



Australian Capital Territory
TAXATION MANAGEMENT FRAMEWORK

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1 Introduction

Management of the Territory's taxation risks is an important part of the Territory's financial management framework. The Department of Treasury has developed a taxation management framework to assist with management of the Territory's taxation risks and development of a taxation management culture in the Territory.

The broad risks to the Territory in regard to taxation are:

- financial and budgetary risks: through unbudgeted expenditure for penalties and additional administration to rectify non-compliance;
- cash flow risks: by not maximising all input credits available or managing cash outflows. In particular, where an agency is due a refund of Goods and Services Tax (GST), lodging the Business Activity Statement (BAS) as soon as possible after the period will facilitate earlier inward cash flow. Conversely, where an agency is required to remit GST/Fringe Benefits Tax (FBT)/Pay As You Go (PAYG), Superannuation Guarantee (SG) and Superannuation Productivity Benefits (PB) it would be prudent to pay the taxation on the due date; and
- loss of credibility and embarrassment: embarrassment and loss of financial management credibility may result from unfavourable media reporting of adverse reviews by the Australian Taxation Office (ATO) or the Audit Office.

This document covers GST, FBT and the financial service function of PAYG, SG and PB. This framework however, does not address:

- the human resource functions of PAYG, SG and PB; and
- the Territory's National Tax Equivalent Regime (NTER): separate guidelines for NTER are already in place.

The framework consists of a series of requirements that appear in **bold type**, supported by explanations to assist agencies in understanding and meeting these requirements.

The framework applies to:

- agencies supported by the Shared Services Centre (Shared Services Agencies); and
- agencies not supported by the Shared Services Centre (Non-Shared Services Agencies).

It is expected that Non-Shared Services Agencies will compare their current taxation management practices and approaches to the framework and take necessary action to comply with the stated requirements. It is also expected that the Shared Services Centre (Shared Services) will take the necessary action to comply with the taxation framework for the agencies it supports and that Shared Services Agencies will follow those parts of the framework which are applicable. Non-Shared Services Agencies as well as Shared Services should review their taxation administration framework regularly to ensure practices remain current with future legislative developments.

For more information in relation to the framework, please contact the Taxation Liaison Officer in the Accounting Branch on 6207 0245.

2 Definitions

Goods and Services Tax (GST)

GST is an indirect, broad-based consumption tax, which was introduced by the Commonwealth Government on 1 July 2000. As a result, ACT government agencies are registered for GST and are liable to pay GST on taxable supplies they make. Agencies are able to claim most, if not all, input tax credits for the GST component of the price of the goods or services when acquiring them in the course of carrying on that enterprise. After the deduction of these credits, entities are required/(entitled) to remit/(receive) to/(from) the ATO the net amount of GST. GST is governed principally by the *A New Tax System (Goods and Services Tax) Act 1999*.

Fringe Benefits Tax (FBT)

From 1 April 1987 government agencies were required to pay FBT to the ATO. FBT is a tax payable by employers on the value of certain benefits, known as 'fringe benefits', that has been provided to an employee (or an 'associate' of the employee) in respect of the employee's employment. ACT government agencies are required to pay FBT in respect to non-cash benefits provided to their employees.

The principal legislation dealing with FBT is the *Fringe Benefits Tax Assessment Act 1986* and its regulations, however, other associated legislation includes the *Fringe Benefits Tax Act 1986*, and the *Fringe Benefits Tax (Application to the Commonwealth) Act 1986*.

Pay As You Go (PAYG)

PAYG is part of the New Tax System and is a single integrated system for reporting and paying tax on business and investment income, and reporting tax withheld for unregistered suppliers or contractors. The PAYG system replaced 11 existing tax collection systems and became effective from 1 July 2000. The principle legislation for PAYG is embodied in Schedule 1 of the *Tax Administration Act 1953*.

Superannuation Guarantee Scheme (SG)

The Superannuation Guarantee Scheme requires all employers to provide a prescribed minimum level of superannuation support in each financial year for each of their employees. The principle legislation for SG is contained in the *Superannuation Guarantee (Administration) Act 1992 (SGAA)* and the *Superannuation Guarantee Charge Act 1992 (SGCA)*.¹

¹ Section 3 of the SGCA provides that it is incorporated into the SGAA and is to be read as one with the SGCA. For this reason, these two Acts will be collectively referred to as the SG Act.

