

# Australian Tax Office's debt management, collection processes and strategies.

Thank you for attending the panel discussion on Wednesday, 8 June with three Assistant Commissioners of the Australian Taxation Office. Please see below summary of key insights from the discussion.

## Key takeaways

### 01

Taxpayers should engage with the ATO early and ensure lodgements are up-to-date, even if payments aren't.

### 02

The outstanding collectible tax is c.\$40 billion. Of this, approximately two-thirds is owed by SMEs. Half of the collectible tax comprise debts of more than \$100,000.

### 03

The ATO are closely monitoring the building and construction, professional/scientific, and accommodation and hospitality industries who have a disproportionate level of non-payment and have been significantly impacted by COVID.

### 04

They prioritise recovery on debts where the money is 'someone else's' i.e. PAYG withholding, Superannuation Guarantee and GST. These amounts are also recoverable against Directors personally via issuance of a DPN.

### 05

They use a tailored approach to engagement with a taxpayer and look to understand the taxpayers' circumstances prior to escalating 'firmer and stronger action' against the taxpayer. The ATO have over 1,000 case managers across the country.

### 06

Their approach will differ between a SMEs and sophisticated taxpayers (large private, high-net wealth, public or multinational organisations), with a lower tolerance for sophisticated taxpayers who have the access and means to proper advice, engagement and the ability to raise funds.

### 07

Generally, payment plans are agreed with forbearance for months, not years (this is where they are moving to). They will scrutinise a longer payment plan more closely.

### 08

Payment plans usually result in viable businesses who continue trading well and demonstrate an active willingness to address their liabilities. They want payment plans to be viewed by financiers as a positive.

### 09

The economy is recovering from its COVID-affected conditions. Where the ATO has previously taken a softer position on taxpayers who don't lodge and pay on time, this will not continue.



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