Australian Government
Australian Taxation Office

GST administration annual performance report 2023–24

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Acknowledgment of Country

We acknowledge the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them, their cultures, and Elders past and present.

We recognise the unique relationship Aboriginal and Torres Strait Islander peoples have to Country, culture, community and the important role this plays in us all walking together as Australians.

We value the contribution Aboriginal and Torres Strait Islander peoples make to our organisation and the broader tax, superannuation and registry systems.

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Deputy Commissioner's review

On behalf of the Commissioner of Taxation, I am pleased to present the *GST administration annual performance report 2023–24*.

Our key outcomes for 2023–24, as shown in Figure 1.1, include:

- $84.9 billion raised, including $5.3 billion by the Department of Home Affairs – this was 4.4% (or $3.6 billion) higher than last year (though 1.2%, or $1 billion, below the 2023–24 Budget estimate of $85.9 billion).
- $3.0 billion liabilities raised from ATO compliance activities – this includes $1.6 billion raised through the GST Compliance Program, exceeding the program's planned commitment of $950 million by $665 million (or 70%).

Also shown in Figure 1.1 is the net GST gap calculated for 2022–23. This is estimated to be approximately 9.0%, resulting in the ATO receiving 91% of the GST revenue that was expected to be collected, the bulk of which was collected voluntarily. In part, this net GST gap is attributable to challenging economic conditions, which continued into 2023–24.

Whilst we supported the taxpayers who engaged with us, those who chose not to engage or purposefully avoided payments were targeted with earlier firmer action.

The increasingly digital economy generates new risks, challenges and focus areas in the GST environment. Ongoing evaluation and review of our GST risk models remained crucial to maintaining and enhancing their effectiveness and reliability.

Our targeted GST communications and engagement across the GST ecosystem, including the GST and Tax Practitioner Groups, remained instrumental in supporting tax professionals and taxpayers to comply with their obligations.

Looking forward

Willing participation supports our tax system to excel in its innovation, integrity, fairness, efficiency and transparency.

To improve GST compliance in this everchanging digital environment, we will invest in improvement and transformation activities to capitalise on evolving opportunities and address emerging issues. We will safeguard the system against misuse and ensure taxpayer compliance through our continued emphasis on preventive and detected measures.

Our key focus areas for GST administration in 2024–25 include:

- using our Three Tier Models to inform our risk management approach
- strengthened tailored GST debt collection with a business debt focus
- greater controls for GST registration and further targeted pre-refund integrity checks
- enhanced, responsive fraud control frameworks and targeted treatment strategies.

Our commitment to maximising the return of GST revenue to the states and territories with sustainable, effective and efficient administration is balanced between:

- the cost of administration
- the compliance cost for taxpayers
- maintaining community confidence
- optimising voluntary compliance
- facilitating a level playing field for all taxpayers.

Lastly, to the representatives from Treasury and the states and territories on the GST Administration Subcommittee and the GST Policy and Administration Subgroup, thank you.

I look forward to a future fostered by your ongoing support and advice.

Hector Thompson
Deputy Commissioner of Taxation

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Figure 1.1: GST 2023–24 outcomes

Revenue

Total GST revenue collected in 2023–24

$84.9 billion

including **$5.3 billion** collected by **Home Affairs**

Administration cost

Total GST administration cost

$617.7 million

costing **$0.70** to collect **$100** of **GST revenue**

Our taxpayers

GST registrants

3.4 million

Small businesses make up **76%** of GST registrants

Lodgments

Total BAS lodged

83%

94% lodged **electronically**
72% lodged **on time**
60% lodged via **BAS or tax agent**

Compliance engagement

We raised

$3.0 billion

in **GST liabilities** (including the GST Compliance Program)

GST compliance program NPP

Liabilities raised

$1.6 billion

from the **GST Compliance Program**

Debt

Collectable GST debt

$13.2 billion

with **71%** of payments made **on time**

GST gap

Net GST gap in 2022–23

$7.9 billion

(9.0%)

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1 GST administration

Key performance indicators

Table 1.1 GST gap (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Net gap	6.3	4.3	5.5	**9.0**	–
Gross gap	9.5	8.5	13.6	**12.6**	–

Note: Results are not available for the given year.

Table 1.2 Voluntary compliance ratio (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
By number of taxpayers (strict)	49	46	48	**47**	–
By number of taxpayers (relaxed)	78	75	81	**77**	–
By value of GST	84	85	83	**82**	–

Note: Results are not available for the given year.

Table 1.3 Ratio of collectable debt to GST revenue (%)

Type of collection	2019–20	2020–21	2021–22	2022–23	2023–24
Debt collection rate (accrual method)	11.8	12.1	13.6	15.0	**14.9**
Debt collection rate (cash method)	13.1	12.0	14.1	15.8	**15.6**

Table 1.4 Strike rate of audit activities (%)

Measure	2019–20	2020–21	2021–22	2022–23	2023–24
Small business	n/a	87	95	83	**73**
Privately owned and wealthy groups	n/a	66	62	56	**53**
Public and multinational businesses	n/a	75	53	56	**55**
Not-for-profit	n/a	81	35	47	**54**
Other	n/a	85	92	92	**88**
Overall	**80**	**86**	**94**	**84**	**73**

Table 1.5 GST revenue effects ($m)

Type of action	2019–20	2020–21	2021–22	2022–23	2023–24
Preventative actions and sustained compliance	370	426	390	398	**319**
Sustained lodgment compliance	477	370	224	346	**364**
Total	**847**	**796**	**614**	**744**	**683**

Note: Total revenue effects which include audit and lodgment actions reported in Table 2.3.

Table 1.6 Other measures

Measure	2019–20	2020–21	2021–22	2022–23	2023–24
GST collection costs as a percentage of GST revenue (%)	0.92	0.71	0.87	0.78	**0.70**
TRS claims rejected (no.)	11,487	780	2,157	8,416	**10,457**
GST Compliance Program (Schedule D) return on investment (ratio)	15.5:1	11.3:1	30.1:1	23.5:1	**12.9:1**
GST assured (%)	8.8	9.1	**7.8**	–	–

Note: Results are not available for the given years.

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Performance reports

Using this report

Schedule	Location in this report
GST Administration Performance Agreement	These outcomes are presented throughout the report
Schedule A – Performance outcome measures	Schedule A – the performance measure reference is identified in the note below each table. You can find a particular result using the search function with the performance measures details, for example, '2c'
Schedule B – GST Budget and administration activities	GST administration expenditure chapter
Schedule C – Monitoring and review arrangements	GST administration chapter (including reporting responsibilities and ad hoc report information)
Schedule D – 2023–24 Budget Measure: GST Compliance Program – four-year extension	GST Compliance Program chapter

Due to the rounding of figures throughout the report, totals in tables may differ from the sum of its components.

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Performance outcomes

The ATO is accountable for GST administration and collecting GST revenue effectively. This includes optimising voluntary compliance by effectively and efficiently managing the administrative and compliance risks by committing to:

- world's best practice
- cost-effectiveness and transparency
- enhancement with digital transformation
- cooperative relationships.

Our commitment and practices continue to ensure our results against the agreed Schedule A measures in the following categories:

- Maintain compliance
- Client engagement outcomes
- Cost-effective administration.

Our administration of cross-border GST has been supported this year by:

- active involvement in Organisation for Economic Co-operation and Development (OECD) initiatives that enhance international consistency of GST policy design and support tax administration
- successful targeted and tailored communications including an international advertising campaign for non-resident businesses in the United States of America and United Kingdom
- developing differentiated risk management approaches in response to improved use of banking card payment data to identify non-resident businesses with unmet GST obligations.

Our Governance arrangements, outlined on page 12, provide transparency of our accountability to states and territories.

We use data, research and engagement to plan future compliance enhancements and prevent disputes. Our analytic tools access the wealth of data we hold to support those who want to comply and make it harder for those who chose not to.

We maintain and further enhance cooperative relationships with key stakeholders, in particular:

- states and territories
- Treasury
- Department of Home Affairs (including Australian Border Force).

We work collaboratively with the Treasury to manage our working relationship with the states and territories, enabling us to:

- consult more effectively
- inform them of GST risks and issues
- improve outcomes.

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The GST Stewardship Group

By using the knowledge, experience and perspectives of the members of the GST Stewardship Group we aim to improve our administration.

Co-chaired by the Deputy Commissioner International, Support and Programs, it includes representatives with a strong background in GST law and administration from:

- business and industry
- professional associations
- academia
- Commonwealth, state and territory treasuries.

A review and renewal of this group's external membership was completed in 2023–24 through an expression of interest process. This resulted in 5 new members and the appointment of a new external co-chair. This led to a range of fresh perspectives and views improving engagement and outcomes.

Community satisfaction

We conduct research to measure the levels of trust the general Australian community has in the way the ATO administers the tax, superannuation and registry systems. For the 2023–24 trust metric we achieved the same result as last year, 63 out of 100.

Separate research measured the level of service satisfaction clients had regarding their recent interaction with the ATO, either acceptable or excellent. The 2023–24 result for overall client service satisfaction was 73%, similar to the 2022–23 result.

The service satisfaction result for clients who recently interacted with us about GST was 84%, 2 percentage points above the 2022–23 result.

Monitoring and review arrangements

Governance arrangements

The GST Program branch provides leadership, governance and assurance to ensure we deliver on our performance agreement. This includes a focus on the whole-of-GST product risk, strategy, capability and resource management.

The Deputy Commissioner, International, Support and Programs is the GST Product Owner and is responsible for the administration of the GST product. As the GST Leadership Group chair, they also oversee the highest level of GST product committee governance incorporating strategic direction, effectiveness, efficiency and sustainability.

Other committee members include Deputy Commissioners involved in administering the GST product and Assistant Commissioners from GST Program and ATO Finance.

The accountability mechanisms and forums depicted in the framework in Figure 1.2 show our quarterly reports of agreed performance outcomes.

We report through governance forums, escalating to the Council on Federal Financial Relations (CFFR).

Audit arrangements

The Australian National Audit Office conduct an annual special purpose audit of GST costs and the systems for control of GST costs for the ATO. We provide a copy of the audit report to GSTAS (through GPAS).

