, SSF currently processes invoices on behalf of over 20 ABN holders;
  - b. Field 18 – it appears that consolidated payments are required instead of individual invoice payments. Please advise if only one consolidated payment record per payee for the whole financial year is required, and what parameters to split out the consolidated payments: bank accounts, contacts. We will have trouble reporting suppliers with multiple sites: multiple contact details and multiple bank accounts. What if during the year, the supplier changes bank accounts or contact details. We would like to gain more understanding about this requirement.

Overall, compliance to the proposed data structure proves challenging that requires further discussion.