



# Paying the ATO

How individuals and businesses can make a payment to the ATO.

## 22-12 Testing



long content page test for 22-12

## How to pay



How to pay us including the easiest ways to pay, other options, details you need and what to do if a payment is missing.

## How much you owe



Work out how much you owe the ATO.

## Help with paying



If you can't pay on time, there are support options you can access to meet your tax and super obligations.

## If you don't pay



Here are your options if you can't pay on time and what happens if you don't pay your debt.

## Interest and penalties



Learn about interest and penalties we charge and interest we pay on early or overpaid amounts.

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## How much you owe

Work out how much you owe the ATO.

21 April 2021

## Individuals and sole traders

### Online using myGov

Use your myGov account linked to the ATO to check your outstanding balance and when your payment is due.

[Log in or create a myGov account](#)


## Income tax

After lodging your tax return you'll receive a notice of assessment confirming:

- how much you owe
- the due date for payment
- your payment reference number (PRN).

You can use our online services accessed through myGov to view your notice of assessment.

### See also


- [myGov](#) 
- [Why you may receive a tax bill](#)

## PAYG instalments

Pay as you go (PAYG) instalments only apply if you earn business or investment income over a certain amount. We'll notify you if you need to start paying PAYG instalments, how often you need to pay and the payment options available.

You can use our online services accessed through myGov to view, lodge, pay, vary and manage all your PAYG instalment obligations.

### See also

- PAYG instalments
- [myGov](#) 

## Business

If you're running a business, log in to Online services for business to find out what you owe us.

**Online services for business**

Find out when you need to lodge and pay:

- due dates for businesses that self-lodge
- due dates for registered agents that lodge for business.

If you can't use Online services for business, you can:

- [check your income tax assessment](#)
- [phone us](#)


## Check your income tax assessment

Businesses other than companies receive a notice of assessment from us after they lodge their tax return.

The notice of assessment states:

- how much you owe
- the due date for payment
- your payment reference number (PRN).

Fully self-assessed companies and super funds don't usually receive a notice of assessment.

Sole traders and partners in partnerships can check what income tax they owe through our online services accessed through a [myGov account](#)  linked to the ATO.

## **PAYG instalments**

If you're earning business income, you may be required to pay PAYG instalments. When we write to tell you that you have to pay instalments, we'll let you know how often to pay and the options available.

## **Phone us**

Businesses can find out what tax they owe, and when it's due, by phoning us on **13 28 66** during **operating hours**.

Contact us immediately if you believe your account balance is incorrect.

### **Next step**

- How to pay

## **If you disagree with your tax assessment**

If you think your tax assessment is incorrect, you can dispute or object to an ATO decision.

## **Your payment is still due**

Even if you're disputing an assessment, you must still pay the outstanding amount by the due date – unless you have a [deferral or 50:50 arrangement](#).

Overdue amounts, disputed or otherwise, incur interest. If the dispute is resolved in your favour we will generally pay you interest on your overpayments.

We may take recovery action for outstanding taxes even if you've requested a review or lodged an objection or appeal.

## **Seeking a deferral or 50:50 arrangement**

You can write to us, explaining your reasons, if you want to defer your tax payment until your dispute has been resolved. If you have a good payment history, we may agree to defer recovery action until the dispute is resolved. However, interest will apply from the due date on any amount that is still payable when the dispute is resolved.

We may be able to offer you a 50:50 arrangement, where you pay at least 50% of the disputed amount plus any other outstanding tax debts. You also agree to provide any information needed to resolve the dispute. In return, you can defer paying the remaining amount until the dispute is resolved.

If your objection is unsuccessful you will only be charged 50% of the interest that accrues on the outstanding amount from the date you made the 50% payment. This concession is increased to 75% if your case is funded as part of the test case litigation program.

#### **See also**

- [Correct \(amend\) an income tax return](#)

## **Registered agents**

To find out how much your client owes:

- [use Online services for agents](#)
- [phone us on 13 72 86 \(fast key code 1 2 5 1\).](#)

### **Debts on hold**



What debts on hold are and how we offset credits and refunds against them.

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## **Debts on hold**

What debts on hold are and how we offset credits and refunds against them.

## About debts on hold

We may place a debt on hold if we decide that taking active steps to collect the debt is not an economical option for us.

While a debt is on hold we do not try to collect it. However, any credits or refunds you become entitled to are used to pay off the debt. This is required by law.

When we make the decision to place a debt on hold:

- we tell you by letter that we have paused debt collection, but any credits or refunds you become entitled to will be used to pay off the debt
- you will see a transaction with the description 'non-pursuit' on your statement of account or you can [view](#) it in ATO online services
- your debt on hold will not show as an outstanding balance on your account, as we have made it 'inactive', but the debt is still on your record
- although we have placed your debt on hold, the debt remains payable.