Superannuation Productivity Benefit

The *Superannuation (Productivity Benefits) Act 1988* (the PB Act) applies to persons with no other employer-sponsored superannuation coverage in respect of their Australian Government or ACT Government employment, that is, to persons who are not members of the Public Sector Superannuation Scheme (PSS) or the Commonwealth Superannuation Scheme (CSS).

Persons covered by the PB Act include certain casual and temporary employees, statutory appointees and members of boards and commissions. The PB Act also covers certain contractors and consultants in the Territory's employment.

The PB Act provides superannuation coverage that satisfies the requirements of the SG Act.

The PB Act is now closed to Australian Government and ACT employees who commence employment on or after 1 July 2006. These employees will be covered by a choice of fund arrangements provided by their employers.

Australian Business Number (ABN)

The ABN is a single business identifier that allows businesses, which are carrying out an enterprise, to deal with the Commonwealth Government, at one place and with one identifier. The ABN operates in conjunction with the Australian Business Register that is administered by the ATO. ACT government entities are required to have an ABN prior to registering for GST, FBT and PAYG. The principal legislation dealing with ABN is *A New Tax System (Australian Business Number) Act 1999*.

Agency

For the purpose of this framework an agency takes on the same meaning as entities that are specified as agencies for the purpose of financial reporting under the *Financial Management Act 1996*. This means that the framework covers all agencies outlined in Budget Paper 4.

3 Applicability

The main purpose of the framework is to manage the Territory's risk in regard to possible non-compliance with the administration of GST/FBT and where applicable, PAYG, SG and PB. It is recognised that management of these risks needs to be balanced with costs to implement the framework, particularly for smaller agencies.

Non-Shared Services Agencies with annual non-employee expenditure² exceeding \$15 million are required to comply with the framework. It is considered that the \$15 million cut-off provides the right balance between managing the financial risk to the Territory and the costs associated with complying with the framework³.

Attachment 1 is an indicative list of agencies required to comply with the framework.

Small agencies, which have non-employee expenditure of less than \$15 million (and as such are not included in Attachment 1), are exempted from the requirement to comply with the framework, except for the taxation compliance review. However, these agencies are encouraged to implement as much of the framework as practicable. Small agencies will have access to all the tax support mechanisms, such as the helpdesk, and guidelines, and will be encouraged to attend the Territory's taxation manager forums that are facilitated by the Department of Treasury. These resources are outlined in Section 5.2.1.

Shared Services Agencies, which are above the \$15 million threshold, must follow the framework. Also, Shared Services is required to follow the framework for each agency it supports that is above the \$15 million threshold (see Attachment 1).

All agencies will be required to undertake a taxation compliance review every three years as outlined in Section 5.2.2. This includes all Shared Services Agencies. These reviews will assist in the early identification of non-compliance through the provision of independent advice regarding compliance with taxation requirements. All agencies are also required to be fully compliant with taxation legislation at all times.

² Excluding that expenditure representing the transfer of funds between Government Entities.

³ Due to the unique nature of the Territory Banking Account, it will not have to separately comply with the framework. Instead it will be included within the Department of Treasury for the purpose of this framework.

4 Responsibilities

4.1 Agencies

4.1.1 Chief Executive Officer

The Chief Executive Officer of an agency is responsible for ensuring the taxation management of the agency.

Sections 31 and 55 of the *Financial Management Act 1996* require Chief Executives of departments and Territory authorities to be responsible for the efficient and effective financial management of their agency. This includes taxation management.

The Chief Executive Officer is responsible to the relevant Minister and is accountable to the Legislative Assembly through the Minister.

The agency's Chief Finance Officer will supply to the Chief Executive Officer each year a certification that the agency is compliant with the Territory's taxation management, and the GST/FBT/PAYG, SG and, where relevant, PB legislation and regulations.

4.1.2 Chief Finance Officer

The Chief Finance Officer implements the Chief Executive Officer's intentions, and supports and assists the Chief Executive to discharge their taxation responsibilities. The Chief Finance Officer is accountable to the Chief Executive for the agency's taxation management.

The Chief Finance Officer is responsible for certifying that their agency is compliant with the Territory's taxation management framework, and the GST/FBT/PAYG, SG and, where relevant, PB legislation and regulations.

