



## Penalties

Penalties we impose and how we calculate it using a statutory formula or in multiples of a 'penalty unit'.

### Penalty units

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## Failure to withhold



Businesses are liable for a penalty for failing to withhold or pay a PAYG withholding amount when required.

QC 33407

## Penalty units

How we calculate penalties, and the penalty unit amounts for the period the infringement occurred.

**Last updated** 16 June 2025

## Why we impose penalties

Tax laws authorise us to impose administrative penalties when you fail to meet your tax obligations.

Penalty provisions are there to encourage all taxpayers to take reasonable care in complying with their tax obligations.

We consider your circumstances when deciding what action to take.

## Penalty unit amount

**Table: Penalty unit**

When infringement occurred	Penalty unit amount (\$)
On or after 7 November 2024	330
1 July 2023 to 6 November 2024	313
1 January 2023 to 30 June 2023	275

1 July 2020 to 31 December 2022	222
1 July 2017 to 30 June 2020	210
31 July 2015 to 30 June 2017	180
28 December 2012 to 30 July 2015	170
Up to 27 December 2012	110

## How we notify you

If you're liable for a penalty, we'll notify you in writing and include:

- the reason for the penalty
- the amount of the penalty
- the due date for payment (at least 14 days after we give notice).

You can't claim a deduction for penalties we impose.

## How we calculate the penalty

We calculate the penalty amount using either:

- a statutory formula, based on your behaviour and the amount of tax avoided
- multiples of a penalty unit.

We also have certain rules for:

- missed and late super guarantee payments
- individual and corporate trustees of an SMSF
- GST at settlement compliance and penalties.

# Penalties for making false or misleading statements

Penalties may apply for making false or misleading statements or taking a position that is not reasonably arguable.

**Last updated** 16 June 2025

## False or misleading statement penalty – shortfall amount

You'll be liable for this penalty if you make a false or misleading statement (for example, in a tax return, activity statement or amendment request) that results in you having a shortfall amount. If you have a tax agent, you'll also be liable for any false or misleading statements made by them on your behalf. The shortfall amount is the difference between the correct tax liability or credit entitlement, and the liability or entitlement worked out using the information you or your tax agent provide.

Generally, you will not be penalised where either of the following apply:

- you or your tax agent (if relevant) took reasonable care in making the statement (but you may still be subject to another penalty provision, such as taking a position that is not reasonably arguable)
- you applied tax law in a particular way, and that way agrees with our advice, published statements or general administrative practices in relation to a tax law.

Under the [safe harbour](#) provisions, you may not be penalised if the incorrect statement was made by your agent when you provided them with the relevant, correct information.

You may receive **penalty relief** where a penalty would otherwise be imposed if you have made an error in your income tax return or activity statement.

The base penalty is a percentage of the shortfall amount. The percentage used is determined by the behaviour that led to the

shortfall amount. If you have a tax agent, it will be determined by their behaviour as well.

### Base rate penalty and the behaviour leading to a shortfall amount

Behaviour	Base rate percentage
<p>Failure to take reasonable care</p> <p>Generally, you fail to take reasonable care if you have not done what a reasonable person in the same circumstances would have done. Using a tax agent does not by itself mean you have taken reasonable care.</p>	25% of the shortfall amount.
<p>Recklessness</p> <p>You are reckless if a reasonable person in your circumstances would have been aware that there was a real risk of a shortfall amount arising and you disregarded, or showed indifference to, that risk.</p>	50% of the shortfall amount.
<p>Intentional disregard</p> <p>You intentionally disregard the law if you are fully aware of a clear tax obligation and you disregard the obligation with the intention of bringing about certain results (underpaying tax or over-claiming an entitlement).</p>	75% of the shortfall amount.

The penalty percentages are doubled if you are a Significant Global Entity (SGE).

The base penalty amount can be [increased or reduced](#) if there are aggravating or mitigating circumstances or [remitted](#) where it is fair and reasonable to do so.

For more information, see PS LA 2012/5 *Administration of the false or misleading statement penalty – where there is a shortfall amount*.