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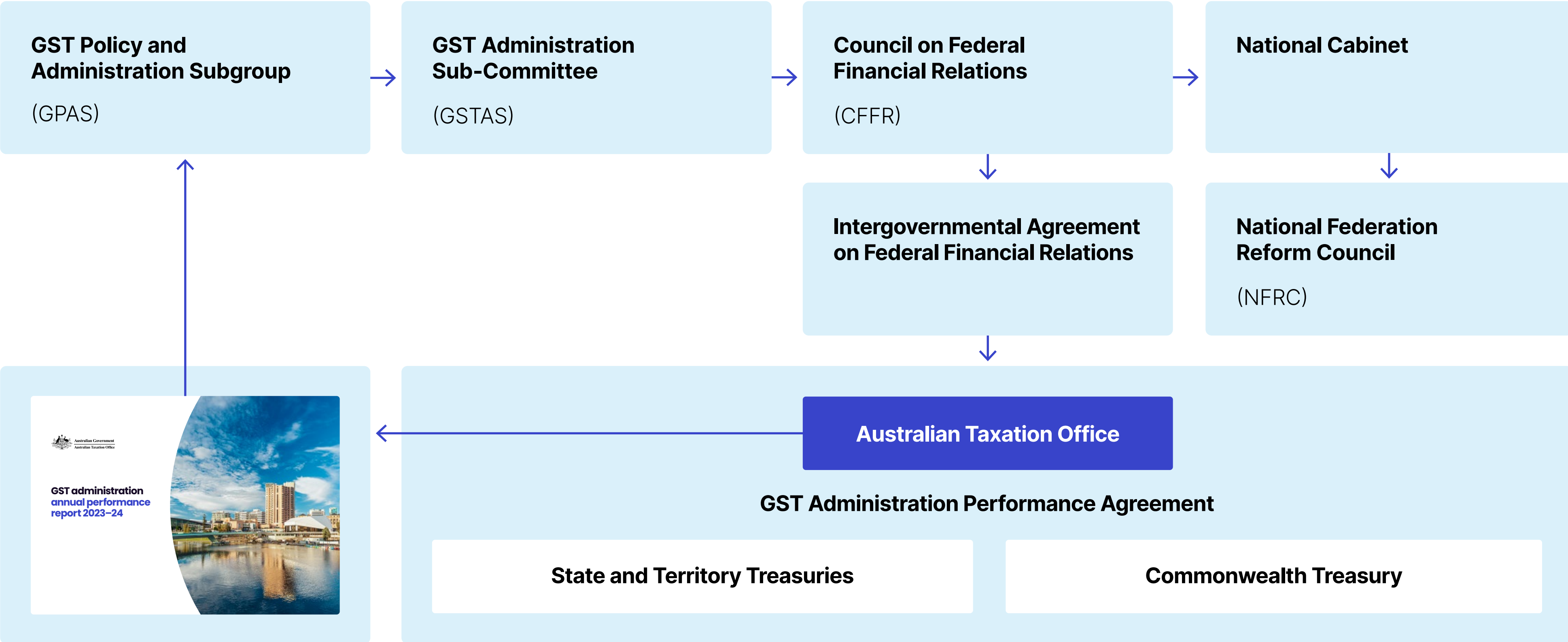
Figure 1.2 Accountability framework



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2 GST revenue performance

Revenue collection

In 2023–24, net GST cash collections (excluding non-GIC penalties) were $84.9 billion, including net Department of Home Affairs collections of $5.3 billion.

The 2023–24 cash outcome was 4.4% (or $3.6 billion) higher than in 2022–23, consistent with growth in household consumption.

Nonetheless, this growth was lower than expected, resulting in cash collections being:

- 1.2% (or $1.0 billion) below the estimate for 2023–24 of $85.9 billion published in the 2023–24 Budget
- 0.9% (or $0.8 billion) below the estimate for 2023–24 of $85.7 billion, published in the 2024–25 Budget.

While net GST cash collections were $84.9 billion, net GST accrued on a tax liability method (TLM) was $88.1 billion. TLM is defined as being the earlier of the cash payment being received or the associated liability being recognised. The difference between net GST accruals and cash collections of $3.2 billion, largely reflects late payments and increasing debt.

The estimated total statement outcome for June 2023 to May 2024 business activity statements (BAS) due in 2023–24 was $78.8 billion, $3.7 billion higher than the corresponding period in 2022–23. This is mainly due to strength in the professional, scientific and technical services, construction and wholesale trade sectors. Partially offsetting these were higher refunds to the mining and public administration sectors.

Table 2.1: Revenue outcome ($m)

GST revenue	2019–20	2020–21	2021–22	2022–23	2023–24
Total GST accrual	66,682	72,606	76,001	85,295	**88,126**
Total GST cash	60,236	73,073	73,581	81,332	**84,918**
• Net Home Affairs GST cash	4,175	4,774	5,692	5,683	**5,337**

Notes: GST Performance Agreement Schedule A 1a. The total GST revenue amount excludes non-GIC penalties.

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Measurement and effectiveness

The ATO uses a suite of measures to provide insights into the health and operation of the GST system and the effect of our actions. These performance measures include:

- GST gap
- voluntary compliance ratio (VCR)
- total revenue effects (TRE)
- GST assured.

Three of our performance measures (GST gap, VCR and GST assured) are 'lag indicators' that tell us about past performance. We supplement these with the TRE, which measures our current impact on tax collection.

GST gap

The GST gap estimates the difference between GST collected and the amount that would have been collected if all taxpayers were fully compliant with tax law (theoretical GST).

There are 2 types of GST gap:

1. Gross GST gap – the gap before the impact of our engagement
2. Net GST gap – the gap after our engagement.

Using revised methodologies and updated data, the estimates indicate a sharp increase in the estimated net tax gap to $7.9 billion in 2022–23 (9.0% of theoretical GST) up from $4.4 billion (5.5%) in 2021–22.

As the economy rebounded from COVID-19, the estimated GST base rose strongly with 2 years of record growth in 2021–22 (9.8%) and 2022–23 (11.8%).

In both 2021–22 and 2022–23 there were relatively large estimates of non-pursuable debt, and the net gap is estimated to have increased in both years.

The estimated gross gap is measured before the impact of ATO compliance activities are considered. The gross gap is estimated to have risen quite sharply from $6.1 billion in 2020–21 to $10.8 billion in 2021–22 before a more moderate increase to $11.2 billion in 2022–23. As a share of theoretical GST, the gross gap fell from 13.6% in 2021–22 to 12.6% in 2022–23, reflecting the strong growth in the GST base. The large increase in 2021–22 reflected a high level of activity statement fraud, estimated at $6.4 billion.

Some of this activity statement fraud was identified and stopped prior to the refund being paid to the taxpayer. However, some claims that were amended after refunds were paid. In those instances, our ability to recover these refunds is lower than other GST debt. This resulted in an uplift in estimated non-pursuable debt which is impeding growth in revenue expected to be paid.

In 2022–23 the level of non-compliance has returned to more normal levels and moderated the uplift in the gross gap (relative to the net gap).

Accounting for the shadow economy

Estimating the size of the shadow economy in normal economic times is subject to significant uncertainty, resulting in a wide margin for error. Divergent impacts associated with COVID-19 have increased the range of uncertainty.

Reflecting this uncertainty and the higher estimates of the shadow economy published in a government taskforce report, we now consider it prudent to reflect a more contemporary view of the shadow economy in the GST gap.

Given these concerns, we are developing a bottom-up model to estimate the GST gap using microdata generated by operational (risk-based) audits.

Indicative estimates using the bottom-up approach suggest the net GST gap is higher than those from the top-down model and reinforce that the shadow economy is understated in the top-down analysis.

The estimates generated by a bottom-up approach will complement the top-down estimates and greatly enhance our understanding of the GST gap and its key drivers.

We envisage that estimates based on the bottom-up approach will be published next year.

For more information, see Australian tax gaps.

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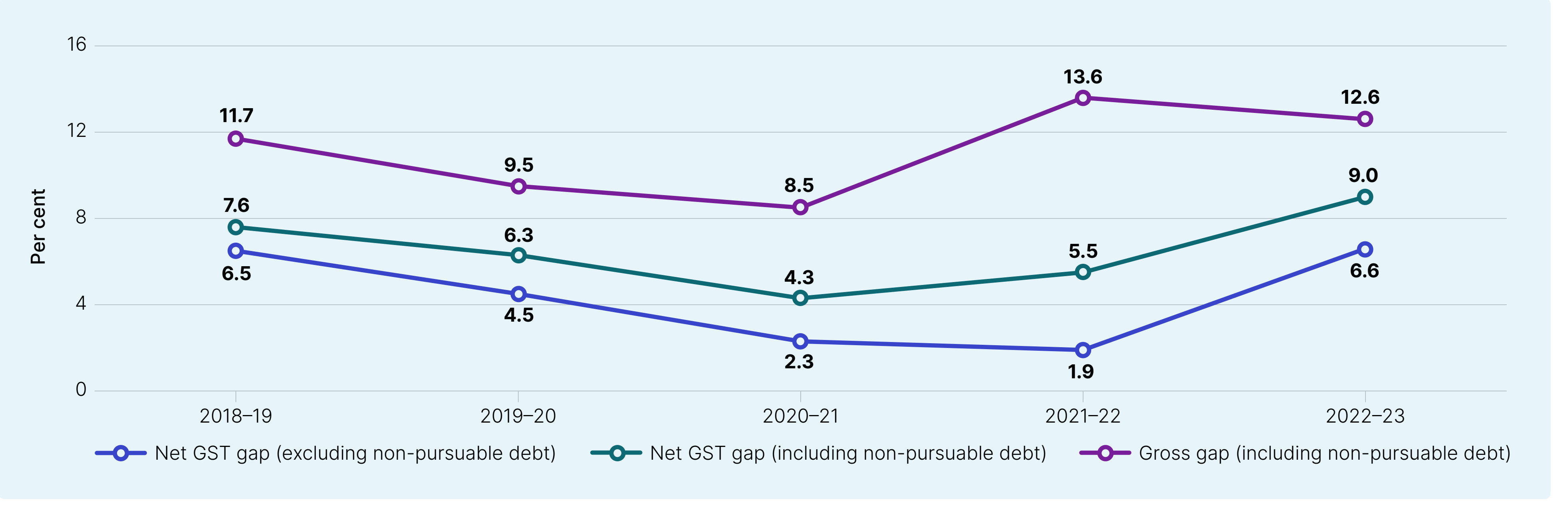
Figure 2.1 Estimated gross and net GST gap



Note: GST Performance Agreement Schedule A 2b–c.

Table 2.2 Estimated net GST gap (value $b)

Type of measure	2018–19	2019–20	2020–21	2021–22	2022–23
Excluding non-pursuable debt	4.6	3.1	1.6	1.5	**5.9**
Including non-pursuable debt	5.3	4.4	3.1	4.4	**7.9**

Note: GST Performance Agreement Schedule A 2a.