You can get more details in *PS LA 2011/17 Debt relief, waiver and non-pursuit*.

If you need support or help understanding your debt on hold, contact us, or talk to your registered tax or BAS agent or financial adviser.

## Making payments towards your debt on hold

Even though we do not try to collect a debt that's on hold, you can pay all or part of it at any time.

To start making payments towards your debt and have it included in your account balance, **contact us**. You can also ask us about payment options like payment plans.

## Offsetting credits or refunds

While we don't try to collect a debt that is on hold, the law requires us to use any credits or refunds you become entitled to, to pay off the

debt. We call this **offsetting**.

When we use a credit or refund to pay your debt on hold, an offset transaction can be found on your statement of account or in ATO online services with the description 'offset'.

You don't need to do anything when we offset your debt on hold.

Example: offsetting a tax refund against a debt on hold

Hannah lodged her tax return for the 2018–19 financial year, which resulted in a tax debt of \$500.

We placed her \$500 debt on hold because collecting it was not an economical option for us.

Hannah lodged her tax return for the 2021–22 financial year, which resulted in an expected tax refund of \$990.

We offset her expected tax refund of \$990 against her \$500 debt on hold. This reduced her tax refund to \$490.

Hannah can find her offset transaction on her statement of account or in ATO online services with the description 'offset'.

After offsetting, any balance still payable will remain on hold. You don't need to do anything. We will continue to offset any credits or refunds until your debt on hold is paid in full.

## Discretion not to offset

There are limited circumstances in which we have the discretion not to offset, and to instead issue a refund.

You can find out more in *PS LA 2011/21 Offsetting of refunds and credits against taxation and other debts*.

## Reactivating debts on hold

We may reactivate a debt on hold (take a debt off hold) if new information suggests collection is now an economic option for us.

This will usually happen when:

- you have [requested to pay](#)

- we have reason to believe you may now be able to pay the debt.

When a debt is reactivated, we remit any **general interest charge (GIC)** that accrued during the time that it was on hold.

## Notifying you of a reactivated debt

When a debt is reactivated:

- it will show as an outstanding balance on your statement of account and in ATO online services, as we have made it 'active'
- we may also notify you or your authorised representative, either by phone or in writing.

Your statement of account and tax account in ATO online services will show one of the following transactions to reflect the debt on hold has been reactivated:

- re-raise of non-pursuit
- partial re-raise of non-pursuit
- cancellation of non-pursuit.

## What to do if your debt is reactivated

When we tell you your debt has been reactivated, you need to pay the outstanding amount in full by the due date advised. If you cannot pay by this date, you may be able to set up a **payment plan** to pay by instalments.

If you're experiencing financial difficulties and need support, you can refer to:

- Tax support for individuals
- Tax support for businesses and not-for-profits

## View your debts on hold or offset transactions

Individuals and sole traders:

- visit **ATO online services**
- select the **Tax** drop-down menu



- select **Accounts**
- select **Tax accounts**
- choose the account you want to view
- select **Filter**
- update the 'from' date to 01/01/2000
- scroll through the account or download CSV (Excel) file and search for the following transactions
  - for **debts on hold** search 'non-pursuit', 're-raise of non-pursuit', 'partial re-raise of non-pursuit' and 'cancellation of non-pursuit' – the net amount of the debits minus the credits is the remaining balance of the debt on hold
  - for **offsetting** search 'offset' – this shows the amount of credit or refund that's been used to offset the debt.

Registered tax professionals:

- visit **Online services for agents**
- select **View client list** or **Favourite clients** (if you have added client to favourite list)
- choose **Client identifier**
- select the **Accounts and payments** drop-down menu
- select **Tax accounts**
- choose the account you want to view
- select **Filter**
- update the 'from' date to 01/01/2000
- scroll through the account or download CSV (Excel) file and search for the following transactions
  - for **debts on hold** search 'non-pursuit', 're-raise of non-pursuit', 'partial re-raise of non-pursuit' and 'cancellation of non-pursuit' – the net amount of the debits minus the credits is the remaining balance of debt on hold
  - for **offsetting** search 'offset' – this shows the amount of credit or refund that's been used to offset the debt.

Businesses:

- visit **Online services for business**
- select the **Accounts and payments** drop-down menu
- select **Tax accounts**
- choose the account you want to view
- select **Filter**
- update the 'from' date to 01/01/2000
- scroll through the account or download CSV (Excel) file and search for the following transactions
  - for **debts on hold** search 'non-pursuit', 're-raise of non-pursuit', 'partial re-raise of non-pursuit' and 'cancellation of non-pursuit' – the net amount of the debits minus the credits is the remaining balance of debt on hold
  - for **offsetting** search 'offset' – this shows the amount of credit or refund that's been used to offset the debt.