### Safe harbour

You may not be liable to an administrative penalty for making a false or misleading statement if all the following apply:

- the statement was made by your registered agent
- you gave your agent all the relevant tax information to enable the statement to be made correctly (you or your agent will need to prove that this information was provided)
- the false or misleading statement was the result of your agent failing to take reasonable care
- the statement was made on or after 1 March 2010.

We'll consider the available information during an audit and decide if safe harbour applies. Safe harbour does not affect any remission of a penalty.

## **False or misleading statement penalty – no shortfall amount**

You're liable for this penalty if you, or your tax agent, make a false or misleading statement (for example, in an objection, private ruling request or during an audit) that does not result in you having a shortfall amount.

Generally, you will not be penalised where either:

- you or your tax agent (if relevant) took reasonable care in making the statement
- you applied a tax law in a particular way, and that way agrees with our advice, published statements or general administrative practices in relation to that tax law.

The base penalty is calculated as a multiple of a **penalty unit**. The multiple used is determined by the behaviour that led to the false or misleading statement. If you have a tax agent, it will be determined by their behaviour as well.

### **Base rate penalty unit and the behaviour leading to a penalty – no shortfall amount**

<b>Behaviour</b>	<b>Base rate penalty unit</b>
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Failure to take reasonable care	20 penalty units
Recklessness	40 penalty units
Intentional disregard	60 penalty units

A penalty multiplier will apply to double this penalty if you are a significant global entity (SGE).

The base penalty amount can be [increased or reduced](#) if there are aggravating or mitigating circumstances or [remitted](#) where it is fair and reasonable to do so.

Under the [safe harbour](#) provisions, you may not be penalised if the false or misleading statement was made by your agent when you provided them with the relevant, correct information.

For more information, see PS LA 2012/4 *Administration of the false or misleading statements penalty – where there is no shortfall amount*.

## Penalty for taking a position that is not reasonably arguable

If you or your tax agent treats an income tax or petroleum resource rent tax (PRRT) law as applying in a manner that is not reasonably arguable, and the resulting shortfall amount exceeds a certain threshold, you will be liable for a base penalty of 25% of the shortfall amount.

- For partnerships and trusts – the threshold is the greater of \$20,000 or 2% of the entity's net income (if any) worked out based on its return.
- For other taxpayers – the threshold is the greater of \$10,000 or 1% of the taxpayer's income tax or PRRT worked out based on their income tax or PRRT return.

A penalty multiplier will apply to double this penalty if you are a significant global entity (SGE).

The base penalty amount can be [increased or reduced](#) if there are aggravating or mitigating circumstances or [remitted](#) where it is fair and reasonable to do so.

For more information, see *MT 2008/2 Shortfall penalties: administrative penalty for taking a position that is not reasonably arguable* – for an explanation of ‘reasonably arguable’.

## Penalty for failing to make a statement

You are liable for a penalty of 75% of the tax-related liability if both of the following apply:

- you fail to lodge a document necessary to establish your tax-related liability by the day it is required to be given
- in the absence of that document, we determine your tax-related liability.

This penalty will apply if, for example, you fail to lodge your tax return and we determine your income tax liability by other methods.

The base penalty amount can be [increased](#) in some instances or [remitted](#) where it is fair and reasonable to do so.

## Increases and reductions in the base penalty amount

The base penalty for false or misleading statement penalties, and for taking a position on income tax or PRRT that is not reasonably arguable, can be increased or reduced if there are aggravating or mitigating circumstances.

The base penalty will generally be reduced if you voluntarily tell us about the error. The amount of the reduction depends on when you tell us and may be as much as 80%.

The base penalty is increased by 20% if you either:

- attempted to prevent or obstruct us from finding out about the shortfall amount, or the false or misleading nature of the statement
- became aware of the shortfall amount, or the false or misleading nature of the statement, but did not inform us within a reasonable time
- have previously had the same type of penalty calculated for you.