ATO action to reduce the GST gap

Addressing and influencing taxpayer behaviour to maximise voluntary compliance and minimise GST gap remains a priority. Taxpayer actions which impact the GST gap continue to range in severity from honest reporting errors to deliberate non-compliance, and include:

- non-reporting of GST
- under-reporting of GST
- over-claiming of refunds
- non-payment of GST liabilities.

Our compliance programs therefore provide a balance of prevention, early engagement and assurance activities and target higher-risk taxpayers and industries.

We continue our focus on managing GST compliance risks and behaviours impacting the integrity of the GST. Contemporary technology continues to strengthen our ability to manage GST risks including fraud by:

- improving our risk identification process with earlier detection techniques, enabling us to apply differentiated and tailored treatment strategies
- delivering an automated solution to streamline processes related to managing high-risk refunds
- providing staff with a more holistic view of GST lodgment to support a better client experience when engaging with taxpayers.

Where a BAS lodged online contains an identifiable or likely reporting error, nudge messaging recommending taxpayers check their BAS before lodging their refund is generated.

Consultation and initiatives to provide a digitalised future supporting small business is a key focus area of the ATO Corporate Plan 2024–25. This encourages enhanced integration that supports high-quality, system-generated tax guidance to:

- provide certainty, increasing confidence
- minimise errors
- promote right-time reporting and payment.

This work is aligned to the Organisation for Economic Co-operation and Development (OECD) Tax Administration 3.0 vision and the *ATO digital strategy 2022–25*.

To ensure large businesses pay the right amount of GST and to reduce the gap, we have a combination of one-to-one and one-to-many approaches. These include our justified trust assurance programs and advice and guidance strategies. We are also working with large businesses to introduce supplementary annual GST reporting on their ongoing investment in GST compliance. The new annual return will help ensure we maintain assurance over taxpayers and prioritise our compliance resources.

We prevent compliance issues before they arise, by supporting those who want to do the right thing and helping them reduce mistakes through:

- reminders
- nudges
- improved information on our website
- public advice and guidance.

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At the same time, we take a firmer approach with those we detect deliberately evading their GST and other tax obligations.

We will continue to work towards closing the gap by:

- building trust and confidence within the community by implementing strategies under the GST Compliance Program
- achieving GST compliance outcomes from other ATO government funded programs, including the Shadow Economy Advisory Forum, Serious Financial Crime Taskforce, and Phoenix Taskforce.

Australian tax gaps – overview provides further information on the concept of tax gaps, including why and how we measure them, and a summary of the latest available tax gap data.

GST voluntary compliance ratio

The GST VCR complements the GST gap by measuring the proportion of taxpayers fully compliant with the 4 pillars of compliance – registration, lodgment, reporting and payment. For a taxpayer to be deemed fully compliant they must:

- be correctly registered
- lodge by the due date
- report the correct amount of GST
- pay the correct amount on time.

The proportion of taxpayers voluntarily complying with their obligations and the value of GST remitted voluntarily are important indicators of the health of the GST system and community confidence.

The GST VCR is measured at 2 levels:

- Taxpayer level – the number of taxpayers who completely meet all their obligations for the financial year.
- GST value level – the amount of GST that is voluntarily remitted in accordance with the law for the financial year.

Using our strict definition of compliance, we estimate the VCR for 2022–23 at 47%, down 1% from 2021–22. We recorded more taxpayers correctly registering and meeting their lodgment obligations through the year. However, these improvements were ultimately offset by the estimated increase in the GST gap value. An increased GST gap value results in a reduced number of taxpayers reporting the correct amount of GST.

To account for minor unintentional late payments or lodgments, the relaxed definition adjusts for:

- taxpayers who have no total business income in the year, that is, a nil BAS
- taxpayers who are only considered non-compliant due to a single BAS lodged late or a single late payment.

The relaxed measure is down when compared to 2021–22 but is in line with earlier years.

The VCR by GST value equalled 82%. Over many years, the higher value reflects the high level of GST compliance from Australia's largest taxpayers.

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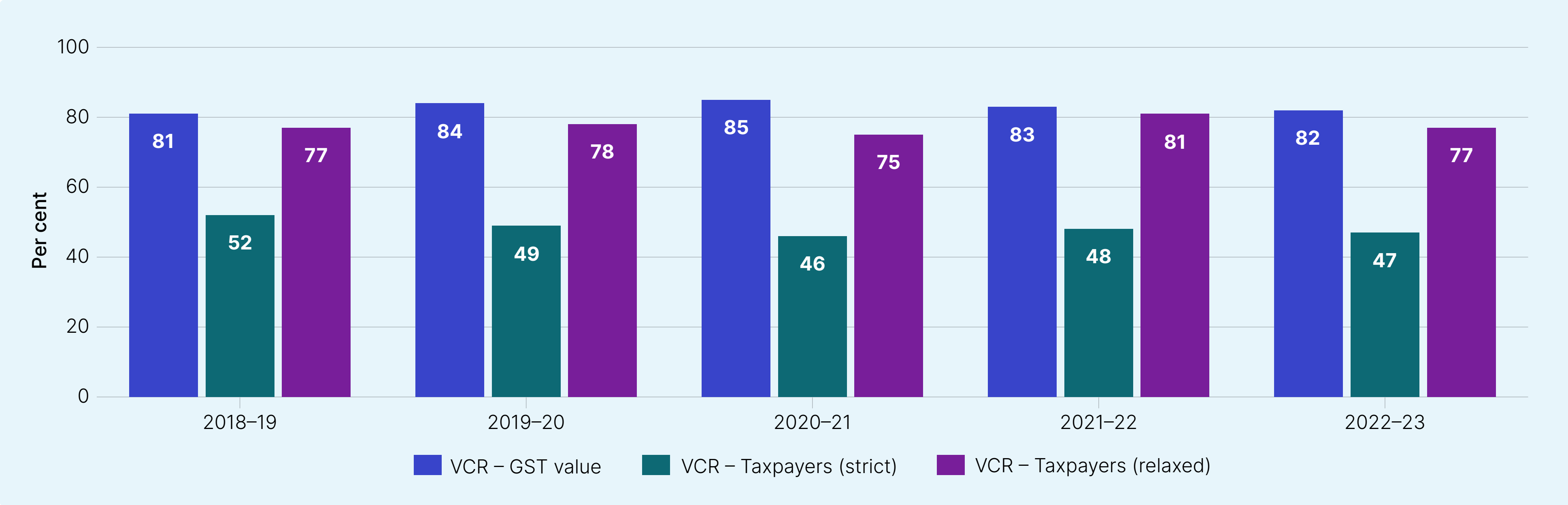
Figure 2.2: VCR by GST value and taxpayers



Note: GST Performance Agreement Schedule A 6a–b.

Total revenue effects

GST total revenue effects (TRE) is a measure of the additional tax revenue collected as a direct result of previous ATO compliance activities, including preventative compliance strategies, that aim to:

- positively change the compliance behaviour of taxpayers
- address non-compliance
- disrupt or prevent evasion and fraud activities.

These activities serve to improve levels of willing participation in the systems and programs we administer. Understanding and measuring the impact of our activities helps us to develop effective new strategies and improve existing ones.

In calculating TRE, we include the:

- payment of liabilities, including penalties and interest, that are directly connected to the adjustments we make through our audit actions to ensure the right amount of GST is assessed and paid
- value of incorrect claims that we stopped prior to a refund issuing
- estimated additional tax paid voluntarily by taxpayers we influence through our preventative actions (activities undertaken before they lodge to ensure they lodge correctly), where there is a clear causal connection with our engagements
- revenue associated with our lodgment actions to improve or enforce lodgment of due returns and statements, as well as estimated sustained lodgment compliance following these actions
- significant refunds due to objections or litigation where we have previously reported the payment as part of total revenue effects.

As shown in Table 2.3, 2023–24 TRE from all activities totalled $3.1 billion (excluding penalties and interest). Table 2.4 shows TRE including penalties and interests totalling $3.2 billion for 2023–24.

Audit actions and incorrect claims stopped

In 2023–24, we estimate that our audit actions stopped incorrect claims and contributed $1.6 billion (excluding penalties and interest) in total revenue effects.

Lodgment actions

The 2023–24 lodgment program included a strong focus on GST compliance and the shadow economy. Lodgment activities include a mix of SMS, letters, telephone calls and firmer actions such as failure to lodge penalties and prosecution referrals.

In 2023–24:

- lodgment-related activities contributed $889 million (excluding penalties and interest) in TRE
- sustained lodgment compliance following action contributed $364 million (excluding penalties and interest) in TRE.

Prevention and sustained compliance

Our prevention and sustained compliance activities benefit the broader integrity and long-term management of the GST system. Preventative actions are those aimed at helping taxpayers get it right the first time when they lodge. This includes targeted campaigns and real-time nudges.

For 2023–24, our estimates for prevention and sustained compliance are lower than 2022–23, with an estimated total of $319 million contributing to TRE. The lower estimate in part reflects our focus in recent years on activity statement fraud where we do not expect the treated population to continue to participate in the tax system, leaving limited sustained compliance to be measured.

For more information, see Total revenue effects.

Table 2.3: GST total revenue effects – excluding penalties and interest ($m)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Audit actions and incorrect claims stopped	1,070	1,132	3,389	2,089	**1,577**
Lodgment actions	1,221	702	1,025	962	**889**
Preventative actions and sustained compliance	370	426	390	398	**319**
Sustained lodgment compliance	477	370	224	346	**364**
Total	**3,139**	**2,631**	**5,028**	**3,795**	**3,148**

Note: GST Performance Agreement Schedule A 5a.

Table 2.4: GST total revenue effects – including penalties and interest ($m)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Audit actions and incorrect claims stopped	1,162	1,157	3,451	2,202	**1,592**
Lodgment actions	1,264	727	1,052	1,033	**955**
Preventative actions and sustained compliance	370	426	390	398	**319**
Sustained lodgment compliance	477	370	224	346	**364**
Total	**3,273**	**2,679**	**5,117**	**3,979**	**3,230**

Note: The 2023–24 result includes around $432 million in GST collections, with $142 million of voluntary disclosures from large businesses.

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Table 2.5: GST total liabilities raised – excluding penalties and interest ($m)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Liabilities raised through active compliance	2,645	2,339	5,407	4,829	**2,958**
Preventative actions and sustained compliance	370	426	390	398	**319**
Sustained lodgment compliance	477	370	224	346	**364**
Total liabilities raised	**3,493**	**3,135**	**6,020**	**5,573**	**3,641**

Notes: GST Performance Agreement Schedule A 5a. Liabilities raised include preventative actions in Table 2.3.

