



Australian Government
Australian Taxation Office

Software Assurance

Client Research

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Summary

Recent research into the take-up of digital services and commercial software in the business community has identified a need to work with software developers, tax and BAS agents, bookkeepers, and business to develop an assurance framework that supports a differentiated taxpayer engagement strategy, using natural systems and source data.

As a result, “My Assurance Platform” (MAP), a governance and assurance framework, will be delivered through business software and other digital tools and used when taxpayers are lodging their returns and statements.

Client focused groups, consisting of tax agents, BAS agents and employees of private/public companies that were responsible for accounting duties, have helped us identify four key software problems that prevent clients from getting their obligations right:

1. There are over 200 common errors.
2. It’s difficult to quickly identify where errors have occurred.
3. During an audit or review, taxpayers using Cloud-enabled software want us (or their tax practitioner) to view and access their data via the cloud.
4. When capital purchases or other one-off unusual expenditures occur, our analytical models often flag something for us to investigate.

The purpose of the discovery workshop is to share these problems with you and explore future opportunities to improve the client experience.

Current state

The research revealed that the main concerns are around the functionality and use of software and the early detection of errors. The client experience as it stands is impacted by the following irritants, from a client’s perspective:

- I don’t know how to use my software
- I’m not aware I’ve made an error until the ATO contacts me for audit
- I cannot tell the ATO that I have made an abnormal transaction
- I spend a lot of time preparing for my BAS lodgment as reconciliation is time consuming and I have to use Excel
- I spend a lot of time determining the tax coding of my purchases
- When I am entering in an invoice, I don’t know if an ABN has been cancelled
- My cost of compliance is high due to reconciliation processes and manual checking of my data

All the user groups agreed that it would be helpful to have the ability to check the accuracy of their accounts prior to lodging. The main cause of the high number of errors was attributed to a lack of tax and accounting knowledge. Many users have not had professional help to setup and use their software correctly.

Possible future state

Addressing these problems could improve the client experience and help businesses and their representatives comply with their tax and superannuation obligations, with the future state possibly resembling the following:

- I understand my software and know how to use it to manage my business affairs
- The software allows me to get it right the first time, giving me more time to focus on my business
- I will have increased confidence that I have gotten it right as my software will tell me if I have made a mistake before I lodge, and I can correct it in real time
- I know where I stand by being open about my affairs
- I can tell the ATO in real time that I have made an abnormal transaction
- I have increased certainty that I am are paying the right amount of tax
- I have less disruption to my business by reducing the likelihood of audit
- I will receive my refund in a timely manner as my refund will be less likely to be delayed
- I can influence how the ATO engages with me through their differentiated treatment strategies

Our aim is to partner with software developers and have them lead the solution exploration and design for the identified problems and any other opportunities. Should software developers wish to pursue this opportunity, the ATO will share the common errors with software developers to enable them to build these into their products.