For more information on when a penalty is increased or reduced, see:



- PS LA 2012/4 *Administration of the false or misleading statement penalty - where there is no shortfall amount*
- PS LA 2012/5 *Administration of the false and misleading statement penalty - where there is a shortfall amount*
- MT 2012/3 *Administrative penalties: voluntary disclosures.*

## Remission of penalties

We have discretion to **remit** (decrease or remove) the penalty according to individual circumstances. So, we frequently make decisions about whether to remit a penalty before advising you of your penalty.

In deciding whether to remit a penalty we consider whether:

- there were circumstances beyond your control which prevented you from meeting your obligations
- the imposition of the penalty produces an unjust result
- it would be fair and reasonable to remit the penalty, considering a range of factors, depending on the type of penalty.

If we have already decided not to remit your penalty, or to only remit part of your penalty, you can generally object to this decision through the objection process.

If you're dissatisfied with a penalty imposed on you, and we have not already made a remission decision, in most cases you may ask us to remit it.

QC 47927

## Penalty relief

How penalty relief applies to inadvertent errors in tax returns and activity statements.

**Last updated** 17 June 2025

## Eligibility for penalty relief

We understand that people make mistakes. Penalty relief only applies to penalties for inadvertent errors that are due to:

- failing to take reasonable care
- taking a position on income tax that is not reasonably arguable.

If we find an inadvertent error in your tax return or activity statement, we'll show you what it is and how to get it right next time and provide penalty relief (not apply the penalty this time).

The aim is to help you get back on track if you have made an inadvertent error. From the date we notify you of our decision to grant relief, you won't be eligible for additional relief for a period of 3 years.

Penalty relief applies to eligible individuals, and entities with a turnover of less than \$10 million. The entities can be:

- small businesses
- self-managed super funds (SMSFs)
- strata title bodies
- not-for-profit organisations
- co-operatives.

You aren't eligible for penalty relief if, in the past 3 years, you have:

- had penalty relief applied
- been penalised for reckless or intentional disregard of the law
- evaded tax or committed fraud
- been involved in the control or management of another entity which has evaded tax
- incurred debts without the intention of being able to pay, such as phoenix activity.

## How to receive penalty relief

You can't apply for penalty relief. We will provide it during an audit if it applies to you. Penalty relief will be available once every 3 years at

most.

## When penalty relief does not apply

Penalty relief doesn't apply to other taxes such as fringe benefits tax (FBT) or the super guarantee (SG).

Those not eligible for penalty relief include:

- wealthy individuals and their businesses
- associates of wealthy individuals that may be classified as a small business entity in their own right
- entities that don't meet the **small business entity eligibility criteria**
- public groups, significant global entities and associates.

QC 56164

## Failure to meet other tax obligations

You are liable to incur penalties if you fail to meet the obligations contained in the various tax laws.

**Last updated** 16 June 2025

To calculate penalties we use a statutory formula or multiples of a **penalty unit**.

If you're liable for a penalty, we'll notify you in writing and include:

- the reason for the penalty
- the amount of the penalty
- the due date for payment (at least 14 days after we give notice).

Notice of the failure to lodge penalty may be made before or after the entity has lodged the document.

## Penalties for failing to meet tax obligations

<b>Tax obligation</b>	<b>Penalty for failing to meet obligation</b>
Keeping or retaining records as required	20 penalty units
Retaining or producing declarations as required	20 penalty units
Providing access and reasonable facilities to an authorised tax officer	20 penalty units
Applying for or cancelling goods and services tax (GST) registration when required	20 penalty units
Issuing a tax invoice or adjustment note when required	20 penalty units
Both principal and agent must not issue tax invoices or adjustment notes for the same taxable supply or adjustment event	20 penalty units
Registering as a pay as you go (PAYG) withholder when required (withholders must be registered)	5 penalty units
Lodging an activity statement electronically when required (non-electronic notification)	5 penalty units
Paying an amount electronically when required (non-electronic payment)	5 penalty units

You can also:

- check if you can request a **remission of penalties** according to your personal circumstances
- check what penalties we impose for **GST at settlement** on suppliers and purchases.