Table 2.6: GST total liabilities raised – including penalties and interest ($m)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Liabilities raised through active compliance	2,827	2,798	5,806	5,384	**3,481**
Preventative actions and sustained compliance	370	426	390	398	**319**
Sustained lodgment compliance	477	370	224	346	**364**
Total liabilities raised	**3,675**	**3,594**	**6,419**	**6,128**	**4,163**

Notes: Liabilities raised include preventative actions in Table 2.3. The 2023–24 result includes around $482 million in GST collections, with $145 million of voluntary disclosures from large businesses.

GST assured

GST assured is an estimate of the tax that we are highly confident is correctly reported on a positive assurance basis.

This indicator is based on the concept of 'justified trust'. GST is assured when, justified trust is achieved and where we have defensible evidence that demonstrates the reporting of GST is complete and accurate.

For businesses (particularly larger businesses), we primarily assure GST by reviewing objective evidence obtained through one-to-one engagements. GST results are primarily driven by public and multinational businesses, due to their economic size. There was approximately $5.5 billion of GST assured in the public and multinational businesses sector in 2021–22, predominantly from the Top 100 and Top 1,000 programs.

It is not practical to assure all tax is correctly reported, and our tax assured estimates will always be lower than the real amount of tax that is correctly reported. Where we cannot gather information to assure tax, we rely on our broader risk management approaches to provide us with confidence over the rest of the total tax reported.

It is estimated $5.5 billion (7.8%) of the total net GST BAS outcome of $70.9 billion could be assured on a positive assurance basis for 2021–22 (the most recent year that estimates can be made).

The decline in GST assured reflects the combined effect of reduced GST assured for the Top 100 program offsetting the increase in GST assured for the Top 1,000 for 2021–22. The increase for the Top 1,000 program reflects the expansion in 2022 of the combined assurance review (CAR) approach. As a result, GST is now assured in the CAR rather than by a risk approach (with only select taxpayers being assured in a separate review).

The reduction for the Top 100 program is not due to a decrease in assurance activities. It highlights that tax assured is a lag measure where the assurance activities were more heavily focussed on earlier years, increasing the GST assured for those years and contributing to a perceived reduction in GST assured for 2022.

Table 2.7: Tax assured – proportion of GST base where we have justified trust that the amount of GST is correct

Results	2019–20	2020–21	2021–22
GST assured ($m)	5,225	6,087	**5,516**
Net GST BAS outcome ($m)	59,826	67,261	**70,860**
Percentage assured (%)	8.8	9.1	**7.8**

Note: GST Performance Agreement Schedule A 6c.

3 GST administration expenditure

The ATO administers the GST on behalf of the Commonwealth, states and territories. The states and territories then reimburse the Commonwealth for our cost of administering GST.

Our obligations to the states and territories are set out in the GST Administration Performance Agreement between ATO and Council on Federal Financial Relations (as in the Intergovernmental Agreement on Federal Financial Relations).

The cost of administering GST is calculated by using our Strategic Costing Framework (SCF). This is a cost attribution model consistent with the Australian Government's accrual-based outcomes and programs costing framework. It calculates the proportion of our total operating expenses that relate to GST administration activities on a full-cost basis.

GST administration costs are monitored throughout the year, with oversight provided by our GST Leadership Group. The GST costs are endorsed by the Chief Finance Officer and subject to an annual independent audit by the Australian National Audit Office (ANAO). Costs are reported against the Program Framework Deliverables set out in Schedule B of the *GST Administration Performance Agreement*.

We prepare a Schedule B estimate for consideration by the states and territories ahead of each financial year. Once agreed, the estimate serves as the initial intended cost of GST administration for the upcoming financial year. The SCF maps GST activities to program deliverables to capture the direct costs to administer the GST. The percentage of direct costs is applied to the ATO's indirect costs to calculate the GST portion of indirect costs. The direct and indirect costs are then added together to derive the full cost of administering the GST.

The Schedule B estimate is calculated before the financial year commences and before our final budget for the financial year is settled. As such, there is an expected difference between the endorsed Schedule B estimate and eventual actual costs.

The full year actual cost for 2023–24 was $617.7 million, a decrease of 5.4% from 2022–23, and $101.8 million (or 14.1%) below the agreed Schedule B estimate.

The direct cost of the GST Compliance Program increased from $101.8 million in 2022–23 to $109.0 million in 2023–24. This is due to additional strategies being introduced in the 2023–27 GST Compliance Program.

Table 3.1: Variation of GST administration costs from agreed budget (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Variation of GST administration costs from agreed budget (total administration budget)	-10.9	-13.4	-3.4	-3.5	**-14.1**

Notes: GST Performance Agreement Schedule A 9a. This measure reflects the percentage that the actual GST product cost varies from the agreed budget, as specified in Schedule B. It is reported retrospectively.

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Schedule B: GST budget and administration activities

Table 3.2 addresses our performance in relation to Schedule B.
The GST administration cost statement is a special purpose financial report prepared using statements of accounting concepts and on an accrual basis.

Table 3.2: Framework deliverables ($m)

No.	Category	2023–24 actual	2023–24 Schedule B	2024–25 endorsed estimate
1.1.1	Policy advice and forecasting	4.0	4.5	4.3
1.1.2	Design and build administrative solutions	38.3	53.3	45.3
1.1.3	Input into law design	1.7	1.0	0.9
1.1.5	Law assurance	0.9	0.7	0.7
1.1.6–1.1.7	Cross-agency support and government and stakeholder relations	1.9	1.6	1.5
1.2.1	Registrations	34.2	23.9	24.3
1.2.2	Processing and accounts	14.9	24.7	17.3
1.2.3	Customer service	28.1	41.5	42.1
1.2.4	Manage payment and debt	59.6	123.9	122.6
1.2.5	Interpretative assistance	28.8	26.5	26.6
1.3.1	Marketing and communication	11.5	12.3	11.8
1.3.4	Client engagement (ATO)	248.7	262.5	266.9
1.3.4	Client engagement (Home Affairs)	58.4	58.4	59.8
1.3.5	Compliance intelligence and risk management	38.7	39.8	38.9
1.5.1	Resolve disputes	33.3	24.1	26.2
1.5.2	Prevent disputes	2.5	4.4	2.0
Program 2	Tax Practitioners Board	1.9	1.3	2.2
Program 3	Australian Business Register	10.4	14.9	15.5
Total	**n/a**	**617.7**	**719.4**	**709.0**

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The strategic costing framework is our primary costing attribution method across all of our activities.

Figure 3.1: Framework deliverables 2023–24

* Tax Practitioners Board and Australian Business Register.

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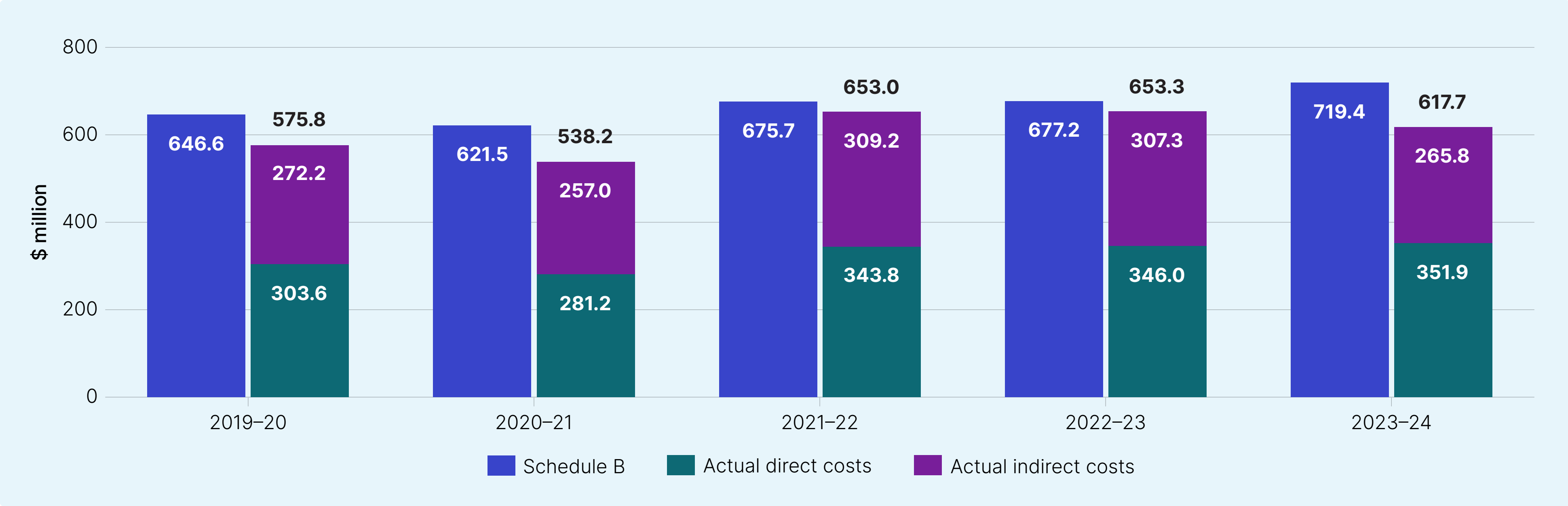
Figure 3.2: Administration costs



Cost of collection

Table 3.3 below reports the cost of collecting every $100 of GST and is often used as a broad measure of a tax administration's efficiency and effectiveness. Movements in the ratio from year-to-year may reflect variations in efficiency and effectiveness, however the ratio can also be influenced significantly by factors such as:

- fluctuations in tax revenues due to economic factors
- new administrative expenditure programs that are non-discretionary or that may have a medium or longer-term impact on efficiency and effectiveness (for example, investment in new technology).

For these reasons, variations in the cost of collection ratio from year-to-year need to be assessed carefully.

The cost to collect $100 of GST decreased from $0.78 in 2022–23 to $0.70 in 2023–24. The large decrease in this ratio is due to:

- a 6% reduction in administration costs, driven by lower indirect costs from GST information technology projects and recruitment limitations.
- a 4% increase in GST revenue, driven by growth in consumption subject to GST.

Table 3.3: Cost as a percentage of GST revenue (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Cost of collection as a percentage of revenue (cash)	0.92	0.71	0.87	0.78	**0.70**

Note: GST Performance Agreement Schedule A 8a.

Table 3.4: Cost per GST registrant ($)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Cost per GST registrant	198	176	201	197	**181**

Notes: GST Performance Agreement Schedule A 8b. The calculation is based on total administration costs divided by the total active GST registrants.

Table 3.5: Costs as a percentage of total administration costs (%)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Total client engagement costs	52.9	57.8	59.7	60.3	**56.0**

Notes: GST Performance Agreement Schedule A 9b. The percentage is calculated as compliance costs divided by total GST administration costs. GST Compliance Program costs only include operating funding.

