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Information about tax and superannuation in your language.

QC 50299

Payment plans

How to set up a manageable payment plan to pay the tax you owe.

Last updated 24 February 2026

What is a payment plan

You need to lodge and pay your tax bills in full and on time to avoid penalties, [general interest charges](#) (GIC) and firmer actions. However, if you're experiencing financial difficulties, you may be eligible to set up a payment plan.

A payment plan allows you to break down your payment into smaller amounts that are made via instalments and are spread over the shortest possible fixed period of time. When you set up a payment plan, you pay an agreed sum of money weekly, fortnightly or monthly until the balance is cleared. You must also pay any future tax debts in full and on time.

Tax debts on a payment plan continue to accrue GIC, which compounds daily. Therefore, paying your debt in the shortest period of time will help reduce the GIC that you'll pay. The longer you take to pay your debt, the more interest you'll pay.

How we decide if you are eligible

We consider many factors when you apply to set up a payment plan. Depending on the circumstances, you may not be eligible for a payment plan on the terms you suggest or at all.

If you tried setting up a payment plan online or through our self-help phone line and it wasn't accepted, phone our [lodge and pay enquiry line](#) during operating hours.

We can look at your situation and discuss your eligibility. Before you ring, make sure you have the information you need to [prove your identity](#).

Before setting up a payment plan

Before [setting up a payment plan](#) you should consider:

- how much you can pay today
- when you'll be able to pay in full.

Remember to take into account any payments you will owe for your future tax and super obligations.

Additionally, your income tax and activity statement accounts require separate payment plans to be set up. If you have multiple accounts with overdue debts, you'll need to pay them in full or set up separate payment plans. If you don't, you may be subject to [firmer action](#).

Online payment plan estimator

You can use our [online payment plan estimator](#) to calculate what payment plan you can afford. This tool will help you work out:

- how much you may need to pay upfront
- what your minimum repayment may be
- how quickly you could pay off your tax debt
- an estimate of how much interest you'll be charged.

To help you save on interest, the calculator will guide you to pay what you owe in the shortest time. It will provide you with:

- an upfront amount you need to pay
- suggested instalment amounts that have been manageable for clients with similar circumstances to yours.

You can vary the upfront and instalment amounts above or below the amounts provided, up to certain values.

Once you work out a suitable payment schedule based on your circumstances, that also meets our requirements, you can use it as a guide to set up a payment plan using our online services or our self-help phone line.

You can't use this estimator for [super guarantee charge](#) debts. To get help managing your super obligations, you can phone our [lodge and pay enquiry line](#).

Consider your ongoing payment obligations

In addition to your paying your payment plan instalments, you still need to consider your ongoing tax obligations. If you don't, your payment plan may default, making the full overdue balance immediately payable. Therefore, it's important to:

- lodge all your obligations on time
- pay any new tax debts in full and on time, or set up a separate payment plan to manage the new debt.

You should also be aware that:

- any tax refunds or credits you're entitled to will be used to reduce your tax debt ([offsetting](#)) – this will not replace the required instalment payment
- you can make additional voluntary payments or pay off the debt at any time.

Support for people experiencing vulnerability

If you're facing challenging personal circumstances and need extra help managing your tax obligations, visit [Tax support for when you need it most](#) for other support options available to people experiencing vulnerability.

Setting up a payment plan

The quickest way to set up a payment plan is through our online services.

Managing your payment plan

How to change how you pay, modify instalments or check the status of your payment plan.

Alternative payment plans

You may be eligible for interest-free payment plans for overdue activity statement amounts or secured payment plans.

QC 69390

Setting up a payment plan

The quickest way to set up a payment plan is through our online services.

Last updated 24 February 2026

How to set up a payment plan

There are a few ways to set up a payment plan. Your registered tax or BAS agent may also be able to set a payment plan up on your behalf using [Online services for agents](#).

If you owe \$200,000 or less, you may be able to set up a payment plan through:

- [Online services](#)
- [Self-help phone line](#)

If you have both income tax and activity statement debts, you'll need to [set up separate payment plans](#).

When you will need to contact us

You will need phone our [lodge and pay enquiry line](#) to set up a payment plan, and we'll ask you for more information about your circumstances if you:

- owe \$200,000 or more
- haven't been successful in setting up a payment plan through our online services or the self-help phone line
- need to re-negotiate your existing payment plans
- need additional support due to significant financial hardship
- are insolvent, bankrupt or in dispute
- need a repayment timeframe beyond 2 years.