# Failure to lodge on time penalty

Penalties we apply if you fail to meet your tax lodgment obligations on time.

**Last updated** 22 January 2026

## Why you might have a failure to lodge on time penalty

You may receive a failure to lodge (FTL) on time penalty if you have an obligation to lodge or report by a particular date, but don't lodge by that due date. This may include failing to lodge your tax return or an activity statement by the due date.

If we apply an FTL penalty, we'll notify you in writing and include:

- the reason for the penalty
- the amount of the penalty
- the due date for payment (at least 14 days after we give you notice).

If you use a registered tax or BAS agent, [safe harbour provisions](#) may apply.

## Your circumstances

We recognise that sometimes people don't meet their lodgment obligations on time, even with the best intentions. Generally, we don't apply penalties in isolated cases of late lodgment.

We consider your circumstances when deciding what action to take.

If you fail to lodge on time, we'll warn you by phone or in writing before we apply an FTL penalty and issue you a notice to lodge. This will give you the opportunity to lodge or give you the opportunity to engage with us if you're experiencing circumstances preventing you from lodging.

If you're facing challenging personal circumstances and need help managing your tax obligations, visit [Tax support when you need it](#)

most for other support options available if you are experiencing vulnerability.

## How we calculate a FTL penalty

The amount of an FTL penalty is based on:

- the type and size of the entity at the time the document was due to be lodged
- how long it's been since the due date of the lodgments.

### Base penalty amount

The base FTL penalty is calculated at the rate of one **penalty unit** for every 28 days (or part thereof) that the document is overdue, up to a maximum of 5 penalty units.

The base penalty amount applies to individuals and small withholders. A **small withholder** is an entity for a particular month that:

- withholds at least one amount during that month
- withholds less than \$25,000 or less for the income year.

### Medium withholder

The base penalty is multiplied by 2 for an entity that is a 'medium withholder' in the month the document was due to be lodged.

A 'medium withholder' is an entity that:

- withholds more than \$25,000 but less than \$1 million during an income year
- had assessable income for the income year or GST turnover for the month in which the document was due of between \$1 million and \$20 million.

### Large withholder

A base penalty is multiplied by 5 for an entity that is a 'large withholder' in the month the document was due to be lodged.

A 'large withholder' is an entity that:

- withholds, or was a member of a wholly-owned group that withholds, more than \$1 million in the previous income year

- had assessable income for the income year or GST turnover for the month in which the document was due of \$20 million or more.

## **Significant global entities**

For a significant global entity, the base penalty amount is multiplied by 500.

## **Lodgments we apply FTL penalties to**

FTL penalties are applied for late-lodged returns, notices, statements or other documents, including:

- activity statements
- tax returns
- FBT returns
- PAYG withholding annual reports
- Single Touch Payroll reports
- annual GST returns and information reports
- taxable payment annual reports
- Combined Global and Domestic Minimum Tax Return (CGDMTR)
- Global Information Return (GIR).

We may apply FTL penalties in situations of escalating non-compliance – for example, where a taxpayer has not lodged after a request to do so.

Generally, we will not issue you with an FTL penalty notice for a late-lodged tax return, FBT return, annual GST return or activity statement if the lodgment results in either a refund or a nil result, unless:

- the FTL penalty was applied before the return or statement was lodged
- the unlodged document is a third-party data report, such as a taxable payments annual report
- you are classified as a [large withholder](#).

## Requesting remission

If you receive a penalty notice for failing to lodge a document on time, you can ask for a **remission of the penalty**. We have the power to remit all or part of the penalty, based on your individual circumstances.

You will be expected to lodge your outstanding documents before you request remission.

For more information, see *PS LA 2011/19 Administration of the penalty for failure to lodge on time*.

## How to request a remission of FTL penalty

To request a remission of FTL penalties, visit [How to request a remission of interest and failure to lodge penalties](#).

## Information we need to decide a remission request

You'll need to provide us with sufficient information so we can decide whether to remit the FTL penalty, this may include:

- the specific event or circumstances that impacted your ability to lodge on time
- how this caused the delay in lodgment
- whether the FTL penalty was caused by circumstances beyond your control
- why you or your tax professional were not able to request further time to lodge.