Applicable ACT agencies are to comply with the taxation management framework in order to minimise the exposure of taxation non-compliance risks.

The Territory's taxation management framework requires an agency to undertake an annual internal review of its taxation management. The final process of this review requires the Chief Finance Officer to certify that their agency has conducted a taxation review and that the agency is compliant with the Territory's taxation management framework and ATO taxation legislation and regulation requirements (see Section 5.1.8). The signed certification is to be forwarded to the agency's Chief Executive and the Taxation Liaison Officer in the Department of Treasury by the end of October each year.

The taxation management framework requires the Chief Finance Officer to be responsible for:

- ensuring that their agency is compliant with the Territory's taxation framework and Commonwealth Taxation requirements (this will be done in conjunction with Shared Services for Shared Services Agencies);
- certifying that their agency is compliant with the Territory's taxation management framework (as outlined in Section 5.1.8);

- liaising with their tax manager in Shared Services to organise the taxation compliance review (for CFO's of Shared Services Agencies) (as outlined in Section 5.2.2);
- tax planning (this will be done in conjunction with Shared Services for Shared Services Agencies); and
- certifying the agency's BAS, FBT and SG returns⁴. However, this certification may be delegated. For Shared Services Agencies, the certification of the BAS and FBT returns may be delegated to the Business Improvement Manager Shared Services.

The Chief Finance Officers of Non-Shared Services Agencies are responsible for designating a suitable officer as taxation manager(s). However, the Director, Finance Shared Services is responsible for designating the taxation manager(s) for all Shared Services Agencies.

If there is no ownership or accountability for taxation management, the organisation is unlikely to implement ongoing monitoring or process improvement. Although, the Chief Finance Officer is overall accountable for taxation management, operational aspects for taxation management may be delegated to an appropriately experienced and qualified individual. This officer will be designated the agency's taxation manager. However, for Shared Services Agencies the operational aspects of taxation management will be provided by Shared Services.

There may be instances when an agency requires more than one taxation manager. This could occur when a branch of the agency individually lodges their tax returns directly to the ATO. Each Non-Shared Services Agency may choose whether to have a single or multiple taxation managers within the agency. For agencies with Shared Services, the number of taxation managers is determined by the Director, Finance Shared Services. Where an agency with multiple GST entities elects to have a single taxation manager, the taxation manager takes ownership of all taxation management for the entire agency.

4.1.3 Taxation Manager

The taxation manager is responsible to the Chief Finance Officer for the agency's taxation compliance. Taxation managers in Shared Services are also responsible to the Director, Finance Shared Services in relation to an agency's taxation compliance.

The taxation manager's responsibilities include:

- developing and maintaining effective taxation administration procedures/processes appropriate for the agency;
- resolving agency taxation issues;
- ensuring the agency's tax returns are lodged with the ATO within the timeframes specified by the legislation;
- ensuring the agency's details on the Australian Business Register are current;

⁴ It is considered that the PAYG return will be completed and certified as part as the human resource function.

- ensuring that the withholding provisions under PAYG are applied. Where an agency chooses to have a single taxation manager, but has multiple tax entities, this function may be delegated;
- developing and communicating SG payment procedures to areas in their agency that have contracted employees, that are paid through the agency's financial system, i.e. outside the human resource function;
- maintaining an up-to-date working knowledge of GST/FBT, and where required a general knowledge of PAYG/SG, through appropriate training;
- disseminating to the relevant areas in their agency, information on changes in legislation and regulations, and how the changes may affect the agency. This includes taxation managers in Shared Services disseminating information to the agency they support;
- reporting to the Taxation Liaison Officer in the Department of Treasury all ruling requests;
- providing the Taxation Liaison Officer in the Department of Treasury a copy of all ATO review results, and provide details of all penalties imposed;
- providing the Taxation Liaison Officer in the Department of Treasury with a copy of the final Taxation Compliance Review report where a Compliance Review was undertaken (as outlined in Section 5.2.2);
- arranging the Taxation Compliance Review with the selected contractor (after being contacted by the CFO) (as outlined in Section 5.2.2);
- conducting an annual management review checklist (as outlined in Section 5.1.8);
- identifying and appropriately remedying non-compliance issues;
- developing, implementing and maintaining a Taxation Management Plan for the agency (as outlined in Section 5.1.2);
- reporting to the Chief Finance Officer the status of the agency's taxation compliance. Taxation managers in Shared Services are also required to report to the Director, Finance Shared Services in relation to an agency's taxation compliance; and
- arranging and advising the Department of Treasury of any Division 81 exemption requests. Note that this does not apply to Taxation Managers in Shared Services as this is the responsibility of the Strategic Finance area within Shared Services Agencies.