Table 3.6: Costs as a percentage of total administration costs (%)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
GST Compliance Program operating funding	20.2	21.5	18.0	17.7	**23.8**

Notes: GST Performance Agreement Schedule A 9b. The percentage is calculated as compliance costs divided by total GST administration costs. GST Compliance Program costs only include operating funding. The GST Compliance Program operating funding is included in the total client engagement costs.

4 GST compliance

Registration

GST registration is the front door to the GST system. In assisting taxpayers to correctly register for GST, we enable them to both enter and exit the GST system as required.

GST registrants increased slightly this year with 3.4 million businesses registered at 30 June 2024.

For new GST registrants, we delivered tailored education to assist them to get it right from the start and develop positive behavioural practices.

We continue to maintain the integrity of the GST client register with our ATO-initiated activities to identify and remove (cancel) GST clients who:

- incorrectly registered
- incorrectly left the system (no longer require their GST registration but failed to cancel it).

Table 4.2 shows little change in the proportion of entities that declare business income (more than $75,000) in their income tax returns to compulsory registrants. This indicator assesses whether we have the right number of registrants in the system and is reported one year in arrears due to reliance on corresponding income tax data.

Table 4.1: GST registrations

Type	2019–20	2020–21	2021–22	2022–23	2023–24
Total GST registrants	2,910,000	3,080,000	3,250,000	3,320,000	**3,420,000**
• Non-reporting registrants	n/a	n/a	86,000	87,000	**91,000**
New registrations	371,000	409,000	496,000	445,000	**436,000**
Cancelled registrations	263,000	253,000	294,000	363,000	**331,000**

Notes: Non-reporting registrants occur where one member of a GST group manages the affairs of the group and is responsible for accounting for the GST transactions of the whole group, but each group member must be individually registered for GST to form part of the GST group. This group is included in the total number of GST registrations.

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Table 4.2: Compulsory GST registrations compared to potential GST registrations (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Compulsory GST registrations compared to potential GST registrations	96.6	97.2	96.9	97.2	**97.3**

Note: GST Performance Agreement Schedule A 5e.

Table 4.3: Total registered client base by client experience (million)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Small business	n/a	2.40	2.51	2.55	**2.61**
Privately owned and wealthy groups	n/a	0.40	0.47	0.48	**0.51**
Public and multinational businesses	n/a	0.08	0.08	0.08	**0.09**
Not-for-profit	n/a	0.07	0.07	0.08	**0.08**
Other	n/a	0.12	0.13	0.12	**0.13**
Total registered client base	**2.91**	**3.08**	**3.25**	**3.32**	**3.42**

Note: GST Performance Agreement Schedule A 8c.

Table 4.4: Australian Business Registry Services (ABRS) registrations (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Australian resident ABRS registrations finalised in 20 business days	99	99	99	98	**99**

Notes: GST Performance Agreement Schedule A 9g. The taxpayer charter standard of 93% target applies. The percentile has remained steady and continued to exceed the target.

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Cross-border services and goods

We continue to administer the cross-border GST. Of the $1.6 billion paid by the 2,600 non-resident GST registrants, $42 million was directly attributable to our compliance activities.

Our education and compliance activities resulted in 386 new non-resident GST registrants in 2023–24, an increase of 37% from the previous year.

A one-month campaign in late 2023 to increase awareness of Australian GST obligations for non-resident businesses in United States of America and United Kingdom resulted in:

- close to 3 million impressions (the number of times seen)
- a significant increase in traffic to the relevant GST content on our website with over 10,000 page views during the campaign, compared with 1,012 in the previous month
- 56% increase in new non-resident GST registrants in the 6 months after the campaign compared to the same period the year before.

Table 4.5 observes a 22% increase in GST revenue from businesses making supplies of low value imported goods. This is largely attributed to one entity remitting $115 million.

Internationally, we chair an Organisation for Economic Co-operation and Development (OECD) focus group designed to enhance international consistency of GST policy design and support tax administrations in improving GST compliance in digital trade.

Australia's active involvement in this international GST dialogue ensures the effective exchange of insights, experiences, and intelligence on risks, trends, and emerging issues. This strengthens our capacity to respond to the challenges of administering GST in a global digital economy.

Improved use of card-payment data sourced from the Australian banking sector has identified non-resident businesses with unmet GST obligations related to the supplies of goods and services they make to Australian consumers.

This has provided new opportunities to differentiate our risk management approach, implement targeted education and compliance strategies and ensure a level playing field between non-resident and domestic businesses.

Table 4.5: Value of cross-border services and goods ($m)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Imported services GST	550	700	780	805	**875**
Imported low value goods GST	420	500	565	610	**745**
Total	**975**	**1,200**	**1,340**	**1,410**	**1,620**

Notes: GST Performance Agreement Schedule A 4a–b. All figures have been rounded to the nearest $5 million.

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Lodgment and payment

Our focus remains to foster on-time lodgment and payment behaviours and prevent future debt by making it easier to pay. We pursue outstanding payments and demonstrate the consequences of avoiding payment obligations by:

- advising those who can pay, they must pay on time
- firmer action for those choosing not to engage or pay
- supporting those struggling but have the capacity to pay to get back on track
- supporting those without capacity to pay to exit the system.

Lodgment

Approximately 7.2 million on-time BAS lodgments were received in 2023–24. This was around 303,000 more than 2022–23. The BAS on-time lodgment performance increased slightly this year by 0.4 percentage points.

As shown in Tables 4.6 and 4.7 below, there is a noticeable change in the 2023–24 monthly and quarterly results when compared to previous years. From this year, we are using the GST period date, which more accurately reflects if the taxpayer's GST lodgment period is monthly or quarterly. Previously, we used the activity statement period dates.

As part of our ongoing commitment to ensure registration of entities are correct, we identified taxpayers demonstrating no signs of active operations for GST purposes and removed them from our BAS lodgment population. We notified them of this decision and provided guidance on how to re-establish their GST registration if required. Our actions have reduced unnecessary correspondence and interactions.

Whilst our initial focus this year has been on small businesses, we will be expanding these integrity improvements to other entities.

External communications will also increase to educate taxpayers on the need to cancel GST and ABN registrations where they are no longer required. This will ensure we can better target active entities who are failing to meet their lodgment obligations.

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Table 4.6: Total BAS lodged (%)

Type of lodgment	2019–20	2020–21	2021–22	2022–23	2023–24
Lodged (monthly)	90.8	89.9	88.9	87.3	**81.9**
Lodged (quarterly)	82.3	81.9	80.9	82.0	**83.7**
Total BAS lodged	**84.6**	**84.1**	**83.1**	**83.4**	**83.4**

Note: GST Performance Agreement Schedule A 5f.

Table 4.7: Total BAS lodged on time (%)

Type of lodgment	2019–20	2020–21	2021–22	2022–23	2023–24
Lodged on time (monthly)	81.8	78.5	76.1	76.3	**69.0**
Lodged on time (quarterly)	71.0	67.3	67.9	69.3	**72.2**
Total lodged on time	**74.0**	**70.3**	**70.1**	**71.2**	**71.6**

Notes: GST Performance Agreement Schedule A 5f. BAS lodged within 7 days of the due date is regarded as lodged on time.

Table 4.8: Electronic activity statements finalised within 12 business days (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Proportion finalised within 12 business days	99.7	99.2	98.7	99.7	**99.7**

Notes: GST Performance Agreement Schedule A 9c. This service commitment has a 94% target.

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Table 4.9: Percentage of BAS lodged electronically (%)

BAS lodgment frequency	2019–20	2020–21	2021–22	2022–23	2023–24
Monthly remitters	87.4	92.2	93.3	94.5	**94.7**
Quarterly remitters	88.2	88.4	92.1	89.8	**94.3**
Annual remitters	91.3	95.0	95.5	95.4	**96.8**
Overall	**88.2**	**88.9**	**92.3**	**90.4**	**94.5**

Note: GST Performance Agreement Schedule A 9d.

Table 4.10: GST returns filed by intermediaries or tax agents (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
BAS filed by intermediaries or tax agents	55.4	56.6	56.6	58.9	**59.6**

Note: GST Performance Agreement Schedule A 9h.

Payment

In the 12 months to 30 June 2024:

- total ATO collectable debt increased 5.2%
- GST collectable debt increased 2.6%
- the ratio of GST collectable debt to GST collections (cash) reduced from 15.8% to 15.6%.

To support a healthy economic system and protect the community we are responding with a firmer approach earlier to recover outstanding GST debts.

The slowing of the growth in GST collectable debt indicates our firmer actions may be starting to slow and stabilise the increase of collectable debt.

Current year results reflect a revised calculation including real time payments. Previously, we used the date we processed a payment.

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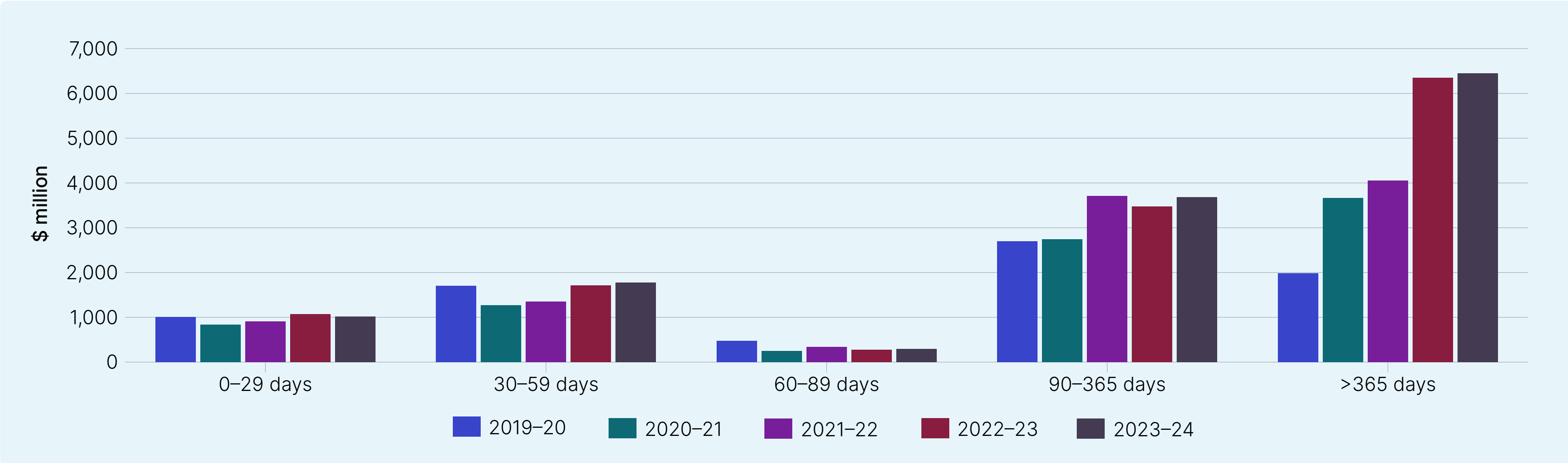
Table 4.11: Outstanding GST debts ($m)

Type of GST debt	2019–20	2020–21	2021–22	2022–23	2023–24
Total debt outstanding	10,185	10,660	12,302	15,930	**17,162**
• Collectable debt	7,869	8,766	10,366	12,883	**13,217**
• Insolvent debt	n/a	1,628	1,819	2,664	**3,474**
• Disputed debt	n/a	265	117	383	**471**

Notes: GST Performance Agreement Schedule A 3a. Collectable debt is debt for which there is no impediment to collection – it is not subject to objection, appeal, or to some form of insolvency administration.