Additionally, you may need to contact us if you have:



- received a warning of [firmer recovery](#) or [legal actions](#) in the past 6 months or we have progressed with these actions
- defaulted on or cancelled 2 or more payment plans in the past 12 months.

If you already have an active payment plan, you can check or make some changes through [Managing your payment plan](#).

Online services

If you owe \$200,000 or less, you may be able to set up a payment plan through our online services.

If you are:

- an individual (including a sole trader), you can use [ATO online services](#) . You will need an active [myGov account linked to the ATO](#). Once you are logged into ATO online services, select **Tax**, then **Payments**, then **Payment plans**.
- business, you can use [Online services for business](#) . Once you're logged in, select **Accounts and payments**, then **Payment plans**.

When you set up a payment plan, we will help you save on interest by guiding you to pay what you owe in the shortest time. We will provide you with:

- an upfront amount you need to pay
- suggested instalment amounts that have been manageable for clients with similar circumstances to yours.

You can vary the upfront and instalment amounts above or below the amounts provided, up to certain values.

You can only set-up one payment plan at a time using online services.

Self-help phone line

If you owe \$200,000 or less, you may also be able to use our:

- [self-help service for individuals and sole traders](#)
- [automated service for business enquiries](#)

Before you begin, make sure you have:

- your tax file number (TFN) and/or Australian business number (ABN)
- details of the full amount owing.

If you have multiple debts, don't combine the amounts. You can find your specific debt amount for each account by reviewing the latest notice we have sent you or checking your account in online services.

You can only set up one payment plan at a time using the self-help phone line.

Contact us

If you owe more than \$200,000 or you can't set up a payment plan online or through the self-help phone line, you will need to phone our [lodge and pay enquiry line](#).

Before you phone, make sure you have:

- your tax file number (TFN) and/or Australian business number (ABN)
- other information you need to [prove your identity](#)
- details of the full amount owing.

We will ask for more details about your situation, including:

- why you can't pay by the due date
- your bank details, including current account balances and any lines of credit
- your income, including if it can meet the proposed payment plan

- expenses
- assets.

To prepare for this conversation, you can visit [Moneysmart.gov.au](https://moneysmart.gov.au) and use their [budget planner](#). This can help you understand your financial position so you can make a suitable payment proposal.

We will ask extra questions about your situation if you have:

- received a warning of [firmer actions](#) or [legal actions](#) in the past 6 months (or we have progressed actions against you)
- defaulted on or cancelled 2 or more payment plans in the past 12 months
- requested additional support due to [serious hardship](#).

Setting up a direct debit

The easiest way to stay on top of your payment plan instalments is to set up a direct debit. You can set up direct debit payments at the same time you set up your payment plan – from either a financial institution (bank) account or a credit or debit card.

No card payment fees apply to debit card payments. [Fees](#) apply to payments made with other cards.

Only the card holder can set up a direct debit payment plan using a debit or credit card. Alternatively, you can pay individual instalments with your debit or credit card, or any of the other payment options available for [paying the ATO](#).

If a scheduled direct debit falls on a weekend or public holiday, it will be processed on the next available business day. Direct debits scheduled during our annual end-of-year office closure will be processed on the first business day in January. These aren't considered late payments.

Additionally, if your payment plan is paid off early, you'll need to cancel the plan in online services or contact us to stop the remaining direct debit instalments.

Setting up instalment reminders

To help you stay on track with your payment plan instalments, you can select to receive SMS or email reminders. You can do this when you set up your payment plan using online services or when you contact us.

QC 106182

Managing your payment plan

How to change how you pay, modify instalments or check the status of your payment plan.

Published 24 February 2026

Changing how you pay and modify instalments

You can change how you pay and modify instalments for your [payment plan](#). By using online services or contacting us, you can:

- change an instalment from direct debit to a different payment method (including linking from one credit or debit card to another card)
- update your card information
- modify an instalment due date or amount
- cancel an instalment.

If you make any changes, you will need to do this at least:

- one business day before the instalment date, if the payment method is direct debit via debit or credit card
- 3 business days before the instalment date, if the payment method is direct debit via your bank accounts.

You can't modify instalments in a payment plan online, if the current plan extends for longer than 24 months or if the changes will extend the plan by longer than 24 months.

Accessing your payment plan in online services

Individuals and sole traders can use [ATO online services](#). From the menu:

- select **Tax**
- select **Payments**
- select **Payment plans**.

Businesses can use [Online services for business](#) . From the menu:

- select **Accounts and payments**
- select **Payment plans**.

