



INSTITUTE OF
**PUBLIC
ACCOUNTANTS®**

**Small Business
Taxation Division**

February 2019

Introduction

The Institute of Public Accountants (IPA) welcomes the opportunity to offer our '**Small Business Taxation Division**' submission. We look forward to working with the Government in providing feedback on possible design characteristics of a reporting regime for individuals who derive income from sharing economy websites.

The IPA is one of the three professional accounting bodies in Australia, representing over 36,000 accountants, business advisers, academics and students throughout Australia and internationally. The IPA prides itself in not only representing the interests of accountants but also small business and their advisors.

We look forward to discussing in more detail the IPA's submission and its recommendations. Please address any further enquires to Tony Greco, General Manager Technical Policy via tony.greco@publicaccountants.org.au

21 February 2019

Bernard McCabe
Taxation & Commercial Division
Administrative Appeals Tribunal

Via email: Bernaud.McCabe@aat.gov.au

Dear Sir/Madam

Small Business Taxation Division

The IPA welcomes the opportunity to provide this submission in response to the Administrative Appeals Tribunal (AAT) consultation process on the “Small Business Taxation Division” (SBTD). We are providing comments on two key draft documents as follows:

- Practice Direction Review of Small Business Taxation Decisions
- Guide to Small Business Taxation Division

The IPA support this new Government initiative for the creation of a new AAT division as one of a range of measures designed to make it faster, easier and cheaper for small businesses to resolve disputes with the Australian Taxation Office. The SBTD initiative is intended to help small business applicants access the Tribunal’s services including with a concessional fee, supported legal advice and the involvement of the Australian Small Business and Family Enterprise Ombudsman.

The SBTD will offer an early case assessment process and provide dedicated case managers. The SBTD will provide the opportunity for a more tailored review process for busy small business applicants. A more user friendly alternative dispute resolution (ADR) process, and members and staff who have a solid understanding of the challenges facing small business taxpayers is welcome. These new processes will promote earlier settlement and resolution of disputes which may reduce the need for an AAT hearing. The early case assessment process will give the AAT staff a better understanding of the applicant’s (and the Commissioner’s) case at an earlier stage to maximize the dispute resolution services on offer.

The Small Business Taxation Division (SBTD) is intended to be operational from 1 March 2019. The two abovementioned documents you are seeking comment on are information materials to support the formation of this new division.

Due to the short time frame provided for comments, we have not been able to thoroughly consult with our members on the documents under review.

We can however contribute the following observations as follows:

- The SBTD is only available if you are a small business entity. If the issue is related to whether you are a small business or not can the SBTD assist in this regard. The issue is relevant for contractor versus employee scenarios. It would be helpful if this was clarified;
- If the tax disputes relates to the individual but the applicant is a small business entity, can the taxpayer still use the SBTD? Again clarification would be helpful;
- The role of any intermediary in the preparation of the return in dispute. If the applicant has used the services of a tax agent, the role of the tax agent in the SBTD processes will be helpful. Alternatively if the SBTD is not intended to apply to applicants who have used an intermediary such as a tax agent, then this should be clarified;
- Under the heading “Representation and legal advice” there is reference to assistance provided by ASBFEO. Whilst there is a link to the ASBFEO, It may be helpful to insert some details of what assistance is being offered to obtain legal advice;

- The ATO has also small business ADR process. Ideally the applicant should be aware of this mediation facility and have accessed this service prior to considering SMTD. There is no mention of this facility in the practice guide to alert applicants that there may be another option to consider prior to applying for an AAT decision through the SBTD. Also how does the ADR process within the SBTD differ from the ATO ADR process may also be helpful

We trust that you will find our submission of value. Please feel free to contact us directly should you require further clarification on any of the issues raised or other questions related to our submission.

Yours sincerely



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