4.2 Department of Treasury

The Department of Treasury is responsible for providing advice and support to the Treasurer on taxation issues and ensuring that the appropriate framework and support mechanisms are in place for the Territory's taxation obligations.

The Department of Treasury will designate a Taxation Liaison Officer whose taxation management responsibilities will include:

- issuing a framework and associated guidelines for taxation management;
- ensuring agencies have reasonable access to a taxation helpdesk;

- disseminating whole-of-government taxation information to agencies;
- ensuring that relevant training opportunities exist for taxation managers. This may include advising them of future taxation training forums provided and facilitated by any of the professional business associations⁵. Some training will be provided by the Department of Treasury;
- facilitating the ACT agency taxation managers forums;
- participating in multi-jurisdictional working parties; and
- coordinating the taxation compliance reviews of ACT agencies.

⁵ Agencies will be responsible for the cost of taxation training fees incurred through attending external professional business associations.

5 Taxation Management Requirements

5.1 Agency

5.1.1 Designation of Taxation Manager(s)

Non-Shared Services Agencies need to designate a taxation manager(s). Shared Services is responsible for designating a taxation manager for all Shared Services Agencies.

The nominated officer(s) must be:

- at least a Senior Officer Grade C level (mandatory);
- qualified accountant (highly desirable, but not mandatory); and
- experienced with GST/FBT (highly desirable, but not mandatory) and be aware of the administration of PAYG, SG and PB (highly desirable, but not mandatory). If the nominated taxation manager does not have the required experience, they must undergo suitable training as soon as possible.

To ensure the continued effectiveness of the taxation manager, the taxation manager must also meet the following ongoing technical proficiency requirements:

- attendance of at least one GST and one FBT update seminar per year;
- remain current with taxation legislation amendments, new taxation rulings and taxation regulations;
- monitor and have access to a suitable library of up-to-date technical references; and
- active participation in the ACT Government's taxation management forums.

5.1.2 Taxation Planning

All agencies are required to develop, implement and maintain a taxation plan to reduce the risk of non-compliance, with relevant legislative requirements.

Each taxation manager is responsible for developing, implementing and maintaining its agencies taxation management plan. This will include all taxation managers in Shared Services being responsible for developing, implementing and maintaining a taxation plan for the agency that they are responsible for, which should be done in consultation with the relevant Chief Finance Officer.

Agency Taxation Management Plans are annual plans which are to be reviewed in October of each year.

An agency tax plan will include the following elements:

- adequate internal budget for taxation management requirements, for example, taxation compliance reviews;
- maintenance of an appropriate level of taxation awareness across the agency, so that relevant business decisions of the agency are made with appropriate regard to taxation implications;
- retention and management of business records as required under section 262A of the *Income Tax Assessment Act 1936*;
- system to enable the BAS/FBT/SG returns to be prepared accurately and lodged on time, tax payments and contributions to be paid by the due date, the reportable FBT to be calculated (and where applicable) included on employee payment summaries, and a system to ensure PAYG withholding is appropriately collected and remitted and that SG contributions, or where relevant, PB contributions are remitted to a complying superannuation fund;
- follow-up procedures to rectify any management issues identified during the previous year's certification process and/or taxation compliance review. For Shared Services Agencies, the taxation plan should include the procedures that Shared Services will undertake to rectify any management issues that exist within Shared Services; and
- regular reports/updates on the agency's taxation position to management.

5.1.3 Documentation of Agency Specific Policies and Procedures

Taxation managers are to develop and maintain documentation for agency specific taxation policies and procedures for taxation management. This will include all taxation managers in Shared Services working with agencies to develop and maintain agency specific taxation policies and procedures for Shared Services Agencies.

This documentation should reflect agency processes to address current legislative requirements.

The documentation of agency specific taxation management policies and procedures is essential for all agencies. An agency's taxation manager(s) should have a sound working knowledge of their agency's core business functions as each agency has unique core business functions with different taxation implications. The documentation of policies and procedures will need to reflect these unique transaction types and provide the taxation treatment for these transactions.