Figure 4.1 Ageing of GST collectable debt by value



Note: Age of debt is determined by the later of the processed date or the effective date of the transactions.

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Table 4.12: Ratio of collectable debt to GST revenue (%)

Type of collection	2019–20	2020–21	2021–22	2022–23	2023–24
Tax liability method (TLM) accrual	11.8	12.1	13.6	15.0	**14.9**
Cash	13.1	12.0	14.1	15.8	**15.6**

Notes: GST Performance Agreement Schedule A 3b. The debt collection rate is calculated using the GST collectable debt amount as a percentage of 12-month rolling GST (TLM accrual or cash) collections.

By identifying and removing non-pursuable debt (irrecoverable at law or uneconomical to pursue) from collection activities, we can focus our attention on the right cases. The return to normal collection activities following COVID-19 has resulted in increases in the identification of debts that are irrecoverable at law or uneconomical to pursue this year. This is shown in Table 4.13 which compares non-pursuable debt to both total GST debt and GST revenue.

Table 4.14 shows whilst the number of GST payments paid on time has decreased slightly, the value of those payments paid on time is at its highest level in 5 years at 88.5%.

Additionally, due in part to our tailored engagement approaches including leveraging through our tax practitioner community and media, we receive 95.2% of payments within 90 days of the due date.

Table 4.13: Non-pursuable GST debts (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
GST debt non-pursuable to total GST debt	4.3	5.1	5.4	4.6	**11.5**
Ratio of GST debt non-pursuable to GST revenue	0.7	0.7	0.9	0.9	**2.3**

Note: GST Performance Agreement Schedule A 3c.

Table 4.14: GST on-time payment rate (%)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
GST payments made on time	76.3	73.0	70.4	71.3	**71.1**
Value of GST paid on time	86.5	85.9	85.8	87.7	**88.5**

Note: GST Performance Agreement Schedule A 3d.

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Table 4.15: Ageing of GST collectable debt – value ($m)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
<1 month	1,006	835	905	1,069	**1,019**
1–2 months	1,705	1,270	1,352	1,717	**1,777**
2–3 months	470	248	341	275	**292**
3–12 months	2,701	2,745	3,712	3,475	**3,684**
>1 year	1,987	3,668	4,056	6,346	**6,444**
Total GST debt value	**7,869**	**8,766**	**10,366**	**12,883**	**13,217**

Notes: GST Performance Agreement Schedule A 3e. Age of debt is determined by the latter of the processed date or the effective date of the transaction(s).

Compliance engagement

In 2023–24, the ATO raised $3.0 billion in liabilities through compliance activities. The results have returned to normal levels following the impacts of Operation Protego in 2021–22 and 2022–23.

We continue to strengthen and enhance the management and oversight of the GST system, with an emphasis on:

- identifying and remediating system vulnerabilities
- reducing non-compliance
- mitigating emerging threats to the system.

Through 2023–24 our Contemporising GST Risk Model project designed improved analytical risk models to target risks and behaviours that impact the integrity of the GST system. These models increased our capability to effectively manage GST compliance risks.

Emphasis has been placed on assessing and treating fraud, including actions to better understand and enhance our management of GST fraud.

The ATO Counter Fraud Strategy announced in Budget 2024 has bolstered our ability to fight back against the growth in identity crime-enabled fraud and scaled fraud attacks across our digital services. These attacks are agile, prolonged, and persistent. The risk is amplified by global threats, organised crime, and increasing numbers of data breaches in the community.

Ongoing investment to place downward pressure on GST risk will allow us to continue our emphasis on preventative and detected measures. This allows us to respond to increasingly agile and sophisticated actors, safeguarding the system against misuse, and ensure taxpayers' compliance.

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Emerging threats

Shadow economy behaviour continues to evolve through the proliferation of digital technology such as electronic sales suppression tools (ESSTs).

Due to an increasing digital economy and specifically, more payment service providers, the risk posed by ESSTs is estimated to have tripled in the last 3 years. Manufacturers and suppliers of ESSTs are well-funded, well-resourced, and technologically advanced.

ESSTs understate sales for GST and income tax purposes. This rapidly evolving technology with integrated functionality across business systems allows users to access point of sales systems remotely to delete, re-sequence or manipulate records. We are working domestically and internationally to disrupt the manufacture, supply and use of these ESSTs.

We are seeing an increasing prevalence of sophisticated structuring arrangements between inter-related parties in the privately owned and wealthy groups market. The arrangements are primarily undertaken to obscure transactions and disguise artificial or fraudulent arrangements resulting in high value GST refunds. These arrangements often involve high value purported transactions or purchases, such as purchases of real property.

We believe there are groups or networks of industry participants within established related party groups who are involved in commercial arrangements which seek to exploit the GST rules in relation to interparty transactions including through:

- false invoicing between related entities (for example issuing invoices where no goods or services are provided)
- deliberately misaligning GST accounting methodologies across the group (for example one entity operating on a non-cash (accrual) basis whilst another utilises a cash basis in order to contrive a GST refund due to the mismatched timing of the methodologies)
- duplicating GST credit claims in related entities for a single high value transaction
- claiming GST credits for purported purchases, development, and construction (by related entities) which never occurred.

We will effectively deal with those who engage in GST Fraud, false invoicing or other illegal financial arrangements, including through working with partner agencies where appropriate.

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Compliance liabilities

In Tables 4.17 and 4.18, the cash collection rate from client engagement activities is based on collections within the year that relate to the liabilities raised in that year only.

On the other hand, total cash collections (excluding penalties and interest) estimated within the year can also include collections that relate to compliance liabilities raised in previous years.

Table 4.16: Compliance liabilities ($m)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
GST liabilities raised	2,645	2,339	5,407	4,829	**2,958**

Table 4.17: GST compliance liabilities raised by client experience

Client experience	GST compliance liabilities $m	Within year compliance cash collection $m	Cash collection rate %	Total compliance cash collections $m
Small business	1,503.6	894.5	59.5	**1,253.4**
Privately owned and wealthy groups	1,078.1	731.0	67.8	**893.4**
Public and multinational businesses	363.8	302.6	83.2	**317.1**
Not-for-profit	-9.3	-23.0	247.7	**-21.4**
Other	21.7	18.5	85.1	**22.9**
Total	**2,957.9**	**1,923.6**	**65.0**	**2,465.4**

Notes: GST Performance Agreement Schedule A 5b. Cash collections on those liabilities in the financial year, cash collection rate within the year, and total cash compliance collections.

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Table 4.18: GST compliance liabilities raised by industry

Category	GST compliance liabilities $m	Within year compliance cash collection $m	Cash collection rate %	Total compliance cash collections $m
Construction	959.3	638.5	66.6	**824.6**
Professional, scientific and technical services	465.1	337.9	72.7	**395.7**
Administrative and support services	224.1	159.6	71.2	**176.4**
Rental, hiring and real estate services	220.6	147.8	67.0	**188.3**
Transport, postal and warehousing	212.1	149.8	70.6	**193.6**
All other	876.7	489.9	55.9	**686.9**
Total	**2,957.9**	**1,923.6**	**65.0**	**2,465.4**

Notes: GST Performance Agreement Schedule A 5b. Cash collections on those liabilities in the financial year, cash collection rate within the year, and total cash compliance collections.

Table 4.19: Return on investment from compliance activities (ratio)

Type of activity	2019–20	2020–21	2021–22	2022–23	2023–24
Business as usual	7.0:1	7.9:1	10.4:1	10.6:1	**8.3:1**
GST Compliance Program	15.5:1	11.3:1	30.1:1	23.5:1	**12.9:1**

Note: GST Performance Agreement Schedule A 5g.

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Table 4.20: Strike rate by client experience (%)

Client experience	2019–20	2020–21	2021–22	2022–23	2023–24
Small business	n/a	87	95	83	**73**
Privately owned and wealthy groups	n/a	66	62	56	**53**
Public and multinational businesses*	n/a	75	53	56	**55**
Not-for-profit*	n/a	81	35	47	**54**
Other	n/a	85	92	92	**88**
Overall	**80**	**86**	**94**	**84**	**73**

Notes: GST Performance Agreement Schedule A 5c. The strike rate (percentage of cases leading to re-assessment) is an OECD measure that can indicate the effectiveness of case selection in detecting non-compliance.
* The strike rate for categories with low case numbers can fluctuate dramatically from one reporting period to the next.

GST refunds random audit program

We have completed our first comprehensive evaluation of the GST risk models. The data will provide valuable insights into the real-world performance of our machine-learning models.

Our evaluation focussed on assessing the GST high risk refund models performance, specifically examining the accuracy and effectiveness of the Incorrect reporting model and the Identity crime model.

In the ever-evolving landscape of GST refund integrity, distinguishing between genuine identity (ID) crime and deliberate incorrect reporting is crucial.

By analysing audit results, we evaluate the accuracy and reliability of these models to ensure they reflect the actual risk scenarios we encounter.

By refining our models and incorporating additional risk factors, we enhance our ability to protect taxpayers and maintain the integrity of the GST system.

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Table 4.21: Refund integrity active compliance GST liabilities raised by client experience ($m)

Client experience	2019–20	2020–21	2021–22	2022–23	2023–24
Small business	n/a	374	2,688	2,054	**517**
Individuals	n/a	18	388	459	**34**
Privately owned and wealthy groups	n/a	66	86	130	**251**
Public and multinational businesses	n/a	19	23	10	**41**
Not-for-profit	n/a	4	10	12	**2**
Other	n/a	2	2	4	**1**
Total	**306**	**484**	**3,198**	**2,668**	**846**

Note: GST Performance Agreement Schedule A 5d.

