

Dear Sir/Madam

I would like to make some comments on some ongoing problems I have been having with the ATO over the last few years. I hope that you will be able to use my information as a submission as part of forming your findings.

In the 2000 financial year I entered in to an investment on the advice of my accountants. The investment was called Microchill. I was told that this was an investment approved by the ATO and several rulings and opinions were shown as support from senior employees from within the ATO.

In 2004, I was written to by the ATO saying that they had changed their mind and that the investment was no longer approved and that not only would I have to pay the primary tax, I was also up for harsh penalties and interest of around 60%! In my particular case, the ATO alleged I paid \$21,500 to save (avoid) approx. \$32,000 worth of tax. They sent me a bill for approximately \$60,000, \$28,000 was made up of penalties and interest.

I was co-operative with the ATO as I am an honest taxpayer. Being a small player I saw it to be futile to take on the might of the ATO and promptly paid my primary tax. The interest and penalties of around \$28,000 however, I have been objecting to. This dispute is ongoing.

It seems that there is no blanket rulings. I have heard of other taxpayers in similar disputes that have had the penalties and interest wiped out after negotiation while others lose everything. Should there not be fair and equitable rules that apply to all?

Another bone of contention is the General Interest Charge. Not only was the ATO's decision made retrospective (even though a positive ruling had been given at the time I entered the investment) but I was slugged at 12.63% which is well above market rates. How does the ATO determine this rate.

I was advised that paying the primary tax would automatically alleviate the GIC by half on the disputed penalties and interest. This was not done until I wrote to the ATO some 6 months later when I realised that they were still billing me at 12.63% on the balance they are arguing is due.

Although I am a cooperative and honest taxpayer I am treated as if I have behaved in a guilty fashion. The ATO seems to be able to create rates that suit it from time to time, either to maximize revenue or appease extensive criticism. It would be worth noting that penalties and interest are in the legislation to punish wrongdoing.

It seems that the ATO is a giant monster of a department that does not have any centralised rules to obey by. It uses intimidation and blanket assessments to maximise its revenues by making sometimes innocent taxpayers feel that they have no option but to pay the bully or face the consequences.

Please help individual taxpayers by making the tax system fairer and more uniform. Many have been unfairly caught up in this system whereby

the ATO can give a positive ruling at the time that a tax investment is made only to change its mind down the track and force individuals such as myself down the road the ATO see is correct.

Yours sincerely
Brendan Torazzi