The purpose of developing agency specific documentation is to provide agency staff with a reference resource within the agency that is specifically designed to manage the individual agency's taxation requirements. The requirement for all agencies to maintain up-to-date policies and procedures documentation will assist in improving taxation management across the ACT Government.

5.1.4 Training and Communication

Taxation managers are required to maintain their taxation knowledge through regular training. In turn, the taxation manager is responsible for facilitating taxation education to agency staff. Where there have been changes to the policies and procedures, as a result of legislative amendments, these should be documented and communicated, as appropriate, throughout the agency.

An important component of the taxation management framework is to have an appropriately qualified taxation manager who has a current working knowledge of GST and FBT legislation and is familiar with the administrative requirements for PAYG, SG and PB. The agency taxation manager(s) must attend a minimum of one training session on GST and FBT each year to maintain their currency of knowledge. Taxation managers are also required to participate in taxation manager forums facilitated by the Department of Treasury. These forums will develop a taxation management network across the ACT agencies. Agencies not required to follow the framework are also encouraged to participate in these forums.

The taxation manager(s) is the main conduit for dissemination of taxation information within the agency. Taxation legislation is frequently amended and public rulings issued. The taxation manager(s) must document and communicate within their agency, the implications of these changes. It is the role of the taxation manager(s) to foster the appropriate level of taxation awareness through the provision of training to agency staff.

5.1.5 Resolution and Monitoring of Issues

Taxation managers are required to develop and maintain a taxation issues log for their agency. This will include all taxation managers in Share Services being responsible for developing and maintaining a taxation issues log for issues addressed by Shared Services for Shared Services Agencies.

When a taxation issue has been identified, it is necessary for the taxation manager(s) to log the issue and determine the appropriate remedy. The issues log is an important component of an agency's taxation management framework as it creates a knowledge

base of issues, sets precedents, provides a repository for agency taxation information⁶, and enables the monitoring of non-compliance risks.

The issues log essentially records the history of taxation issues for the agency, and details how the issues were resolved. The log also is a record of current and emerging taxation issues including an indication of the potential impact of non-compliance for the agency.

The key components of the issues log are:

- *date*: the date when the issue was entered into the log;
- *taxation topic*: the legislation applicable to the issue, i.e. GST/FBT/PAYG/SG;
- *subject*: a brief description of the issue and what part/section of the regulations/legislation the issue pertains to;
- *status*: the action required to resolve the issue, i.e. external/internal consultation and/or advice sought on the preparation for a private ruling application to the ATO. On resolution of the issue, a description of its remedy and the date are to be recorded in the log; and
- *level of risk and priority*: an assessment regarding the level of risk that the issue poses and the urgency of the required resolution. If the issue is rated as a significant risk⁷ or higher, the taxation manager(s) should report the issue to management. Where the consequences and the financial impact is rated very high risk, the taxation manager should notify the Taxation Liaison Officer in the Department of Treasury of the issue and proposed remedial action.

It is important for the taxation manager to regularly review the issues on the log to ensure that all remedies for issues remain in accordance with the current taxation law. It is also necessary for the log to indicate where additional documentation on any contentious or uncertain decisions is located. In the event of an ATO audit or a taxation compliance review, this documentation helps to demonstrate the reasons for the approach taken.

Where the taxation manager and/or Chief Finance Officer considers the issue may impact other agencies or at the whole-of-government level, it is important for the taxation manager to contact the Taxation Liaison Officer in the Department of Treasury to ensure that the issue is fully addressed.

⁶ Although, where multiple tax managers exist within an agency, each may maintain a single tax issues log. However, there are advantages for adopting a central repository of tax information in an agency, as this would reduce the costs associated with the taxation compliance review and, in turn, may facilitate in a possible lower level risk exposure when an ATO review is being planned.

⁷ As defined in 'Guidelines for Managing Risk in the Australian Public Service' – Management Advisory Board/Management Improvement Advisory Committee & Australian/New Zealand Standard 4360, 1995 Risk Management (AS/NZS 4360).

