

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.



Craig Shepard

cshpard@kordamentha.com
+61 3 8623 3334



Rahul Goyal

rgoyal@kordamentha.com
+61 2 8257 3003