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## Help with paying

If you can't pay on time, there are support options you can access to meet your tax and super obligations.

5 September 2023

If you're experiencing financial difficulties, our support options may help you meet your tax and super obligations.

You can follow the links below.

### Payment plans

Find out how to set up a manageable payment plan to pay down your debt.

### Managing payments

How to manage your payments, including prepayments and payment transfers.

### **Compromise of tax debt**

Find out what happens in a compromise of tax debt and how to apply for one.

### **Deferring repayments**

Work out if you can defer or amend your compulsory payment or overseas levy.

### **If you can't lodge or pay on time – Easier to read information**

Find out about lodging and paying in a way that is easy to read and uses pictures to explain ideas.

### **Other languages**

Get help with paying in other languages.

*Authorised by the Australian Government, Canberra.*

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## **Payment plans**

How to set up a manageable payment plan to pay down your debt.

5 September 2023

### **What is a payment plan?**

If you can't pay what you owe in full and on time, you may be able to set up a payment plan.

A payment plan allows you to break down your payment into smaller amounts that are made via instalments and are spread over the shortest possible fixed period of time to minimise general interest charge (GIC) which will continue to accrue. Within a payment plan, you pay an agreed sum of money weekly, fortnightly or monthly until the balance is cleared.

Who can enter into a payment plan:

- individuals
- sole traders

- businesses
- registered tax or BAS agents on behalf of their clients.

## **Important information for taxpayers entering a payment plan**

Before entering into a payment plan you need to be aware of the following:

- If you can, you should pay the tax you owe in full and on time.
- If you have multiple overdue tax debts, your payment plan may default and you will need to pay any tax debt in full or set up payment plans to avoid defaulting or debt recovery action.
- Any tax credits and refunds you receive will be used to reduce your tax debt (**offsetting**) - it doesn't replace the required instalment payment.
- General interest charge (GIC) will accrue until the debt is paid.
- You can make additional voluntary payments or pay off the debt at any time.
- You still need to lodge your activity statements and tax returns and pay any associated liabilities on time.

## **What to do before setting up a payment plan**

When thinking about setting up a payment plan you need to consider:

- if you can pay the tax debt you owe then you should pay in full now
- how much you can pay now and when you'll be able to pay in full
- negotiating payment plans for all debts
- how much you can pay to meet each scheduled instalment (including interest on any overdue amounts)
- your future obligations.

You can use our [online payment plan estimator](#) to calculate a payment plan you can afford. This tool also helps you work out how quickly you

can pay off a tax debt and how much interest you'll be charged. The longer you take to pay off your debt, the more interest you'll need to pay.

Once you work out a suitable payment scenario based on your circumstances, you can use it as a guide to set up a payment plan to meet your tax debts.

You can't use this estimator for **super guarantee charge** debts. To get help managing your super obligations, you can phone our **lodge and pay enquiry line**.

## Setting up a payment plan

In some circumstances you will be able to set up a payment plan online, without our assistance.

Sometimes you may still need to contact us for assistance, even if the **payment plan estimator** indicates you have found a suitable arrangement. We may ask for more detail about your circumstances, including about:

- why you can't pay now
- what steps you've taken to try and pay
- your income, such as
  - employment
  - interest
  - rent
  - royalties
  - dividends
- your expenses, such as
  - transport
  - groceries
  - gas, electricity and water bills
  - recreation and entertainment costs
  - insurance


- financial (for example credit cards, personal loans)
- clothing and personal care
- education and childcare
- TV, phone and internet
- minimum mortgage repayments or rent
- your assets
- your bank balances, creditors and debtors.

If you are in business, we may ask you to provide details of your:

- business income over the last 3 months
- business expenses over the last 3 months
- other cashflow information, such as whether
  - the business is seasonal
  - previous activity statements are a reflection of ongoing statements.

We ask for this information so we can work with you to create an appropriate and manageable payment plan.

## Individuals and sole traders

The easiest way to set up a payment plan if you owe \$100,000 or less is to use our **online services**. To use online services, you need an active [myGov](#)  account linked to the ATO.

You may be eligible to set up, adjust or cancel an existing payment plan.

If you can't access online services via myGov, you can phone our **self-help service for individuals**. Make sure you have your Australian business number (ABN) or tax file number (TFN) handy, and the full details of your outstanding amount. You may also be able to make a late payment through this number.

If you have trouble using our automated phone service, you'll be connected to a person to help you during **operating hours**.