Table 4.22: Refund integrity strike rate by client experience (%)

Client experience	2019–20	2020–21	2021–22	2022–23	2023–24
Small business	n/a	95	98	88	**78**
Individuals	n/a	98	97	95	**94**
Privately owned and wealthy groups	n/a	74	70	65	**51**
Public and multinational businesses*	n/a	85	50	66	**57**
Not-for-profit*	n/a	92	36	56	**54**
Other*	n/a	92	40	57	**60**
Total	**85**	**94**	**97**	**89**	**78**

Notes: GST Performance Agreement Schedule A 5d. This measure applies to cases where a refund has been held by the ATO. When considered over time, this measure will indicate if improvements have been made to the ATO's risk-based audit selection strategy.

* The strike rate for client experiences with low case numbers can fluctuate dramatically from one reporting period to the next.

Prosecutions and investigations

Criminal investigations and prosecutions as part of a 'consequence strategy' remain our firmest actions to protect the GST system against fraud and related crimes.

We are working with our state and territory partners through the ATO-led Serious Financial Crime Taskforce. Operation Protego is an example of effectively partnering with law enforcement agencies and the Commonwealth Department of Public Prosecutions (CDPP).

In 2023–24:

- 18 of the 26 criminal investigations we completed proceeded to a prosecution referral
- successful prosecutions in 11 cases referred to CDPP resulted in
  - 9 custodial sentences
  - over $24,000 in fines
  - over $656,000 in reparation orders.
- under Operation Protego, an additional 43 people were convicted of fraud with sentences including jail terms. Four Operation Protego investigations remain in progress.

We build community trust and confidence in ATO by leveraging successful prosecutions of evident risks through targeted media and communication activities.

Notable CDPP-led prosecutions completed under the *Criminal Code Act 1995*

A taxpayer was charged for dishonestly causing risk or loss to the Commonwealth with a loss to the ATO of over $900,000. It was found that approximately 50 BAS lodged by the person for 2 businesses contained false information. Due to a guilty plea, they received a reduced 4 years and 9 months sentence with a 30-month non-parole period.

Under Operation Protego, a taxpayer was charged for obtaining financial advantage by deception and for attempting to obtain a financial benefit by deception. He was sentenced to 7 years and 6 months imprisonment with a non-parole period of 5 years. Orders were also made to restrain real property.

Notable ATO-led prosecutions completed under the *Taxation Administration Act 1953* (TAA)

Magistrates continue to impose large penalties for individuals who fail to meet their GST obligations. Convictions and fines include:

- $40,000 for failing to lodge 28 GST and 8 income tax returns.
- $28,000 for failing to lodge 13 GST and 5 personal income tax returns, and 6 super fund income tax returns as a trustee.
- $15,000 for failing to lodge 1 GST and 3 income tax returns.

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5 GST Compliance Program

The GST Compliance Program contributes a significant proportion of the ATO's GST administration results, returning more than $18 billion in GST revenue to the states and territories since 2010.

The 2023–24 program results exceeded the GST liabilities commitment of $949.5 million with $1,614.5 million in liabilities raised. Actual 2023–24 GST debt collection of $1,651.0 million significantly exceeded our $254.2 million commitment.

In addition to increased liabilities and debt collection, the 2023–27 program includes measures that:

- strengthen the GST registrations integrity, reducing the opportunity for GST fraud
- increase the focus on intermediaries meeting their clients' reporting obligations
- support the delivery of next-generation GST risk models.

Program commitments are outlined in Schedule D – 2023–24 Budget Measure: GST Compliance Program – Four-year extension.

Table 5.1: Additional liabilities raised from compliance activities planned ($m)

Strategy	2023–24 commitment	2023–24 actual
1. **Increasing GST registration integrity to protect revenue:** increase eligibility checks and analytics to identify new registrants at risk of GST fraud	25.0	33.2
2. **Preventative action to minimise risk and protect revenue:** assurance programs to build and maintain community confidence that taxpayers are paying the right amount of GST	77.7	128.4
3. **Improving GST lodgment outcomes:** activities to increase on-time lodgment and promote fairness and confidence in the system	363.5	627.1
4. **Corrective engagement with non-compliant clients:** compliance activities targeting correct reporting and clients who seek to evade GST obligations	483.3	825.8
Total	**949.5**	**1,614.5**

Table 5.2: Additional cash collections from debt activities planned ($m)

Strategy	2023–24 commitment	2023–24 actual
5. **Reducing GST debt:** by maximising GST debt collection capabilities	254.2	1,651.0

Note: Actual results were significantly higher than the commitment due to a change in focus to significant debt management activities.

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Table 5.3: Total costs ($m)

Total costs	2023–24 planned	2023–24 actual
Total costs	**146.7**	**146.7**

Table 5.4: Return on investment per strategy (ratio)

Strategy	2023–24 commitment	2023–24 actual
1. **Increasing GST registration integrity to protect revenue:** increase eligibility checks and analytics to identify new registrants at risk of GST fraud	2.7:1	3.5:1
2. **Preventative action to minimise risk and protect revenue:** assurance programs to build and maintain community confidence that taxpayers are paying the right amount of GST	4.8:1	7.9:1
3. **Improving GST lodgment outcomes:** activities to increase on-time lodgment and promote fairness and confidence in the system	14.5:1	25.0:1
4. **Corrective engagement with non-compliant clients:** compliance activities targeting correct reporting and clients who seek to evade GST obligations	8.1:1	13.8:1
5. **Reducing GST debt:** by maximising GST debt collection capabilities	11.8:1	76.4:1

6 GST advice and dispute management

Advice and guidance

Our public and private advice and guidance positively influences taxpayers to get their obligations right from the start, ensures a level playing field and addresses GST risks.

Key private advice topics in 2023–24 included:

- GST international and cross-border
- tax administration and core provisions, including GST registration
- real property transactions
- food and health product classification
- financial supplies.

In 2023–24, we finalised 441 private ruling requests on GST issues, with 85% completed within 28 calendar days of receiving all the necessary information, exceeding our service standard of 80%.

With our continued focus to provide taxpayers with modern, effective and timely public advice and guidance at scale, one-to-one assistance through private rulings and guidance requests continues to decline.

This year we published the following public advice and guidance to explain the Commissioner's view on GST issues:

- Draft Miscellaneous Taxation Ruling MT 2024/D1 *Miscellaneous tax: time limits for claiming an input tax credit or fuel tax credit* explains the 4-year entitlement period.
- Goods and Services Tax Determination GSTD 2024/1 *Goods and services tax: supplies of combination food* explains when a supply of food is taxable as a combination food by reference to the Administrative Appeals Tribunal (AAT) decision in *Chobani v Commissioner of Taxation* [2023] AATA 1664.
- Draft Goods and Services Tax Determination GSTD 2024/D1 *Goods and services tax: supplies of food of a kind marketed as a prepared meal* explains the meaning by reference to the Federal Court decision in *Simplot Australia Pty Limited v Commissioner of Taxation* [2023] FCA 1115.
- Updated the GST Detailed Food List Public Ruling to ensure alignment with the reasoning in GSTD 2024/1 to ensure transparency of our decision making. New entries included reflected common product types we provided an ATO position on through private rulings or compliance activities and priority updates raised through industry engagement.

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- Draft Addendum to Goods and Services Tax Ruling GSTR 2006/6DC2 *Goods and services tax: improvements on the land for the purposes of Subdivision 38-N and Division 75* outlines changes to reflect the Full Federal Court's decision in *Commissioner of Taxation v Landcom* [2022] FCAFC 204.
- Decision Impact Statement on the Federal Court decision in *Simplot Australia Pty Limited v Commissioner of Taxation* [2023] FCA 1115.
- Decision Impact Statement on the Full Federal Court decision in *Commissioner of Taxation v Hannover Life Re of Australasia Ltd* [2024] FCAFC 23.

We also published content to our website providing clear and practical advice to taxpayers about:

- compression socks
- supplies related to the National Disability Insurance Scheme
- exports of services
- digital currency
- taxation of private public partnerships for social infrastructure projects
- small-scale land subdivisions sales
- GST obligations for content creators.

Table 6.1: Finalised GST-related advice and guidance

Request type	2019–20	2020–21	2021–22	2022–23	2023–24
Guidance cases	3,966	3,941	3,286	2,120	**1,810**
Private ruling requests	565	614	602	449	**441**

Table 6.2: Written technical advice – finalised in 28 calendar days of receiving all necessary information (%)

Request type	2019–20	2020–21	2021–22	2022–23	2023–24
Guidance requests	98	95	90	92	**88**
Private rulings	98	99	96	92	**85**

Notes: GST Performance Agreement Schedule A 9e. This is a service commitment. An 85% target applies for general taxpayer requests and an 80% target applies to private rulings.

Table 6.3: Quality of technical advice (%)

Review rating	2019–20	2020–21	2021–22	2022–23	2023–24
Rated as 'achieved'	94.4	100.0	97.0	97.5	**99.0**

Notes: GST Performance Agreement Schedule A 9f. Technical advice cases are assessed and rated for the accuracy of the technical decisions against 4 criteria: service, accountability, accuracy, and performance.

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Dispute management

GST objections

Addressing GST objections is essential to maintaining trust and confidence in the tax system.

The large increases in objections as shown in Tables 6.4 to 6.6 below, are a result of:

- a significant reduction in audit cases created (57,000 in 2022–23 due to Operation Protego, down to 15,500 in 2023–24)
- non-engaged taxpayers later objecting decisions from automated processes
- firmer action, letters and outsourcing to debt collection agencies.

The majority of objection cases created (shown in Table 6.5 below) relate to:

- GST pre-issue program compliance cases, dealing with high-risk claimed refunds. Similarly to previous years, these cases accounted for over 50% of total objection cases created.
- over 300 cases with contentions of fraud
- vulnerable taxpayers, especially situations involving coercive control, domestic violence, and capacity. These required the utmost sensitivity and empathy to address each case with care while determining the outcome. We are developing a specialised treatment to ensure appropriate support for genuine cases.

A smaller number of objections related to:

- unregistered preparers and suspected fraud by a tax agent
- GST property issues testing our large market segments. In response to our stronger compliance action, we expect to see increased objections in 2024–25.

Table 6.4: Audit to objection transition rate (number per 1,000)

Activity	2019–20	2020–21	2021–22	2022–23	2023–24
Audit to objection transition rate	95	56	11	30	**126**
Audit to audit-related objection transition rate	62	37	9	27	**113**

Note: GST Performance Agreement Schedule A 7c.

