

Commissioner of Taxation



Australian Government
Australian Taxation Office

The Hon Jim Chalmers MP, Treasurer

Via email: [REDACTED]

Senator The Hon Katy Gallagher, Minister for Finance

Via email: [REDACTED]

Dear Treasurer and Minister Gallagher,

Re: Regulatory Reform Opportunities

I refer to your letter dated 4 July 2025 and welcome the opportunity to outline the substantial, material and measurable actions by the ATO that directly support productivity and economic growth.

We recognise that taxpayers can find the tax system and the requirements of tax law complex and time consuming. Our vision as a tax administrator is to make complying easy, provide help that is tailored and ensure that deliberate non-compliance has consequences. In working towards our vision, we are mindful of the tensions between making it easy to interact with the ATO and ensuring integrity in the system through managing potential fraud.

We continue to improve how we administer the tax system, which has resulted in significant reductions in the time and effort required by individuals to comply with their tax obligations. For example, in the mid-90's it was estimated that individual taxpayers spent on average 8.5 hours on tasks required to comply with their tax affairs and relevant to completing their tax returns using *TaxPack*. In contrast, in 2024 nearly 2.4 million taxpayers took less than 15 minutes to lodge their tax return using *myTax* (between July – October 2024). Improvements made over time, particularly for those with simple tax affairs, has helped these 2.4 million individuals collectively save around 18 million hours in effort.

Achieving similar gains for businesses will drive productivity growth. For businesses, we have been exploring what may be involved in moving tax administration to taxpayer's natural systems (and data), rather than needing to acquire and hold large volumes of that data. We are now testing with small businesses how this can be done within the current legislative framework through a number of pilots, the details of which are in the Appendix. We see advantages of this work in that it helps small business taxpayers to minimise their chance of making a mistake and coming to our attention, whilst improving integrity in the system. Ultimately, it will mean that businesses are able to think less about tax and focus more on their business.

Importantly, our work is driving high levels of satisfaction in the community when interacting with the tax system. Of the 2.4 million taxpayers referred to above, 97% were satisfied or very satisfied with the time taken to lodge. We aim to achieve similar results for businesses as we continue to implement these initiatives.

In addition, the Modernisation of Tax Administration Systems (MTAS) project, of which Phase 2 was announced in MYEFO 2024/25, is expected to improve productivity by enabling streamlined lodgement for trustees and beneficiaries, reducing costs associated with reporting and future compliance activity. Once fully implemented it is estimated that there will be approximately \$20 million per annum of red tape savings for trustees and beneficiaries.

We have also commenced a review of compliance costs – seeking to understand the regulatory and compliance impact on the average taxpayer within different market segments. This will help identify the drivers of, and opportunities to reduce, existing compliance burden and help better inform the compliance cost consequences of future policy.

We note the correspondence provided to you from the Regulator Leadership Cohort has noted opportunities for regulators through the right technology, skills and culture to share information safely, confidently and for lawful purposes. These changes will assist in further reducing regulatory burden and foster increased productivity and economic growth. In this regard, we will continue to invest in our relationships with other Commonwealth agencies to deliver good regulatory outcomes across the system.

I welcome the opportunity to continue to engage in this work leading to the roundtable discussions.

Yours sincerely



Rob Heferen
Commissioner of Taxation

1 August 2025

Appendix

This table provide a summary of the actions we have recently taken or plan to implement that support productivity and economic growth.