Updating cards in online services

To add a new card:

1. Select **Update** for the relevant plan.
2. Choose **I want to use a new card**.
3. Complete card and contact details, select **Next**.
4. If required, you can modify instalments, select **Next**.
5. Summary of plan will be displayed for your review – select **Submit**.

To update a card:

1. Select **Update** for the relevant plan.
2. Check the card is selected that you want updated.
3. Select **Yes to update this card**.
4. Complete required card updates, select **Next**.
5. If required, you can modify instalments, select **Next**.
6. Summary of plan will be displayed for your review – select **Submit**.


Modify or cancel an instalment due date or amount


To modify or cancel your instalment due date or amount:

1. Select **Update** for the relevant plan.
2. Select the chevron (downwards arrow) to modify the instalment details as required. Select **Cancel Instalment** if you want to remove an instalment (amounts can't be below \$1).

3. Select **Save** to keep changes select or **Cancel** to discard them. You must select Save or Cancel or an error will occur.
4. Select **Save** again. This will initiate the Calculate button.
5. Select **Calculate** to preview how your changes affect the payment plan.
6. Review the preview to see your updated instalment details.
7. Select **Submit** to apply all changes to your payment plan.

Checking the status of your payment plan

Individuals and sole traders can view the status of their payment plan in [ATO online services](#) . Log in, then from the menu select **Tax**, then **Payment**, then **Payment plans**.

Businesses can check their payment plan status in [Online services for business](#) . Log in, then from the menu select **Accounts and payments**.

For more detail about the status of each payment plan, select the help icon.

Active

If your payment plan has a status of active, it means that your instalments are on track and no further action is required.

Arrears

If you missed a scheduled instalment or haven't paid another tax obligation by the due date, your payment plan may remain active but could move into an arrears status.

You may receive an arrears letter from us informing you that your accounts are in arrears. This gives you an opportunity to bring your payment plan back on track before your payment plan defaults. The letter will outline:

- the minimum amount you need to pay now
- any further actions you need to take to prevent your payment plan from defaulting.

If you're a myGov user, we'll send this letter to your myGov Inbox first. If you've set up your preference to send correspondence to your tax agent, we'll send the letter to them.

Default

A default occurs when your payment plan is no longer active because you haven't met its conditions. This could include:

- not acting on an arrears letter
- missing an agreed instalment by the due date
- not paying an additional tax obligation on time.

If your payment plan defaults, the whole overdue balance becomes immediately payable and we may take [firmer action](#).

To prevent a default, it's important to respond early to arrears letter and stay up to date with any future payments or obligations.

If your payment plan has defaulted, [contact us](#) to discuss what options might be available to you. This may include re-negotiating a payment plan.

QC 106183

Alternative payment plans

You may be eligible for interest-free payment plans for overdue activity statement amounts or secured payment plans.

Published 24 February 2026

Interest-free payment plans for overdue activity statement amounts

Small businesses that owe activity statement amounts may be able to make interest-free payments over 12 months.

Eligibility

You may be eligible for an interest-free payment plan if your business:

- has an annual turnover of less than \$2 million
- has recent amounts owed from an activity statement of \$50,000 or less that have been overdue for up to 12 months
- has a good payment and lodgment history, including
 - no more than one payment plan default within the last 12 months
 - no outstanding activity statement lodgments
- can't obtain finance (such as a loan) through normal business channels
- can demonstrate ongoing viability.

How it works

You must agree to a payment plan that allows the amounts owed to be paid by direct debit within 12 months.

General interest charges (GIC) are still incurred, however as long as you maintain your payment plan, they will be automatically remitted once they appear on your account.

While you're paying your bill, you:

- can check your running account balance by logging into the [Online services for business](#) or phoning our [business enquiry line](#)
- must meet all of your other payment and lodgment obligations.

Registered tax or BAS agents can check the running account balance by:

- using [Online services for agents](#) (see the [Online services for agents user guide](#) for instructions)
- phoning our [registered agent phone line](#) (Fast Key Code **1 2 5 1**).

If you already have a payment plan

If you satisfy the eligibility criteria, you can ask us to change your existing payment plan for your activity statement related debt to an interest-free payment plan.

If your request is approved, we'll cancel your previous plan. The interest-free period will start from the date you enter into the new

plan.

Phone our [business enquiry line](#) during operating hours to change to an interest-free payment plan.

