



Request remission of interest or penalties

How to request a remission to reduce or cancel interest charges or penalties on unpaid tax liabilities.

Remission of penalties



Find out how we apply penalties and how to request a remit (reduce or cancel) a penalty.

Remission of interest charges



Find out how we apply interest and how to ask us to remit (reduce or cancel) your interest charges.

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Remission of penalties

Find out how we apply penalties and how to request a remit (reduce or cancel) a penalty.

4 May 2023

How penalties work

Tax laws authorise us to impose administrative penalties for a range of conduct, such as:

- claiming a deduction you are not entitled to
- making a false or misleading statement.

The purpose of the penalty provisions is to encourage taxpayers to take reasonable care to comply with their obligations.

The law specifies the conditions under which we can apply a penalty and the amount of the penalty. However, we have discretion to reduce (remit) the penalty according to individual circumstances. We frequently remit penalties before we issue notices of your tax debt.

If you disagree with a penalty imposed on you, in most cases you may ask us to remit it. However, for some penalties you must [dispute them through the objection process](#).

How to request a remission of penalty

You can ask for a reduction (partial remission) or cancellation (full remission) of any penalty, including penalties for failing to:

- lodge documents on time
- withhold amounts as required (PAYG withholding system)
- meet other tax obligations.

You can make your request:

- through our **online services** if you are a business or tax agent (you must be registered)
- by phone (for small penalties and simple cases)
- by mail to

Australian Taxation Office
PO Box 327
ALBURY NSW 2640

For large penalties or complicated cases, we recommend you write to us.

When requesting a review of a penalty, include:

- your full name
- your contact details

- your tax file number (TFN) or Australian business number (ABN)
- the reference number from the letter advising you of our decision
- the reasons you think it is fair and reasonable for us to remit the penalty in your situation
- details of penalty (\$) amounts and the dates penalties were imposed (if known).

Disputing a penalty through the objection process

An objection must be lodged when disputing a penalty relating to:

- a tax shortfall
- false or misleading statements in a:
 - tax return
 - business activity statement
 - fuel scheme claim form
 - super statement including
 - member contribution statement
 - lost member statement and
 - departing Australia superannuation payment report
- failing to provide a document requested by the Commissioner (such as a tax return).

See also

- [Dispute or object to an ATO decision](#)
- [Penalties for information about penalty units.](#)

How we assess a request for remission

One of our key principles is that taxpayers who under-report their income, over-claim their credits, or delay paying their tax should not gain an advantage over taxpayers who do the right thing.

In deciding whether to remit a penalty we also consider:

- your compliance history

- whether tax was deferred or avoided
- the reasons for the increased tax (or reduced credits) that brought about the imposition of penalties
- whether we became aware of the tax shortfall as a result of your voluntary disclosure or because of our compliance efforts
- your attitude towards complying with the tax laws.

Compliance history

We encourage taxpayers with a good compliance history to remain compliant by treating them more leniently than taxpayers who aren't compliant.

This means we consider your compliance history when deciding whether it is fair and reasonable to remit the penalty in full, or in part.

The weight we give to compliance history varies depending on the circumstances.

A good compliance history is generally one where you:

- have met all your lodgment obligations on time (including lodging activity statements and tax returns)
- have paid all non-disputed debt (or have a payment arrangement)
- haven't recently been liable for a penalty.

Tax deferred or avoided

If a tax debt was paid late (deferred) rather than permanently avoided, there may be scope to remit the penalty. The level of remission (partial or full) would be influenced by the period of deferral and the amount of tax avoided as a result of the deferral.

Example

A taxpayer may account for their GST on the wrong activity statement (that is, in the wrong period). After the amendments, if there is no shortfall amount in overall terms, the penalty may be remitted in full.

Similarly, if a deduction or credit is claimed in the wrong taxpayer's return or activity statement, but there is no overall shortfall amount, a penalty may be remitted in full.

However, if the two taxpayers have different tax rates there will be different shortfall amounts for each taxpayer and a net overall shortfall amount. Where this happens the penalty may be remitted so that it equals the penalty that would be applied to the net overall shortfall.

How we advise you of our decision

If we don't remit the penalty amount in full, we'll give you a written explanation for our decision.

Further action you can take

If you have objected to a penalty and are dissatisfied with our decision on your objection, you can seek an external review through the Administrative Appeals Tribunal or the Federal Court of Australia.

Next steps

- Phone us
- Seek an external review of our decisions

See also

- Interest and penalties

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Remission of interest charges

Find out how we apply interest and how to ask us to remit (reduce or cancel) your interest charges.

5 September 2023

Find out how we apply interest and how to ask us to remit your interest charges.

Why we charge interest

We apply a general interest charge (GIC) on unpaid tax debts and shortfall interest charge (SIC) on shortfall amounts. The purpose of charging interest is to ensure that:

- taxpayers who complete their tax returns correctly and pay their tax on time are not worse off than taxpayers who lodge incorrect returns and pay less tax than they should (even if this is by mistake)
- government revenue is not disadvantaged by taxpayers who don't pay their tax on time.

General interest charge

We may apply the GIC, if an amount of tax or some other liability remains unpaid after the date it should have been paid. This includes where:

- a tax shortfall arises because of an amendment of an assessment or other correction
- an instalment of tax is underestimated
- a return is lodged late.