Summary	Intent	Impact on productivity	Next Steps
Making it easier for individuals in business to comply through better use of data	Improve tax compliance, reduce complexity and create greater tax certainty for individuals in business by pre-filling tax information collected through the Taxable Payments Reporting System, and later the Sharing Economy Reporting Regime.	Pre-filling the tax return with high confidence data matches to the individual in business is likely to save up to 30 minutes per return for self-preparers. Tax agents expected to see reductions of up to 22% in preparation time.	Expected inclusion in Tax Time 2026. Design for next round of changes to commence in 2026 using opportunities to extend use of third-party data to expand pre-fill.
Embedding an ATO approved simplified instalment calculation in accounting software products to modernise Pay As You Go Instalments for small businesses.	Enable tax to naturally follow the business performance and operations of a small business utilising software that businesses already use.	Expected impacts to include reduced administrative burden, improved financial clarity and planning and cash flow management.	Expanding the approach to more digital service providers and small businesses. This is scheduled for the second half of 2025-26.
Supporting small businesses to move to monthly GST reporting to align reporting and payment frequency to their existing businesses processes and rhythms.	Support businesses to get back and stay on track, spend less time in reconciling their accounts for tax purposes and promote greater cash flow visibility.	Impacts for businesses include having greater access to tools and information to support them meet their obligations, and greater reliance on technology that provides reporting accuracy and time savings that can be reinvested.	Continue to encourage small businesses to voluntarily make the shift to monthly GST reporting. Expanding the population that moves to monthly GST reporting using insights from current work, to commence in the second half of 2025-26.

Summary	Intent	Impact on productivity	Next Steps
Supporting businesses through eInvoicing – direct exchange of invoice data between buyers' and suppliers' system.	Reducing the reliance on manual processes via email and PDF attachments. Promotes faster payments and better record keeping.	More than 2 million eInvoices transacted via the secure network. The network has 420,000 businesses registered and enabled to process their invoices.	Continue to work with all suppliers to government, from large through to small businesses to adopt eInvoicing.
Data driven improvements in relation to trusts tax administration by facilitating more accurate and efficient tax reporting	Improvements to ATO systems will reduce compliance costs on an ongoing basis for trustees, beneficiaries and tax agents, making lodgment easier and enabling the vast majority of trust tax returns to be lodged electronically.	It is expected that once fully implemented by there will be approximately \$20 million per annum of red tape savings for trustees and beneficiaries (across a 10 year assessment period (2026-27 to 2035-36 financial years)).	Changes to systems (online lodgment solution for self-preparing trustees), process and data changes (such as prefill of trust lodgment data for both individual and non-individual taxpayers) to be deployed as part of Tax Time 2026 and 2027.
Modernise ATO assurance programs and reporting obligations for large business to reflect the individual levels of tax compliance and modern day tax risks, whilst maintaining high levels of compliance.	Streamline our assurance programs to provide a tailored experience for large businesses. Expand pre-lodgment tax certainty opportunities for the very largest businesses (Top 100). Modernise tax reporting obligations to minimise manual reporting and processing and better target the data we need (reducing overall Australian reporting obligations for large business).	Industry statistics show that cost of compliance for the assurance programs continues to reduce as we further embed tailored solutions and real time tax certainty (particularly for high assurance taxpayers). Modernised reporting obligations is expected to reduce compliance costs and increase confidence in ATO data needs and utilisation.	We continue to embed tailoring and real time engagement features into our assurance programs. We see an opportunity to review existing reporting obligations for large business to identify opportunities for modernisation. We will continue to work with external stakeholders on identifying potential solutions.

Summary	Intent	Impact on productivity	Next Steps
Delivering an online experience for unrepresented individuals when disputing their tax assessment	Reduce the need for taxpayers to use paper forms when lodging an objection.	Expected to provide a contemporary experience for unrepresented individual taxpayers by enabling supporting documentation to be provided upfront and getting digital objections to the relevant area in the ATO faster.	Objection form for unrepresented individuals in authenticated digital channel expected to be delivered by Tax Time 2026.
Strengthened the ATO App with new security features	Support individuals to use the ATO App with confidence to help them protect against potential fraud on their ATO account and to keep on top of their tax and super.	Taxpayers have the ability to validate high-risk transactions in real-time and instantly lock their account instead of calling the ATO.	We will continue to encourage taxpayers to download the ATO App.
Develop framework to estimate compliance costs	Develop a methodology to determine compliance costs by market segment	Identifying the drivers of, and opportunities to reduce, existing compliance burden will also help better inform the compliance cost consequences of future policy.	Work has already commenced on design of the framework.