Secured payment plans

If we can't reach an agreement with you about paying amounts you owe, we may consider accepting an offer of security where you either:

- request we defer the time of payment of a debt
- seek to pay a debt by instalments.

Our preferred securities are:

- a registered mortgage over freehold property
- an unconditional bank guarantee from an Australian bank.

For more information about a secured payment plan, phone our [lodge and pay enquiry line](#) during operating hours.

For more information, see [PS LA 2011/14](#) *General debt collection powers and principles*.

QC 106184

Managing payments

How to prevent tax debt, make prepayments and payment transfers, and more.

Last updated 4 March 2026

What is a tax debt?

When you have tax to pay, it's important that you pay it in full and on time. [If you don't pay](#), we will apply [general interest charge](#) on your unpaid amounts.

Tips to prevent a business tax debt

Preventing debt helps keep your business on track. Businesses that keep on top of their tax and super obligations are more likely to build strong financial resilience and long-term success.

Media: Keep GST separate

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiur3ggw8u>  (Duration: 0:15)


Follow our top tips so you're always ready to meet your tax and super obligations:

- Use digital tools and software that are designed to meet the needs of businesses to automate and streamline your business operations. For example, some tools can automatically calculate your live tax position as well as develop reports for GST, so you can spend less time on administration.
- Set aside [GST](#), [pay as you go \(PAYG\) withholding](#) and [super](#) from your cash flow so you have the funds available when it's time to pay. Setting up another bank account for your tax and super, that's separate to your business bank account, could help you with this.
- Pay on time so you don't incur unnecessary interest charges on any tax debts – you [can't claim interest charges](#) incurred on or after 1 July 2025 as a tax deduction.
- Plan ahead by [managing your cash flow](#), so you know when you may expect money to come in and go out, and can better budget for income and expenses.
- Check how much GST you're collecting and how much you can claim, so the net GST doesn't catch you off guard. Your net GST is the difference between the GST collected on your taxable sales and the [GST credits](#) you're entitled to claim on business purchases.
- Consider switching from quarterly to [monthly BAS lodgment](#). Reporting GST monthly can help you improve your cash flow and keep your record keeping up to date. It may make it easier for you to track your finances and business performance, stay on track with smaller, more manageable payments, and save you time by aligning better with your reconciliation processes.
- Keep complete and accurate [business records](#). Make sure you update them regularly (for example, every week or month) and remember to back up your digital records regularly too.

- Seek advice from a registered tax professional. They can give you advice that's tailored to your circumstances and help you manage your tax and super.

Free resources to help you get it right

It's important to have a good understanding of your payment obligations so you can plan ahead and pay the correct amount at the right time.

You can increase your cash flow knowledge by taking advantage of [Essentials to strengthen your small business](#)  – a learning platform specifically designed for small business. There are lots of free courses, and you can learn at a time that's convenient to you. Our most popular courses include:

- Goods and services tax (GST)
- Cash flow for small business success
- Strategies for improving your cash flow
- Considering your small business viability.

You can also use the [Cash Flow Kit](#)  to build your cash flow skills and knowledge.

For more information, resources and tools to help you get it right, see:

- [BAS and GST tips](#)
- [Supporting your small business.](#)

Budgeting for tax as an individual

If you're making money outside of your salary or wage, budgeting for your income tax obligations can help avoid a large tax bill when you lodge your tax return.

Keep the right amount aside to cover tax whenever you receive a payment that hasn't been taxed, such as:

- income as a contractor
- profit from selling shares, property or crypto assets (capital gains tax may apply)
- rental income

- interest and share dividends
- [sharing economy payments](#).

You can use our [income tax estimator](#) to work out if you're likely to owe tax this income year.

If you have a study loan, you can make [voluntary repayments](#) (on top of any compulsory repayments) to reduce the balance of your loan.

Making prepayments

You don't need to wait for a bill from us to make a payment. You can make prepayments at any time, and as often as you like, to make it easier for you to manage your tax.

What you need to do:

- find your unique [payment reference number \(PRN\)](#)
- choose the amount you want to prepay
- prepay your tax using one of our [payment methods](#).

We will hold prepayments you make towards your expected bill unless you, or your agent, request a refund. However, if you already have an existing debt with us, we may use the prepayments to pay that debt.

If you make prepayments towards certain anticipated tax debts more than 14 days before the due date, you may qualify for [interest on early payments](#).

Pay as you go (PAYG) instalments

Regardless of whether you are a business or an individual, we may automatically enter you into PAYG instalments if you earn more than the instalment income entry threshold. You also have the option to enter PAYG instalments voluntarily to help manage your tax obligations throughout the year.

