



Australian Government  
Inspector-General of Taxation  
Taxation Ombudsman

**IGoT  
News**

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## Update from the IGTO



There has been a high level of community concern and confusion prompted by the Australian Taxation Office's (ATO) communication and approach to on-hold debts and the recommencement by the ATO of debt collection activities.

This Special Edition of IGoT News is to let the community know that the IGTO has updated its webpage to provide some useful links and information about where and how you can seek assistance if you are concerned and/or confused about your tax debts. We have also highlighted some case study examples to illustrate how we can help.

A brief summary of the information available on the webpage is set out below:

- The Best Practice Principles - How to tell people they owe the Government money
- What to do if you are experiencing serious hardship
- What are your options if the ATO is going to report you to a Credit Reporting Bureau
- What directors can do if they need more information to explain their Director Penalty Notice (DPN)
- Who is eligible and how to set up a payment arrangement
- Where taxpayers and advisers can get assistance and further information about their tax debts

## On-hold debts

On-hold debts are often aged debts that have not been actively pursued by the ATO for some time ... because they are considered uneconomical to pursue.

Historically, these debts were not visible to taxpayers through their myGov accounts and, as such, when they receive notice of the debts, they may be concerned or confused about the source, quantum and calculation of the debts.

In December 2023, my office issued a newsletter to stakeholders to update the community about ATO offsetting and on-hold debts and actions that the ATO has taken in response to community concerns surrounding its approach. These debts have at times been confusingly labelled as debts which have been ‘written off’ – when in fact they have been put on-hold because they are deemed uneconomical to pursue. The latest ATO statement ([issued in February 2024](#)) states that it ‘is not taking any action to recover or offset debts that were placed on hold **prior to 2017.**’ [emphasis added] The ATO has advised that it continues to collect debts in accordance with its statutory obligations, including offsetting refunds and credits against debt put on-hold since January 2017 or in instances where a taxpayer’s circumstances change such that the debt is no longer uneconomical to pursue.

The IGTO is also aware of other on-going collection activities – especially for Director Penalty Notices and reporting to credit reporting bureaus. There continues to be community concern and confusion surrounding the ATO’s approach to debts, particularly aged debts.

## All Agency Heads have an obligation to collect debts owing to the Commonwealth

A debt collection obligation is imposed on all Commonwealth entities under the *Public Governance, Performance and Accountability Act 2013*<sup>1</sup> (**PGPA Act**) and *Public Governance, Performance and Accountability Rules 2014* (**PGPA Rules**). For non-corporate entities, like the ATO, Rule 11 states:

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### *Rule 11*

*The accountable authority of a non corporate Commonwealth entity must pursue recovery of each debt for which the accountable authority is responsible unless:*

- (a) the accountable authority considers that it is not economical to pursue recovery of the debt; or*
  - (b) the accountable authority is satisfied that the debt is not legally recoverable; or*
  - (c) the debt has been written off as authorised by an Act.*
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Note - The Commissioner of Taxation is the accountable authority for the ATO.

There is no doubting that monies owed to the government should be collected efficiently and effectively for the benefit of the community as a whole. However, approaches to individuals and businesses about monies they may owe the government should also recognise their individual circumstances and we hope and trust that the Best

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<sup>1</sup> Section 103 of the PGPA Act.

Practice Principles (noted below) will assist all agencies to better engage with the community on matters concerning recovery of debts owed to the government.

## Best Practice Principles - How to tell people they owe the Government money

The Office of the Inspector-General of Taxation and Taxation Ombudsman (IGTO), the Commonwealth Ombudsman and the ACT Ombudsman have collaborated to develop a set of Best Practice Principles to assist agencies, such as the ATO, when approaching taxpayers to inform them that they owe government monies.

The Best Practice Principles have been developed from insights and investigations conducted over a number of years by the Ombudsman and the IGTO and, at their core, encourage agencies to keep the impact of their approaches to people at the centre of what they do. There are five principles, namely:

1. **WHY:** *Be transparent and accountable* – build and maintain public trust and confidence in the agency and its purpose
2. **WHAT:** *Tell people what the debt is and where it comes from* – think about the person you are communicating with
3. **HOW:** *Provide clear information for requesting review, debt waivers and repayment arrangements* – tell people about their rights to seek review and waiver, enter arrangements to pay over time and ensure they have access to sufficient information to fully participate in the process
4. **HELP:** *Provide contacts for people to find out more information*- there will always be circumstances where people have additional questions, require more information or just need to speak to a person about their situation
5. **LEARN:** *Learn and improve*- undertaking a process such as recovery of old debts is a valuable opportunity to identify lessons learnt and implement changes to improve future practices.

The complete guide setting out the principles has been published on the IGTO website together with other relevant materials including case studies, FAQs and prior investigation reports and recommendations. These materials are accessible at: [How to tell people they owe the government money - IGTO](#)

## Where taxpayers and advisers can get assistance and further information about their tax debts

All taxpayers are entitled to understand what debts they owe, the reason these debts were raised, how they were calculated and options available to manage and pay the debts.

Taxpayers and tax agents who have received communications from the ATO about tax debts may take the following actions:

- In the first instance, taxpayers should call **1800 305 499** to enquire about the debt, ask how it arose and the components that make up the amount. If the taxpayer believes they have paid the debt, they should discuss this with the ATO officer.
- If, after speaking with the ATO officer the taxpayer remains dissatisfied, the taxpayer may wish to raise a formal complaint with the ATO. This may be done by either:
  - Calling the ATO on **1800 199 010**; or
  - Lodging a complaint through the ATO's [Complaints Form](#).
- In either case, taxpayers should ensure that they receive a complaint reference number which looks like **1-XXXXXXXXXX** (1 dash followed by 10 or 11 digits). While ATO Complaints endeavours to resolve matters within 15 business days, it may take up to 30 business days due to an increased volume of work.

Finally, if the taxpayer remains dissatisfied after ATO Complaints has sought to address the matter, they may wish to lodge a dispute with the Taxation Ombudsman. Details on lodging a dispute with the Taxation Ombudsman are available on our [website](#).

## Taxpayers who are approached about other government debts

The Taxation Ombudsman investigates disputes relating to the ATO and the Tax Practitioners Board.

Taxpayers who are approached by other government agencies about monies owed to the government should, in the first instance, speak with those agencies to understand the quantum, source and calculation of those debts. Many agencies also have complaints units. If taxpayers are dissatisfied with how those agencies have responded to their enquiries, lodging a complaint with the agency in the first instance may assist to resolve these issues.

Taxpayers who are unable to resolve concerns or disputes with those agencies may wish to seek advice and assistance from the Commonwealth Ombudsman. Further information on how to approach the Ombudsman is available at [www.ombudsman.gov.au](http://www.ombudsman.gov.au)

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*The Inspector-General of Taxation and Taxation Ombudsman acknowledges the traditional owners and their ongoing cultural connection to Country, throughout Australia. We pay our respects to their Elders past, present and future.*