Shortfall interest charge

The SIC has a lower rate than the GIC. This is because taxpayers are usually unaware of a shortfall amount until we tell them. When we tell you of a shortfall in your tax, we also include an interest charge on the shortfall amount.

The shortfall is the difference between the amount of tax originally assessed (or refunds you claimed) and the amount of tax you were eventually assessed for (or credits you were entitled to).

The due date for payment of the additional tax and SIC is 21 days after the day we give you notice of the additional tax.

Once the due date has passed, the higher GIC applies to any unpaid tax and SIC.

How we assess a request for GIC remission

In deciding whether to remit the GIC, we consider factors including:

- whether there were any extenuating circumstances that caused the delay in payment
- what steps you took to relieve the effects of those circumstances.

We may ask you to provide documents to support your request.

For example, we look at whether you were responsible for the delay in payment or it was outside your control. This could be due to such things as natural disasters, industrial action, the unforeseen collapse of a major debtor or the sudden ill health of key staff.

If you were responsible, we look at whether this had an unforeseen result. For example, where a soundly-based decision had unforeseen consequences.

How we assess a request for SIC remission

We use the information you provide as well as other information available to us to consider your request for remission of the SIC. We may remit all, some or none of the interest charge.

We also initiate remission, if it is clearly appropriate to do so. For example if:

- we delay the start of an examination into your tax affairs or the expected time to complete an examination is late due to our actions
- we cause periods of unreasonable delay during an examination
- either of us experiences a delay in obtaining information from a third party during the examination, which is not otherwise available to you
- we delay processing your amendment request.

How to request a remission of interest

You can refer to the sections below to get further information.

- [Online services for business](#)
- [Online services for agents](#)
- [Fax or mail](#)

- [Shortfall amounts](#)
- [How we advise you of our decision](#)

In most circumstances, remission of GIC and SIC requests must be made in writing:

- through [Online services for business](#) or [Online services for agents](#) (you must be registered)
- by [fax or mail](#).

In very limited circumstances you can [phone us to request a remission of SIC](#).

Include in your request to us:

- your full name
- your contact details
- your tax file number (TFN) or Australian business number (ABN)
- the reference number from any letter or notice advising you of our decision
- an explanation of why you think it is fair and reasonable for us to remit your interest charges
- for GIC only – explain in detail the circumstances, including relevant dates, that led to the delay in payment and any steps you've taken to reduce the delay
- details of interest (\$) amounts and dates interest was imposed, if known.

Online services for business

Request a remission of an interest charge in Online services for business using **Secure mail**. Select the topic and subject of your message from the list below.

Online services for business secure mail topics and subjects

Topic	Subject	Additional subject
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Activity statements	Remission of general interest charge	n/a
Debt and lodgment	Remission of general interest charge	n/a
Debt and lodgment	Remission of shortfall interest charge	n/a
Fringe Benefits Tax (FBT)	Remission of general interest charge	n/a
Income tax	Remission of general interest charge	n/a
Income tax	Remission of shortfall interest charge	n/a
Refunds/remissions	Remission of general interest charge	n/a
Superannuation	Remission of general interest charge	n/a
View more topics	Statement requests/account details	Remission of general interest charge

Online services for agents

Tax professionals can request a remission of an interest charge for their clients in Online services for agents using **Practice mail**. Select the topic and subject of your message from the list below.

Online services for agents secure mail topics and subjects

Topic	Subject
Activity statements	Remission of general interest charge (GIC)

Debt and lodgment	Remission of general interest charge
Debt and lodgment	Remission of shortfall interest charge
Fringe Benefits Tax (FBT)	Remission of general interest charge
Income tax	Remission of general interest charge
Income tax	Remission of shortfall interest charge
Refunds/remissions	Remission of general interest charge
Statement requests or account details	Remission of general interest charge
Superannuation	Remission of general interest charge

Fax or mail

Send your request for a remission of an interest charge for Income tax liabilities and GST by either:

- Fax **1300 139 045**
- Post
Australian Taxation Office
PO Box 327
ALBURY NSW 2640

Send your request for a remission of an interest charge for Fuel schemes and non-BAS claimants of wine equalisation tax (WET) and fuel tax credits by post to:

Australian Taxation Office
PO Box 3007
PENRITH NSW 2740

Shortfall amounts

You may request a remission of SIC **by phone**, in the case of the following exceptions:

- SIC was calculated on an amount larger than your amendment assessment (PAYG ITW credit/s were not included to reduce the shortfall).
- SIC was calculated after you paid tax (paid before your notice was issued).
- We took longer than the service standard time to issue your amendment and the SIC accrued.

How we advise you of our decision

If we decide not to remit the interest charge in full, we'll send you a letter explaining why not.

Further avenues of review

There are 2 types of interest charge:

- [General interest charge](#)
- [Shortfall interest charge](#)

General interest charge

The remission of GIC is not a reviewable objection decision. This means **you don't** have the right to lodge an objection with us or have the decision reviewed by the Administrative Appeal Tribunal (AAT).

However, you may seek an independent external review of the decision in the Federal Court or Federal Circuit Court under the *Administrative Decisions (Judicial Review) Act 1977*.

Shortfall interest charge

In all circumstances except one, you can **request a review** of the SIC remission decision.

The exception is where, after our decision on your first request, the amount you still have to pay is more than 20% of the shortfall itself. In this situation you need to use the objection process to disagree with our decision.

See PS LA 2006/8 *Remission of shortfall interest charge and general interest charge for shortfall periods*.

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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