

JOINT SUBMISSION BY

**CPA Australia, Chartered Accountants Australia and New Zealand,
The Tax Institute, Institute of Public Accountants
and Taxpayers Australia**

**Practical Compliance Guideline PCG 2016/D1 – Practical Compliance
Guidelines: purpose, nature and role in ATO's public advice and guidance.**

Date: 22 April 2016

Thank you for the opportunity to comment on Practical Compliance Guideline PCG 2016/D1 which deals with the purpose and nature of practical compliance guidelines.

GENERAL COMMENTS

The ATO are to be congratulated on this initiative. Practical compliance guidelines will benefit taxpayers and their representatives by providing greater certainty around compliance with some aspects of tax law for taxpayers and their representatives.

This PCG is well expressed and provides a good explanation of how PCGs will work. We hope that PCGs will be used not only to give greater certainty on how the Commissioner will administer the current law but also, where appropriate provide guidance on how the ATO will administer a proposed law should it become law. In that sense, PCGs are also an important companion to law companion guides (LCGs).

In our imperfect tax system, initiatives such as PCGs are essential for the good administration of the law and are therefore in the public interest.

SPECIFIC COMMENTS

In addition to this overall endorsement, we make a few specific points for consideration:

1. It would be useful if a compendium of comments were made on any draft PCGs which outline the key issues raised, the rejected positions and the reasons for the rejection. This will provide additional reasoning as to why the ATO has selected, for example a certain benchmark or safe harbour.
2. PCGs should be subject to post implementation reviews at set periodic intervals. Such set periodic reviews should not replace the necessity to amend the PCG outside these periods should the need emerge.
3. Paragraph 18 notes that '*formal drafts for public comment will not routinely be produced prior to the finalisation and publication of the Guideline.*' Ideally, the ATO should issue such guidelines for public consultation as it may not always be possible to identify all interested stakeholders for private consultations (assuming there is private consultation). Regardless of whether the ATO goes through an open or closed consultation process, the benchmarks or safe harbours adopted should have a good grounding in commercial practice so that it is not unnecessarily onerous for most taxpayers to 'swim between the flags' unless there is a very good reason otherwise.