Our aim is to help you pay amounts you owe in the shortest time and save you interest. When you set up a payment plan, you'll be provided

with:

- an upfront amount you need to pay
- examples of instalment amount that have been manageable for clients with similar circumstances to yours.


You can vary the upfront and instalment amounts above or below the amounts provided, up to certain values.

If you can't afford a payment plan offered online, or you owe more than \$100,000, phone our **lodge and pay enquiry line** during operating hours to discuss your options.

Before you call, work out a plan you can afford using our **payment plan estimator**.

## Businesses

If your business owes \$100,000 or less, you can set up a payment plan:

- via [Online services for business](#)  – select **Accounts and payments** then **payment plans**
- by phoning our **automated service for business enquiries**
- through your registered tax agent or BAS agent who can use online services to enter a payment plan on your behalf.

If you have trouble using our automated phone service, you'll be connected to a person who will help you during **operating hours**.

To set up a payment plan, you need your ABN or TFN, and the full details of your outstanding amount.

If your business owes over \$100,000, phone our **lodge and pay enquiry line** during operating hours to discuss your options.

Before you phone, work out a plan you can afford using our **payment plan estimator**.

## Registered agents

If you're a registered tax or BAS agent, you can use our **Online services for agents** to view, set up, adjust or cancel a payment plan for your client.

This video explains **how to set up a payment plan for your client**.

You can set up a payment plan if your client:

- has an existing debit amount less than \$100,000 (total balance or overdue amounts)
- does not already have a payment plan for that debit amount.

If your client doesn't meet these requirements, you can phone our **registered agent phone line** to discuss their options. Use our fast key code guide to get in touch with the right area.

## **Interest-free payment plans for overdue activity statement amounts**

Small businesses that owe activity statement amounts may be able to make interest-free payments over 12 months.

### **Eligibility**


You may be eligible for an interest-free payment plan if your business:

- has an annual turnover of less than \$2 million
- has recent amounts owed from an activity statement of \$50,000 or less that have been overdue for up to 12 months
- has a good payment and lodgment history, including
  - no more than one payment plan default within the last 12 months
  - no outstanding activity statement lodgments
- cannot obtain finance (such as a loan) through normal business channels
- can demonstrate ongoing viability.

### **How it works**

You must agree to a payment plan that allows the amounts owed to be paid by direct debit within 12 months. Even if you receive a letter stating that interest will apply, it will be remitted as long as you maintain your payment plan.

While you're paying your bill, you:

- can check your running account balance by logging into the [Online services for business](#)  or phoning our business enquiry line



- must meet all of your other payment and lodgment obligations.

Registered tax or BAS agents can check the running account balance by:

- using Online services for agents or by referring to the Online services for agents user guide for instructions
- phoning our registered agent phone line
- phoning **13 72 86** (Fast Key Code **1 2 5 1**).

## **If you're already in a payment plan**

You can ask us to change your existing payment plan to an interest-free payment plan if you satisfy the eligibility criteria.

If your request is approved, we'll cancel your previous plan. The interest-free period will start from the date you enter into the new plan.

Phone our business enquiry line during operating hours to change to an interest-free payment plan if eligible.

## **Managing your payment plan**

### **Setting up direct debit**

The easiest way to stay on top of your payment plan instalments is to set up a direct debit. You can set up direct debit payments at the same time you set up your payment plan – from either a financial institution (bank) account or a credit or debit card.

Only the card holder can set up a direct debit payment plan using a credit or debit card. Alternatively, you can pay individual instalments with your credit card or any of the other payment options available for paying the ATO.

### **Changing how you pay your instalments**

You can modify an instalment from direct debit to a different payment method.

When updating a payment plan, you can change the payment method by:


- choosing a different payment method (you must allow at least one business day to process this request)
- unlinking the payment plan from one credit or debit card and linking it to another card.

## Modifying instalments

You can also modify an instalment date or amount or cancel an instalment.

You will need to do this at least 2 days before the payment date. A payment plan cannot be modified online if the current plan extends for longer than 24 months or if the changes will extend the plan by longer than 24 months.


You can update the instalment amounts of your payment plan through our online services:

- individuals and sole traders can use ATO online services
- businesses can use [Online services for business](#)  on the **Payment Plan** page
- tax and BAS agents can refer to the **Online services for agents user guide** for instructions on how to modify an instalment in **Online services for agents**.

Tax and BAS agents cannot modify the payment plan or instalment schedule if the payment method is direct debit via credit or debit card. Only the card holder can do this.

## Checking the status of your payment plan

Individuals and sole traders can view the status of their payment plan in ATO online services. From the **Tax** menu, select **Payment** and then select **Payment Plans** from the next menu.

Business clients can check their payment plan status from the **Accounts and Payments** menu in [Online services for business](#) . For more detail about each payment plan status, click the help icon.