Issue Resolution

Depending on the magnitude of the issue, and resources available, a successful remedy of an issue may require one or more of the following actions:

- *internal consultation*: includes all resources available in the Territory including, the agency's professional library (i.e. an agency's policy and procedures documentation, the issues log, and the ATO website/legislation), taxation managers' forums and informal dialogue with other agencies' taxation managers;
- *helpdesk*: centrally operated service provided by external taxation specialists. The taxation manager will be responsible for centrally coordinating agency enquiries to the helpdesk. Only taxation managers will be able to contact the helpdesk;
- *external contractor*: seek advice from an appropriately qualified contractor; and
- *ATO*: Seek clarification from the ATO:
 - a general enquiry or a request for an administration reporting extension can be facilitated through the ATO website or the ATO helpdesk; and
 - where a decision regarding the application of the taxation legislation is required, the agency can apply for a formal taxation ruling. Before seeking a formal taxation ruling, an agency should ensure that all other possible options for resolving this issue have been explored. Approval by the Chief Finance Officer should be obtained before applying for a taxation ruling.

5.1.6 Agency Reporting Requirements

A taxation manager is to ensure that adequate supporting documentation is maintained.

Non-Shared Services Agencies are required to complete, sign and lodge tax returns with the ATO within the specified time. The Chief Finance Officer for each Shared Services Agency is responsible for reviewing and signing off the annual GST and FBT tax returns and Shared Services is responsible for the preparation and lodgement of these returns with the ATO within the specified time. The Chief Finance Officer may choose to have Shared Services perform the functions of review and signing off of GST and / or FBT returns. Where this occurs, the Business Improvement Manager Shared Services is responsible for reviewing and signing off the returns. Under the self-assessment system, the ATO accepts the unverified information contained in an agency's return(s) for reporting purposes. It is important that taxation manager's are able to demonstrate in the event of an audit that sound systems and controls are in place, and that documentation of the taxation treatment on unusual transactions can be produced for the prior five years.

5.1.7 ATO Audits

In the event of an ATO audit, the taxation manager is required to notify the Chief Finance Officer and the Taxation Liaison Officer in the Department of Treasury of the impending audit.

To minimise whole-of-government exposure to taxation non-compliance risk and to increase the Territory's awareness of the ATO taxation compliance focus, an agency's taxation manager is to notify the agency's Chief Finance Officer and the Taxation Liaison Officer in the Department of Treasury when the ATO has formally advised of an impending taxation audit.

5.1.8 Certification

Agencies required to fully comply with the framework are to complete a taxation certification as at 30 September every year. The Chief Finance Officer must sign the certification. Prior to certification, a completed taxation management checklist, signed by the taxation manager, is to be provided to the Chief Finance Officer. The certification must be provided each year to the agency's Chief Executive Officer and the Taxation Liaison Officer in the Department of Treasury by 31 October.

The cabinet agreed framework requires a taxation management certification to be provided to the Department of Treasury. The certification must state:

- the agency is compliant with the taxation management framework;
- the agency is compliant with the requirements of the taxation administration legislation for GST, FBT, and to the extent of the finance functions of PAYG, SG and PB;
- if a taxation compliance review or ATO audit occurred in the preceding 12 months, details of any issues identified and the actions taken to resolve the issues;
- the taxation manager(s) has undertaken the required training and has participated in a minimum of 50% of the Territory's taxation manager forums;
- an up-to-date log of taxation issues has been maintained; and
- the agency has completed the annual management checklist – with all identified non-compliant issues documented and remedial action being undertaken.

The taxation manager is required to complete the taxation management checklist annually.

The purpose of the taxation management checklist is to provide assurance to management that the agency's taxation obligations are being met. A generic checklist has been developed to assist agencies to perform their own annual taxation management review.

For agencies included in Shared Services, the Business Improvement Manager Shared Services will provide to the Chief Finance Officer a completed checklist, representation letter and draft certification by 30 September.

Agencies can access a pro forma certification on the Accounting Branch website, www.treasury.act.gov.au/accounting then select Taxation.

5.2 Department of Treasury

5.2.1 Knowledge Management

The Department of Treasury will facilitate the provision of information to agencies.

The Department of Treasury has a key role in the development and communication of the taxation management framework, and facilitation of its implementation across the Territory. A major function of that role is the dissemination of information that will assist agency taxation managers to comply with the Territory's taxation management framework.