[Starting PAYG instalments](#), whether by meeting the instalment income entry threshold or by voluntarily entering, means making frequent payments to us as noted on your activity statement or instalment notice.

When you have entered PAYG instalments, we will let you know the details for [lodging and paying PAYG instalments](#), including:

- when to pay
- how often to pay
- how much to pay.


Request a payment transfer

A payment transfer is the movement of a payment from one ATO account to another ATO account if a payment has been credited to the wrong account. You can request a partial transfer where a payment should have been made for 2 different accounts.

To request a payment transfer you need to provide the following details:

- your contact details, including your name and phone number – you must pass proof of identity on the account the payment is being transferred from
- details of the account the payment was made to, including the PRN, account name, tax file number (TFN) or Australian business number (ABN)
- amount of the payment
- payment method – for example, credit card or BPAY
- date of the payment
- payment receipt number (if known)
- tax type – for example income or activity statement
- details of the account that the payment is to be transferred to, including the PRN, account name, TFN or ABN
- details of the amount of the payment to be transferred – you can request a transfer of the whole, or partial amount.

You can request a payment transfer by using:

- [Online Services for individuals and sole traders](#), if you're a sole trader
- [Online services for business](#) , if you run a business
- [Online services for agents](#), if you're a registered agent.

You can also [contact us](#) during our operating hours.

Authorised by the Australian Government, Canberra.

QC 50464

Compromise of tax debt

Find out what happens in a compromise of tax debt and how to apply for one.

Last updated 16 December 2022

What happens in a compromise and how to apply for one

A compromise of tax debt is an agreement between us and a taxpayer to:

- accept a lesser amount to satisfy an undisputed tax debt
- not pursue the balance of an undisputed tax debt.

Strict criteria applies for us to agree to a compromise.

Depending on your circumstances, you will pay the agreed amount as a lump sum or by instalments as part of a payment plan.

When you enter into a compromise, you may be required to abandon rights under tax laws. For example, this could include the right to carry forward revenue and capital losses.

Compromise of tax debt is **not** a settlement even though it is often referred to as such. A settlement is when we agree with the client on the amount of a disputed tax liability.

Limitations of a compromise

Tax debts are owed to the Commonwealth. We are responsible for collecting tax debts on behalf of the Commonwealth.

While a compromise involves us agreeing not to pursue the balance of a debt, we are unable to validly discharge the remaining balance.

Before we consider a compromise

Before considering a compromise of tax debt, we first consider the options available to help you meet your tax debt obligations, including to:

- remit penalties and additional charges including [interest charges](#)
- enter into payment arrangements
- defer the time for payment
- [release you from certain tax debts](#).

We also consider:

- other options for debt recovery, for example
 - placing [debts on hold](#)
 - bankruptcy or liquidation.
- if other parameters have been met, including
 - the tax debt is undisputed
 - the compromise proposal is not for less than your total net assets
 - the compromise will not directly or indirectly impact on the other actions involving you or other parties
 - hardship is not the only reason to support the proposal
 - alternative collection options would not result in a greater return, such as issuing director penalty notices or bankruptcy
 - you do not have a poor compliance history.

When a compromise will not be accepted

We will not consider requests for compromise where:

- the tax debts are subject to dispute
- an application to waive the debt has not been finalised
- an application for release from payment of an income tax or fringe benefits tax debt has not been finalised
- you could lodge a debt agreement under Part IX of the Bankruptcy Act
- within 5 years immediately before the proposal, you have been party to an earlier agreement, bankrupt or party to a Part IX or X arrangement.

How to apply for a compromise

All requests for a compromise of tax debt must be made in writing to the Commissioner of Taxation.

Application forms are available for individuals and businesses.

You can request application forms by:

- [writing to us](#)
- phoning our [business or individual enquiry line](#).

You need to complete the relevant application form by answering all questions carefully, completely and accurately. Then return it to:

The Commissioner of Taxation

PO Box 1129

PENRITH NSW 2740

When lodging an application for a compromise, be mindful that you are essentially admitting that:

- you are insolvent
- you may have been insolvent for some time, but now do not see this situation improving
- in some cases, you may have paid out other creditors to our detriment (potentially an act of bankruptcy under the *Bankruptcy Act 1966*).

You can get more details in [PS LA 2011/3](#) *Compromise of undisputed tax-related liabilities and other amounts payable to the Commissioner*.

QC 71102

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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