## Arrears status

If you missed a scheduled instalment or haven't paid another tax obligation by the due date, you may still have time to pay before your

payment plan defaults.

You may receive a letter from us informing you that your accounts are in arrears and you have an opportunity to catch up before your payment plan defaults. This letter outlines the minimum amount you need to pay now and other actions you need to take to prevent your payment plan from defaulting.

myGov users will receive the letter through their myGov inbox in the first instance. If you have set up a preference to send correspondence to your tax agent, the arrears letter will be sent to them.

## Secured payment plans

If we can't reach an agreement with you about paying amounts you owe, we may consider accepting an offer of security where you either:

- request we defer the time of payment of a debt
- seek to pay a debt by instalments.

Our preferred securities are:

- a registered mortgage over freehold property
- an unconditional bank guarantee from an Australian bank.

For more information about a secured payment, phone our **lodge and pay enquiry line** during operating hours.

For more information, see *PS LA 2011/14 General debt collection powers and principles*.

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## Managing payments

How to manage your payments, including prepayments and payment transfers.

2 May 2023

## Budgeting for tax

Keep an adequate amount aside to cover tax whenever you receive a payment that hasn't been taxed, such as:

- income as a contractor
- profit from selling shares or property (capital gains tax may apply)
- rental income
- interest and share dividends
- sharing economy payments.

You can make **voluntary repayments** at any time to reduce the balance of your debt.

You can use our income tax estimator to work out if you're likely to owe tax this income year.

#### **See also**

- [Income tax estimator](#)
- [Investing](#)
- [Supporting your small business](#)

## **Making prepayments**

You don't need to wait for a bill from us to make a payment. You can make prepayments at any time and as often as you like to make it easier for you to manage your tax.

What you need to do:

- get your **payment reference number (PRN)**
- work out how much to prepay using our **online tools** and calculators
- prepay your tax using one of our **payment methods**.

We will hold prepayments you make towards your expected bill unless you, or your agent, request a refund. If you already have an existing debt with us, these payments may be used to pay that debt.

#### **See also**

- [How to pay](#)
- [Interest on early payments calculator](#)

## How to prevent debt

Our research shows that you are more likely to stay on top of your payments to us if you:

- keep amounts for GST, superannuation and income tax payments separate from your other business affairs – for example in a separate bank account or by making a prepayment to us
- manage your cash flow and budget for monthly income and expenses
- keep good business records and update them frequently – for example, weekly or monthly.

It's important to have a good understanding of your payment obligations so you can plan ahead to pay the right amount at the right time.

## Request a payment transfer

A payment transfer is the movement of a payment from one ATO account to another ATO account if a payment has been credited to the wrong account. You can request a partial transfer where a payment should have been made for two different accounts.

You need to provide the following details to request a payment transfer:

- your contact details, including your name and phone number – you must pass proof of identity on the account the payment is being transferred from
- details of the account the payment was made to, including the PRN, account name, tax file number (TFN) or Australian business number (ABN)
- amount of the payment
- payment method – for example, credit card or BPAY
- date of the payment
- payment receipt number (if known)
- tax type – for example income or activity statement

- details of the account that the payment is to be transferred to, including the PRN, account name, TFN or ABN
- details of the amount of the payment to be transferred – you can request a transfer of the whole, or partial amount.

You can request a payment transfer by phoning **13 11 42** during our operating hours.

Businesses can use the [Online services for business](#)  and registered agents can use Online services for agents.

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## Compromise of tax debt

Find out what happens in a compromise of tax debt and how to apply for one.

16 December 2022

### What happens in a compromise and how to apply for one

A compromise of tax debt is an agreement between us and a taxpayer to:

- accept a lesser amount to satisfy an undisputed tax debt
- not pursue the balance of an undisputed tax debt.

Strict criteria applies for us to agree to a compromise.

Depending on your circumstances, you will pay the agreed amount as a lump sum or by instalments as part of a payment plan.

When you enter into a compromise, you may be required to abandon rights under tax laws. For example, this could include the right to carry forward revenue and capital losses.

Compromise of tax debt is **not** a settlement even though it is often referred to as such. A settlement is when we agree with the client on the amount of a disputed tax liability.

## Limitations of a compromise

Tax debts are owed to the Commonwealth. We are responsible for collecting tax debts on behalf of the Commonwealth.

While a compromise involves us agreeing not to pursue the balance of a debt, we are unable to validly discharge the remaining balance.

