



Tax Office posts 140,000 tax refund letters – but fails to send the cheques

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The fallout from the Australian Taxation Office's disastrous IT upgrade continues, with the ATO admitting that it posted 140,000 refund letters without attaching the refund cheques.

The embarrassing mistake was the result of a computer glitch. The ATO has been beset with computer problems since it launched the latest stage of the upgrade of its computer system earlier this year.

In January, the ATO began the process of shifting 27 million taxpayer records, 32.5 million accounts and 282 million forms across to its new system.

It is estimated 500,000 tax returns and 100,000 superannuation co-contributions have been delayed due to the backlog caused by problems with the software upgrade.

Tax agents and individual tax payers have complained that the delays have led to cashflow problems.

But the forgotten cheques seem to have really riled impatient taxpayers.

"Last week we noticed an increase in calls from people who received a notice of assessment and were entitled to a refund, but the cheque was not included," the ATO said in an update published on its website yesterday.

"Unfortunately, approximately 140,000 cheques were not printed. They are now being printed and will be with Australia Post by Monday, April 19."

Sue Prestney, principal of MGI Melbourne, says she has several clients who are waiting anxiously for tax refunds, including one entrepreneur who has been waiting since December for a refund, although this case does involve a pre-existing tax debt that is being paid off under a payment plan.

But it's not just processing times that are worrying Prestney. She says one tax return lodged on March 1 – which has an \$80,000 refund attached to it – still isn't even showing up in the ATO system as being lodged.

"It's not just late refunds and slow processing times, the Tax Office system isn't even showing it has been lodged. We don't quite understand," she says.

"Some of these amounts are big amounts that do make a real difference to the cashflow of a business."

"The ATO has been very reasonable over the last 12 months with late payments from clients, so maybe they think it's their turn."

The ATO says the situation is improving, and it currently has 100,000 returns from individuals in its system that are more than 30 days old.

"While this is more than we would normally have on hand... we are working hard to be back to normal processing service standards with this work as soon as possible."

But that hasn't stopped independent senator Nick Xenophon calling on the Federal Government to set up a joint inquiry between the inspector-general of taxation and the auditor general to examine the bungled upgrade.