The Accounting Branch in the Department of Treasury has developed a number of mechanisms for disseminating information. These mechanisms include:

- *the Accounting Branch website:* The Accounting Branch website provides framework documentation which can be accessed via the Treasury website. Agencies are able to access taxation management checklists, and the certification pro-forma from the website;
- *helpdesk:* The Department of Treasury will fund reasonable access to a helpdesk to assist agencies with general taxation enquiries. The helpdesk service is provided by external taxation specialists and provides a centrally funded service for agencies that includes an annual quota of two hours of either verbal advice over the phone or written advice. The external taxation specialist also provides a half an hour for free. Additional enquiries will need to be funded by agencies; and
- *taxation manager forums:* The aim of the taxation manager forums will be to assist taxation managers develop an informal Territory-wide taxation network. The taxation manager forums are organised by the Department of Treasury's Taxation Liaison Officer. Where appropriate, the ATO or contracted firms will be invited to participate in part of the forums. The advantage of these forums is that they allow members to openly discuss taxation issues. The Department of Treasury recognises that agency taxation managers will have varying degrees of tax knowledge and/or expertise, and these forums will provide an informal information sharing opportunity.

In addition, the Department of Treasury will also provide limited taxation-training sessions for both GST and FBT.

5.2.2 Taxation Compliance Reviews

To assist with minimisation of the exposure of non-compliance risk to the Territory, a taxation compliance review of all agencies will be conducted once every three years on a rolling basis.

Taxation compliance reviews must be performed by each agency at least once every three years. That is, an agency cannot undertake a review more than 3 years after they undertook their last review.

The taxation compliance review assists agencies with their taxation management by providing specialist advice on the agency's taxation compliance. Such a review recognises that:

- taxation management is a whole-of-government risk area;
- taxation is a complex area; and
- agency internal audit sections may not have the specialised skills or resources to perform a taxation compliance audit.

Shared Services Agencies must undertake a taxation compliance review in the same way as Non-Shared Services Agencies. It is the responsibility of the CFO in Shared Services Agencies to contact their taxation manager in Shared Services to inform them that a taxation compliance review is required and as such will need to organise the review. The taxation manager is then responsible for communicating directly with the selected contractor to arrange the Taxation Compliance Review.

A copy of the related audit report is to be provided through the Chief Finance Officer to the Audit Committee. A copy of the report is also to be provided to the Taxation Liaison Officer in the Department of Treasury by the Taxation Manager.

To ensure that the taxation compliance review is independent, the Department of Treasury will appoint and manage appropriate external contractors to conduct the reviews. The contractors will report results of the reviews directly to the taxation manager.

All agencies will be required to fund these reviews including all Shared Services Agencies. That is, Shared Services is not responsible for paying for the taxation compliance reviews of the agencies which they are responsible for looking after.

5.2.3 Monitoring

The Department of Treasury will monitor agencies' annual certifications to ensure the taxation framework is being adhered to and to identify whole-of-government taxation issues. The Department of Treasury will be responsible for scheduling when agencies are to be reviewed within each three year period. For Shared Services Agencies, the Department of Treasury will consult with Shared Services in relation to the scheduling of the taxation compliance review.

5.2.4 Inter-Government Relations

The Department of Treasury is also responsible for the whole-of-government cooperative compliance program with the ATO.

As part of the Department of Treasury's role of maintaining whole-of-government taxation policy, Treasury officers participate in following State/Territory and Commonwealth forums:

States and Territory's Industry Partnership (STIP): is a GST and FBT working party comprised of delegates from each of the jurisdictional treasuries and ATO officers. The group discusses whole of government compliance issues, technical up-dates and legislative interpretations. A key function of this working party is to address government taxation compliance issues; and

Goods and Services Tax Administration Sub-Committee (GSTAS): this working party comprises representatives from each State and Territory to monitor the Commonwealth's administration of GST, including GST policy and the administration of the Division 81. Under Division 81 of the *Goods and Services Tax Act 1999*, the Federal Treasurer can make a determination for certain government transactions to be excluded from GST. Each State and Territory is responsible for ensuring that items in Division 81 are up-to-date.

6 Attachment 1 – Agencies Required to Fully Comply with the Taxation Management Framework

ACTION

ACT Health

ACT Insurance Authority

ACT Planning and Land Authority

Canberra Institute of Technology

Chief Minister's Department

Department of Disability, Housing and Community Services

Department of Education and Training

Department of Justice and Community Safety

Department of Treasury

Department of Territory and Municipal Services

Housing ACT

Land Development Agency

Shared Services Centre

Superannuation Unit