## Before we consider a compromise

Before considering a compromise of tax debt, we first consider the options available to help you meet your tax debt obligations, including to:

- remit penalties and additional charges including interest charges
- enter into payment arrangements
- defer the time for payment
- **release you from certain tax debts.**

We also consider:

- other options for debt recovery, for example
  - placing debts on hold
  - bankruptcy or liquidation.
- if other parameters have been met, including
  - the tax debt is undisputed
  - the compromise proposal is not for less than your total net assets
  - the compromise will not directly or indirectly impact on the other actions involving you or other parties
  - hardship is not the only reason to support the proposal
  - alternative collection options would not result in a greater return, such as issuing director penalty notices or bankruptcy
  - you do not have a poor compliance history.

## When a compromise will not be accepted

We will not consider requests for compromise where:

- the tax debts are subject to dispute
- an application to waive the debt has not been finalised
- an application for release from payment of an income tax or fringe benefits tax debt has not been finalised
- you could lodge a debt agreement under Part IX of the Bankruptcy Act
- within 5 years immediately before the proposal, you have been party to an earlier agreement, bankrupt or party to a Part IX or X arrangement.

## How to apply for a compromise

All requests for a compromise of tax debt must be made in writing to the Commissioner of Taxation.

Application forms are available for individuals and businesses.

You can request application forms by:

- writing to us
- phoning our business or individual enquiry line.

You need to complete the relevant application form by answering all questions carefully, completely and accurately. Then return it to:

**The Commissioner of Taxation**

**PO Box 1129**

**PENRITH NSW 2740**

When lodging an application for a compromise, be mindful that you are essentially admitting that:

- you are insolvent
- you may have been insolvent for some time, but now do not see this situation improving
- in some cases, you may have paid out other creditors to our detriment (potentially an act of bankruptcy under the *Bankruptcy Act 1986*).



You can get more details in *PS LA 2011/3 Compromise of undisputed tax-related liabilities and other amounts payable to the Commissioner*.

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## If you don't pay

Here are your options if you can't pay on time and what happens if you don't pay your debt.

5 September 2023

## What happens if you don't pay

When tax you owe us can't be paid by the due date, engage before the due date so we can help you while it's still manageable. We're committed to listening to your situation and helping you get back on track. We have tools and services available to **support you**.

If you don't pay your debts on time, we will:

- charge interest on your unpaid amounts
- contact you soon after the due date by one of the following methods
  - SMS
  - messages in myGov
  - letters
  - phone
- use any future refunds or credits to repay the amounts you owe.

We may take stronger action if you are unwilling to work with us to address your debt or repeatedly default on agreed payment plans.

Make sure you lodge your business activity statements and tax returns on time to avoid a penalty for lodging late.

## General interest charge

If you don't pay on time, we will automatically add a general interest charge (GIC) to what you owe. Your debt will grow each day your debt remains unpaid.

Interest calculates on a daily compounding basis on the amount outstanding and is added to your account periodically.


We revise **GIC interest rates** quarterly.

You can generally claim a tax deduction for interest charged in the year it's incurred.

## Remission of interest

You can request a **remission** of some, or all, of your interest. We may remit the interest if you have extenuating circumstances which caused your delay in payment.

You can ask us to remit, some or all of your interest by:

- using a registered agent who can use [Online services for agents](#) 
- writing to us at **GPO Box 9990** in the capital city of your state or territory
- phoning us on **13 11 42** during **operating hours** – for interest charges up to \$25,000.

In your request, you'll need to include the extenuating circumstances that led to the delay in payment and any steps you've taken to pay what you owe.

If your request is approved, you must include the amount of the remitted interest in your tax return as assessable income in the year it was remitted.

## Offsetting your credit or refund

If you have a debt with us, including a **debt on hold**, we're required by law to use any credits or refunds you become entitled to, to pay off the debt. This is what we call offsetting.

There are limited circumstances in which we have the discretion not to offset. If you are in serious **financial hardship**, we may be able to pay the refund to you instead.

You can find out more in *PS LA 2011/21 Offsetting of refunds and credits against taxation and other debts*.

In some cases, we can also use credits you receive from other government agencies to pay off your debts.

In some circumstances, we are required to pay your refund to other Australian Government agencies if you owe them money. For example, if you have an overdue child support payment, part or all of your refund payment may be paid to Services Australia.

Once all your debts are paid, we'll refund any remaining credit to you.

An offset transaction can be found on your statement of account and in your Online services account with the description **Offset**.

## External debt collection agencies

Previously we referred some debts to external debt collection agencies for collection on our behalf up to April 2020. Debt cases are currently no longer actioned by external debt collection agencies. However, we may do so for any in the future. Contact us directly on **1300 466 859**.