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Table 6.5: Objection cases created

Activity	2019–20	2020–21	2021–22	2022–23	2023–24
Audit-initiated	421	267	528	1,519	**1,748**
Client-initiated	124	138	137	201	**204**
Other	0	2	0	1	**0**
Total cases created	**545**	**407**	**665**	**1,721**	**1,952**

Notes: GST Performance Agreement Schedule A 7a. The process for identifying GST-related objections improved in 2020–21 to capture all GST-related work items. Previously only cases where GST was the primary revenue product in dispute were included.

Table 6.6: Resolved objection cases

Activity	2019–20	2020–21	2021–22	2022–23	2023–24
Audit-initiated	n/a	426	413	1,127	**2,007**
Client-initiated	n/a	386	122	182	**212**
Other	n/a	1	0	0	**0**
Total cases resolved	**512**	**813**	**535**	**1,309**	**2,219**

Note: GST Performance Agreement Schedule A 7b.

Table 6.7: Proportion of objections to new Part IVC litigation cases (number per 1,000)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Proportion of objections to new Part IVC litigation cases	117	49	88	41	**28**

Note: GST Performance Agreement Schedule A 7f.

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GST litigation

We continue our focus on ensuring appropriate cases proceed to litigation. In 2023–24, 90% of all GST decisions handed down by the courts and tribunals were fully or partly favourable to the Commissioner, with only 10% being unfavourable.

Table 6.11 shows cases resolved prior to hearing, with cases settled increasing from 18% in 2022–23 to 25% in 2023–24. Cases conceded in whole or in part has increased to 27% in 2023–24, up from 11% last year.

This can largely be attributed to taxpayers providing further evidence at the litigation stage that changes the objection decision being reviewed.

Although lower than in 2022–23, cases withdrawn by the taxpayer or dismissed by the court or tribunal make up almost 50% of all cases that do not proceed to a hearing. In these situations, the Commissioner's objection decision is maintained.

Table 6.8: Court or tribunal litigation decision outcomes (%)

Decision outcome	2019–20	2020–21	2021–22	2022–23	2023–24
Wholly supports ATO position	85	55	67	85	**60**
Partially supports ATO position	0	9	11	0	**30**
Wholly supports taxpayer position	15	36	22	15	**10**

Note: GST Performance Agreement Schedule A 7g.

Table 6.9: New Part IVC litigation cases created

Case type	2019–20	2020–21	2021–22	2022–23	2023–24
First instance	60	41	47	58	**62**
Appeal	3	4	5	1	**5**
Administrative matter	0	0	0	1	**0**

Notes: GST Performance Agreement Schedule A 7d. Part IVC First Instance cases are where the taxpayer lodges an AAT or Federal Court application when dissatisfied with the Commissioner's objection decision.

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Table 6.10: Resolved new Part IVC litigation cases

Case type	2019–20	2020–21	2021–22	2022–23	2023–24
First instance	50	45	59	35	**65**
Appeal	2	5	4	2	**3**
Administrative matter	0	2	0	0	**0**

Note: GST Performance Agreement Schedule A 7e.

Table 6.11: Early resolution litigation outcomes (%)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
Settled	10	49	4	18	**25**
Conceded (whole or in part)	57	22	13	11	**27**
Withdrawn by taxpayer	28	22	36	53	**27**
Dismissed by courts or tribunals	5	7	7	18	**21**

Note: GST Performance Agreement Schedule A 7h.

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Strategic litigation cases which involve matters with significant revenue or compliance risk, attracted media attention or provided significant law clarification opportunities.

Table 6.12: Strategic case decisions

Matter	Issue and decision
William Lewski Family Trust v Commissioner of Taxation [2024] FCAFC 42	The Full Federal Court (FFC) unanimously dismissed the taxpayer's appeal. It affirmed they were not entitled to claim input tax credits regarding the litigation funding agreements as the acquisitions weren't made in carrying on their enterprise. Given this outcome, the FFC did not consider the Commissioner's Notice of Contention regarding whether the taxpayer made creditable acquisitions as it was not necessary to dismiss their appeal.
Commissioner of Taxation v Hannover Life Re of Australasia Ltd [2024] FCAFC 23	The FFC unanimously dismissed the Commissioner's appeal. It affirmed the Federal Court decision that the taxpayer's methodology for calculating its entitlement to input tax credits in respect of its overhead acquisitions was fair and reasonable.
SLDL v Commissioner of Taxation [2024] AATA 912	The AAT handed down a decision in favour of the Commissioner. It concluded that the taxpayer was not entitled to reduce the 'total amounts wagered' by the monetary value of loyalty points redeemed for the purposes of the calculation of the 'GST global amount'. This is an alternative way of calculating a taxpayer's net amount where they provide gambling supplies.
HNMF and Commissioner of Taxation [2023] AATA 4067	The AAT handed down a decision unfavourable to the Commissioner, in respect of which the Commissioner has lodged an appeal. This case is part of the precious metals (Gold) project and involves the anti-avoidance provisions in Division 165.
Banktech Group Pty Ltd v Commissioner of Taxation [2023] AATA 3850	A decision by the AAT favourable to the Commissioner, deciding that cash dispensing devices used by the taxpayer were not 'ATMs' as ordinarily understood, and as such, the taxpayer's supplies were taxable, not input taxed. However, in making this decision, the AAT disagreed with the Commissioner's view that 'ATM' has a technical or trade meaning rather than taking its ordinary meaning. No appeal was lodged.
Simplot Australia Pty Limited v Commissioner of Taxation [2023] FCA 1115	A decision by the Federal Court affirmed the Commissioner's view that the 6 frozen food products were food of a kind marketed as a prepared meal for the purposes of item 4 of Schedule 1 to the GST Act. Therefore, the products were not GST-free. They found the attributes of a "prepared meal" are to be discerned from common experience and the attributes of a prepared meal include examining the quantity, composition of ingredients and presentation.

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7 Department of Home Affairs

The Home Affairs portfolio, including the Australian Border Force (ABF) is responsible for the collection of customs duty and other indirect taxes including GST at the border. Home Affairs also administers the deferral of GST on imported goods for registered importers under the Deferred GST Scheme.

In 2023–24, Home Affairs:

- collected $5.6 billion GST and $40.1 billion deferred GST on imported goods, representing a total GST liability assessed of $45.7 billion
- processed 4.4 million import declarations and self-assessed clearance declarations
- processed 1.5 million export declarations
- processed 816,000 Tourist Refund Scheme (TRS) claims resulting in $279.8 million of GST and wine equalisation tax being refunded to travellers.

The focus of the ATO and Home Affairs (ABF) is to manage compliance with Australia's import and export framework and to control, detect, deter and address illicit trade behaviours.

Compliance program

The ABF maintains the integrity of Australia's trade system through effective intelligence-led, risk-based border management, and enhanced aviation and maritime security approaches. Australia's prosperity is driven by open access to a global market where goods can move freely across borders, facilitated by the delivery of a seamless, secure and digitally enabled system and services.

ABF ensures that it effectively:

- collects revenue
- detects revenue evasion
- ensures importers and their agents are compliant with border revenue laws and processes.

In 2023–24, ABF had a specialised unit focused on revenue evasion. This represents an ongoing major risk at the border and can include the avoidance of paying taxes, excise and duties. This unit provides a dedicated target development capability focusing on the research and analysis of revenue related risks and producing assessments to inform targeting and intervention activities. They managed to identify a potential GST revenue shortfall of approximately $20 million.

In 2023–24, total Home Affairs (ABF) compliance activities identified over $258 million in GST understatements. Of this, approximately $230 million in GST revenue understatements were identified by voluntary disclosure. As voluntary disclosure cases rely upon self-reporting, fluctuations are common. Reported values are not indicative of seasonal trends or operational tempo, and are not a predictor of future trends.

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Tourist Refund Scheme

As international travel continues to recover strongly, so too does TRS claim activity, with $279.8 million in claims paid in 2023–24. This surpassed the previous highest amount of $256.8 million in 2018–19.

The volume of claims processed increased 53% and the value of refunds paid to travellers increased 48% when compared to 2022–23.

Over 99% of eligible TRS claims were paid within 60 days of departure, as prescribed by legislation.

Table 7.1: Management of GST revenue collection ($m)

Category	2019–20	2020–21	2021–22	2022–23	2023–24
GST liability assessed	32,244	33,555	42,068	45,657	**45,701**
Gross GST cash collected	4,372	4,795	5,739	5,871	**5,617**
• Total value of Tourist Refund Scheme (TRS) claims paid	197.6	21.2	47.2	188.8	**279.8**
Net GST cash collected	4,175	4,774	5,692	5,683	**5,337**

Note: GST Performance Agreement Schedule A 10a–c.

Table 7.2: Maintain compliance

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Cost of compliance ($m)	34.2	33.0	37.7	38.7	**37.9**
Compliance coverage – TRS (%)	100.0	100.0	100.0	100.0	**100.0**
TRS claims rejected (no.)	11,487	780	2,157	8,416	**10,457**
GST adjustments – underpaid GST revenue ($m)	109.6	145.6	190.2	189.1	**258.1**
GST adjustments – rejected TRS claims ($m)	1.8	0.3	0.4	1.8	**2.0**
Total GST adjustments ($m)	111.4	145.9	190.6	190.9	**260.1**

Note: GST Performance Agreement Schedule A 11a–f.

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GST administration costs

GST administration costs for Home Affairs increased $1.4 million to $68.2 million in 2023–24. While GST administration costs continue to increase, compliance efficiencies to recover GST liabilities improved, delivering a compliance yield of 6.87:1.

Table 7.3: Cost-effective administration cost ($m)

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Costs of import processing	22.6	21.2	28.3	27.8	**30.1**
Costs of export processing costs	0.2	0.2	0.4	0.3	**0.3**
Costs of import and export compliance	15.6	18.9	20.7	21.7	**21.9**
Costs of administering the TRS	18.6	14.0	16.9	16.9	**16.0**
Total costs	**57.0**	**54.5**	**66.3**	**66.8**	**68.2**

Note: GST Performance Agreement Schedule A 12 a–e.

Table 7.4: Cost-effective administration

Type of measure	2019–20	2020–21	2021–22	2022–23	2023–24
Import declarations processed (million)	4.0	4.3	4.4	4.4	**4.4**
Export declarations processed (million)	1.4	1.3	1.3	1.3	**1.5**
Total TRS claims processed (thousand)	766	50	138	561	**816**
Total costs as a percentage of total GST liability assessed (%)	0.2	0.2	0.2	0.1	**0.1**
Total costs as a percentage of total GST collected (%)	1.3	1.1	1.2	1.1	**1.2**
Compliance yield (ratio)	3.26:1	4.42:1	5.06:1	4.93:1	**6.87:1**

Note: GST Performance Agreement Schedule A 12 f–k.