



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

Identification and management of financial abuse within the tax system

Introduction

Financial abuse may manifest in a number of ways and can happen to anyone. In the tax system, for example, it can result in one partner or another family member becoming liable for personal tax liabilities or those related to entities over which they have no or limited control.

The result can be devastating for victim-survivors who are left to deal with significant financial burdens and instability because of debts that were not genuinely incurred by them.

We undertake this review to contribute to and support broader Parliamentary, academic and community efforts to combat financial abuse and support victim-survivors. Our review is focused on tax administration. We will examine, within the existing scope of the legislation, how the Australian Taxation Office's (**ATO**) current systems, policies and processes identify and deal with financial abuse within the tax system and will focus on the following areas:

- how the ATO detects or identifies instances of financial abuse within the tax or superannuation systems;
- what the ATO can do to best support* or provide relief** from debt for victim-survivors and hold perpetrators to account;
- how ATO systems may be used to identify perpetrators of financial abuse within the tax and superannuation systems and potentially third parties involved; and
- how far the ATO can go to minimise the broader impact of financial abuse within the tax system on other government services, such as social security or child support.

* ATO support to victim-survivors includes:

- how the ATO engages with victim-survivors and provides appropriate support in relation to tax matters
- how the ATO works with non-government organisations (e.g. financial counsellors, tax clinics, community legal centres, etc) to support victim-survivors with their tax and super matters
- how the ATO shares information with other agencies to allow appropriate whole of government support for victim-survivors with appropriate safeguards

** Relief from tax liability includes:

- objection to the assessment that created the tax related liability
- release of some tax debts on the basis of serious hardship
- remission of interest charges
- consideration of defence to a director penalty notice

- entry into a payment plan to meet tax liabilities
- not offsetting tax refunds against tax liabilities
- moratorium on collection of tax liabilities.

Terms of reference

Our work will build on broader Parliamentary, academic and community efforts to combat financial abuse and support victim-survivors. Our review will examine concerns raised through our complaint investigation service and by key stakeholders to seek to identify improvements in detecting and managing instances of financial abuse within the tax system. Importantly we will examine best practice approaches to assist the ATO to design products and processes that effectively support victim-survivors of financial abuse and minimise the risk of further victimisation within the tax system.

The questions we will seek to answer as part of our review are:

1. whether the ATO has appropriate processes, practice statements, training and guidance in place to assist its officers to identify potential financial abuse within the tax system (for the purposes of supporting and providing relief from tax liability);
2. how ATO systems may be used to identify potential financial abuse within the tax system (including through information sharing with other agencies or third parties), building off similar experience in the financial services sector (noting that entities in the financial services sector operate in a different regulatory framework and environment to the ATO);
3. how the ATO provides effective support to victim-survivors and relief for tax liability created through financial abuse, in particular whether the ATO:
 - is appropriately considering victim-survivor circumstances
 - leverages the data / information, services and specialist expertise of other agencies and organisations
 - raises awareness amongst taxpayers and tax professionals about financial abuse in the tax system and how to seek assistance from the ATO.
4. whether the ATO is utilising its full suite of powers to grant relief and provide support to victim-survivors of financial abuse within the tax system and hold perpetrators to account (e.g. reallocation or redistribution of liabilities or referral to law enforcement agencies); and
5. the interactions between the ATO and other government agencies as it relates to financial abuse within the tax system, in particular:
 - the information sharing arrangements between the ATO and Services Australia as they relate to financial abuse within the tax system
 - how the tax consequences of financial abuse impact programs administered by other government agencies, in particular welfare and child support
 - the administrative and legislative barriers (e.g. resources, systems, legislative settings etc) that prevent the ATO from being able to work more effectively with Services Australia to minimise the impacts of financial abuse within the tax system on welfare and child support services.

While this review will address some elements of financial hardship and ATO support to taxpayers experiencing vulnerability, it will not involve a deep dive into those topics. Those topics may be investigated as separate stand-alone reviews, subject to further consultation with stakeholders as part of a future refresh of our workplan.

Our review will also not examine law enforcement and prosecutorial efforts to combat coercive control and financial abuse.

While we will take note of policy and administrative programs of work currently being undertaken by other parts of government, this review will focus specifically on tax administration.

Expected delivery of final report

The final report is expected to be delivered in March 2025.

Proposed means of consultation

We will engage with stakeholders throughout the review in a number of ways including:

- public promotion of the review, seeking input, data, case studies and views
- directly engaging with key government bodies, community organisations, academics and professional bodies through direct consultations, webinars/roundtables, and seeking input through data, evidence, ideas and suggestions
- seeking input from people with lived experience through the community / support organisations with whom they have engaged
- seeking input from key stakeholders to test our thinking ahead of finalising our report and recommendations.

Call for input and contribution

We welcome input, contribution and feedback from stakeholders – including professional and industry bodies, tax practitioners and taxpayers in relation to the ATO response to financial abuse within the tax system and potential improvements that may be implemented for the benefit of all.

Any contribution or input on the terms of reference is welcomed by **10 December 2024** either in writing or via discussions. If additional time is required, please let us know.

As we progress this review, we will hold discussion groups (expected to take place in January and February 2025) to seek input from key stakeholders to test our thinking prior to finalising our report and recommendations.

How to contribute to the review

Input and contributions may be made by:

Email	consultations@igt.gov.au
Phone	(02) 8239 2111
Post	Inspector-General of Taxation and Taxation Ombudsman GPO Box 551 Sydney NSW 2001

Confidentiality

Your input and contributions will be treated confidentially. This means we will not reveal your identity, or the information contained in your submission to any other person or organisation, including the ATO.

Section 37 of the *Inspector-General of Taxation Act 2003* safeguards the confidentiality and secrecy of such information provided to the IGTO – for example, the IGTO cannot disclose the information as a result of a Freedom of Information (FOI) request, or as a result of a court order generally. Furthermore, if such information is the subject of client legal privilege (also referred to as a legal professional privilege), disclosing that information to the IGTO will not result in a waiver of that privilege.

Professional bodies and others (e.g. advisers) who wish to have their contribution to the IGTO formally acknowledged should accordingly expressly waive confidentiality for these purposes.