### Previous external debt collection agencies we referred to

Agency	Status
Milton Graham	Debt cases are no longer actioned by Milton Graham as of April 2020.
Collection House	Debt cases are no longer actioned by Collection House as of April 2020.
Probe Operations Pty Ltd	Debt cases are no longer actioned by Probe Operations Pty Ltd as of 31 December 2019.
Recoveriescorp	Debt cases are no longer actioned by Recoveriescorp as of 31 December 2019.

## When we take stronger action

We're committed to supporting taxpayers who want to do the right thing and preventing those who don't pay from gaining an unfair financial advantage. We use stronger action when people:

- are unwilling to work with us
- repeatedly default on agreed payment plans
- don't have the capacity to pay and don't take steps to resolve their situation
- have been subject to an audit where we detect deliberate avoidance and payment avoidance continues
- appear to be engaging in phoenix activities (using liquidation to avoid financial obligations without risking assets and with the intention of resuming business operations through a new entity).

## **Garnishee notice**

We can issue a garnishee notice to a person or business that holds money for you or may hold money for you in the future. This requires them to pay your money directly to us to reduce your debt. We'll send a copy of the notice to you.

For individuals, we may issue a garnishee notice to:

- your employer or contractor
- banks, financial institutions and building societies where you have accounts
- people who owe money to you from the sale of real estate such as purchasers, real estate agents and solicitors.

For businesses, we may issue a garnishee notice to:

- your financial institution
- trade debtors
- suppliers of merchant card facilities.

## **Director penalty notice**

Directors can incur penalties equal to their company's

- unpaid PAYG withholding
- net GST (inclusive of luxury car tax and wine equalisation tax)

- super guarantee charge.

We may issue a director penalty notice enabling us to start legal proceedings to recover the penalty.

## **Direction to pay super guarantee charge (SGC)**

We can issue employers with a direction to pay outstanding SGC (or estimates of SGC) within a specified period.

When an employer receives a direction to pay, they must ensure that they pay the full amount specified in the direction. A failure to comply with the direction is a criminal offence and can result in penalties or imprisonment.

## **Disclosure of business tax debt**

If you have overdue tax debts and meet certain criteria, you may have your tax debt reported to registered credit reporting bureaus (CRBs). If you meet the eligibility criteria, we will send a **Notice of intent to disclose** that advises you of the relevant action to take.

If you're already engaged with us to manage your tax debts, the debts will not be reported to CRBs.

## **When we take legal action**

In some cases, we may take legal action to recover outstanding tax and super debts. The action we take depends on whether an individual (or sole trader), partnership, trust, superannuation fund or company owes the debt.

## **Claim or summons**

If you don't work with us to address your debt, we may file a claim or summons with the relevant court of your state or territory. Once the court recognises the debt owed, we may execute on the judgment debt in several ways, including by filing and serving a bankruptcy notice.


If the court imposes judgment debt interest, this amount is not tax deductible.

## **Bankruptcy notice**

If you receive a bankruptcy notice, you need to pay your debt or make a payment plan with us within 21 days. If you're unable to do this, we may file a creditor's petition to make you bankrupt.

Bankruptcy is a legal declaration that a person is unable to pay their debts. When a person becomes bankrupt, the bankruptcy trustee takes possession of nearly all their assets and sells them to pay the person's debts.

We won't seek to bankrupt you if it is clear you're able to pay your debt in a reasonable time. If you're facing bankruptcy action, but believe you can pay your debts, you should provide us with clear evidence of your ability to pay.

You can go into bankruptcy voluntarily by filing a debtor's petition with the [Australian Financial Security Authority](#) .

## **Creditor's petition**

A creditor's petition is essentially an application to the Federal Court or Federal Magistrates Court for a sequestration order to declare you bankrupt.

Anyone you owe money to, including us, can file a creditor's petition if you have committed an 'act of bankruptcy' (such as failing to comply with a bankruptcy notice), within the preceding 6 months.

If the sequestration order is made, you will become bankrupt and a trustee appointed to manage your estate. This usually involves the sale of the bulk of your assets to pay your creditors, including us.

The court will not issue the order if you can demonstrate you're able to immediately pay all your debts.

## **Statutory demand**

We can issue a statutory demand for payment to a company that has not paid its debts. This requires the company to pay the entire debt or enter into a payment plan with us within 21 days.

If a company doesn't comply with the statutory demand, we may use the non-payment as evidence that the company is insolvent and apply to the Federal Court to wind up the company.

## **Wind-up action**

When a court orders a company to wind up, an appointed official liquidator sells the company's assets and distributes the resulting funds to the company's creditors.

We'll take action to wind up a company if:

- it has failed to pay its debts
- we have not been able to negotiate a suitable payment plan.

These circumstances may indicate that the company is insolvent and there could be a risk to us (and possibly to other creditors) that the debt will not be paid.

**\$name**



### **Disclosure of business tax debts**



The circumstances in which we may report your business debt information to credit reporting bureaus.