## Circumstances where we'd likely accept or decline a remission request

There is no specific list of circumstances where penalty remission would be accepted or declined as **each case is reviewed on its merits**. The following circumstances are a guide only and reflect common circumstances we see.

### Requests we would likely accept



The following are some circumstances where it's likely that some or all of the penalty would be remitted:

- your registered tax or BAS agent was ill with a severe illness that impacted their ability to assist you and it was impractical for you to make alternative arrangements
- you had or were caring for another person who was ill with a severe illness
- you could not lodge as you had not received information from other parties such as employers (for example, a payment summary or income statement) that would enable you to lodge – ideally, you should be able to demonstrate you have made a genuine attempt to get this information
- you were affected by a disaster such as fire or flood or state of emergency which meant you were unable to lodge, or you may have lost some records
- you experienced financial abuse, coercive control, family or domestic violence or were otherwise experiencing vulnerability that impacted your ability to lodge on time.

### **Requests we would likely decline**

While each case is decided on its own merits, the following are some circumstances where it's unlikely that your request for remission would be accepted:

- you could not lodge on time because you were on holiday
- you could not lodge on time because you were busy with work commitments
- you could not lodge because you were ill with a short-term, non-severe illness (such as a cold)
- you did not receive any reminders to lodge from the ATO
- you have not yet lodged the document.

### **Safe harbour from FTL penalty**

If you engaged a registered tax or BAS agent to lodge your return or statement, you won't be liable for FTL penalty if both of the following apply:

- you can show that you provided the agent with all relevant tax information to enable them to lodge the return or statement by the due date
- the agent's failure to lodge the return or statement was not because they were reckless or intentionally disregarded the tax law.

To be eligible for safe harbour you will need to provide evidence that you supplied all of the relevant information to enable the agent to lodge the return or statement by the due date. If we determine that the safe harbour provision doesn't apply, you can still seek a remission of FTL penalty.

To request safe harbour exemption of an amount you can:

- write to us either through [Online services for business](#) or [Online services for agents](#) (you must be registered)
- contact us by [phone or write to us](#).

## Online services for business

Request safe harbour exemption in Online services for business using **Secure mail**. Select the following topic and subject of your message:

- Topic – Activity statements
- Subject – Cancellation of failure to lodge on time (FTL) penalty (safe harbour)

## Online services for agents

Tax professionals can request safe harbour exemption for their clients in Online services for agents using **Practice mail**. Select the following topic and subject of your message:

- Topic – Debt and lodgment
- Subject – Cancellation of FTL penalty (safe harbour)

## By phone or write to us

To request safe harbour exemption for an amount:

- below \$10,000, **phone us**
- of \$10,000 or more, write to us outlining the circumstances that led to the delay in lodgment and the reasons why the safe harbour

exemption should apply

**AUSTRALIAN TAXATION OFFICE**  
**PO BOX 327**  
**ALBURY NSW 2640**

QC 33410

## Failure to withhold

Businesses are liable for a penalty for failing to withhold or pay a PAYG withholding amount when required.

**Last updated** 10 February 2016

Pay as you go (PAYG) withholding obligations mainly apply to businesses.

You're liable for a penalty if you fail to withhold or pay a PAYG withholding amount when required. This applies, for example, if you're required to:

- withhold from payments made to employees, directors, office holders or other individuals in various capacities
- withhold from payments to enterprises that do not quote an Australian business number (ABN) for a supply
- pay an amount for
  - amounts withheld
  - alienated personal services payments
  - non-cash benefits.

The penalty is equal to the amount that you should have withheld or paid.

## Director penalties

Company directors are legally responsible for their company meeting its PAYG withholding obligations.

The director of a company that fails to meet a PAYG withholding obligation in full by the due date automatically becomes personally liable for a penalty equal to the unpaid amount.

For more information, see [Remission of penalties](#).

QC 47929

## **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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