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**\$name**

1 January 1

## **Disclosure of business tax debts**

The circumstances in which we may report your business debt information to credit reporting bureaus.

19 July 2023

## Criteria for reporting business tax debts

If your business meets certain criteria, we may disclose your debt information to credit reporting bureaus (also known as credit reporting agencies).

We will not report your debt information to credit reporting bureaus (CRBs) if you're already engaged with us to manage your tax debts.

We may report your business tax debt if you meet the following criteria:

- You have an Australian business number (ABN) and are not an excluded entity.
- You have one or more tax debts and at least \$100,000 is overdue by more than 90 days.
- You are not engaging with us to manage your tax debt.
- You don't have an active complaint with the Inspector-General of Taxation Ombudsman (IGTO) about our intent to report your tax debt information.

An excluded entity is either a:

- deductible gift recipient
- complying superannuation fund
- registered charity
- government entity.

We may decide not to report your tax debt information if you are experiencing [exceptional circumstances](#).

## Engaging with the ATO to manage your debts

If you are effectively engaging with us to manage your debt, we will not report it, even if it is \$100,000 or more.

Effectively engaging with us means that you have:

- a payment plan and you are complying with the terms of the arrangement



- applied for release from the tax debt
- an active objection against a taxation decision to which the tax debt relates
- an active review with the Administrative Appeals Tribunal (AAT) or an active appeal to the Court
- an active review with the AAT of a reviewable decision which may affect the amount of a non-complying superannuation fund's tax debt with the relevant regulator
- an active complaint with the IGTO in relation to the tax debt.

## Exceptional circumstances

You may be able to temporarily prevent the disclosure of your tax debt information if you are experiencing **exceptional circumstances outside of your control**.

Exceptional circumstances may be, but are not limited to:

- family tragedy
- serious illness
- impacts of natural disasters.

These are assessed on a case-by-case basis as they will impact clients in different ways.

We're committed to helping businesses with their tax and super obligations in difficult times. Contact us as early as possible and we'll work with you to find the best solution.

Cash flow issues or financial hardship are not generally considered exceptional circumstances. However, if these circumstances are preventing you from managing your tax debt, contact us.

## Notice of Intent to disclose

We will send a written notice (letter) if we plan to disclose your business' tax debt.

The notice will tell you:

- about our intent to report your tax debt information to CRBs

- that you meet the criteria for reporting
- the information we intend to report to the CRBs
- what steps you can take to avoid your tax debt information being reported
- that you have 28 days from receiving the notice to take the necessary action.

Contact us immediately to discuss your situation if:

- you believe we've made a mistake with your debt balance
- you disagree with our decision to disclose your debt balance to CRBs.

Call the Disclosure of business tax debts enquiries line on **1300 303 570** between 9:00 am and 6:00 pm, Monday to Friday.

We will work with you to check and manage your tax debts and obligations.

If you're worried you won't be able to pay on time, or you've already missed a due date, we have **options available to support you**.

If you are a small business, **Dispute Assist** is a free service that helps unrepresented small businesses with the dispute process.

Find out about **options for resolving disputes**.


## Legislation

The disclosure of overdue business tax debts legislation will:

- support businesses to make more informed decisions because overdue tax debts will be more visible
- encourage taxpayers to engage with us to manage their tax debts and avoid having them disclosed
- reduce unfair financial advantage of businesses that do not pay their tax on time.

Relevant legislation includes:

- **Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Act 2019** – Disclosure of business tax debts

- [Taxation Administration \(Tax Debt Information Disclosure\) Declaration 2019](#) 

## Your privacy

We only report your business tax debt information to CRBs that:


- are registered with us
- have signed a Deed of Agreement, agreeing to ATO standards on policies, practices and procedures.


Details that will be reported to CRBs include:

- your ABN
- legal name, business name
- the type of entity you are
- the amount of your overdue tax debt.

Your tax debt information will be removed from a CRB's credit report when you no longer meet the criteria. This occurs when you pay your debt in full or effectively engage with us to manage the debt.

## Your credit score and credit reports

Find out how to check your credit reporting record through the [Office of the Australian Information Commissioner](#) .

Learn more about credit scores and credit reports at [Moneysmart](#) .

## Registered CRBs that have signed a Deed of Agreement with the ATO

CRB	ABN
CreditorWatch Pty Ltd	80 144 644 244
Equifax Australia Information Services and Solutions Pty Ltd	26 000 602 862
illion Australia Pty Ltd	95 006 399 677

For more information on registering, prospective CRBs may call the Disclosure of business tax debts enquiries line on **1300 303 570** between 9:00 am and 6:00 pm, Monday to Friday.

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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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