



Applying for compensation from the ATO

Any individual or organisation can apply to us for compensation. Find out how to apply and how we assess claims.

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How to apply for compensation

You can apply for compensation from the ATO if either:

- our actions give rise to a legal liability, or
- you have financial losses caused by our defective administration.


Claims for defective administration are covered by the *Compensation for Detriment caused by Defective Administration Scheme* ([CDDA Scheme](#) )

Any individual, company or other organisation can submit an application for compensation. You can do this yourself or through an

authorised representative, such as a lawyer or registered tax professional.

Read the information on this page to understand the process and what you can claim for.

To apply for compensation:


- complete the [Compensation application \(NAT 11669, PDF 224KB\)](#)  form
- attach all relevant documentation to support your claim
- email or mail your claim to us at the details on the form.


How we assess claims for compensation

Officers in our Office of General Counsel assess compensation claims. Assessors are independent of the ATO area that dealt with your matter before.


We assess claims for compensation in 2 ways, either:

- because there may be a legal liability, or
- under the *Compensation for Detriment caused by Defective Administration Scheme* (CDDA Scheme).

We decide claims on the basis of legal liability in line with legal principle and practice. Any settlement must be consistent with our obligations under [Appendix C to the Legal Services Directions 2017](#)  .

Claims for financial losses caused by our defective administration are covered by the CDDA Scheme. We decide CDDA Scheme claims in line with the [Department of Finance's Resource Management Guide \(RMG 409\)](#) .

We aim to make the claim process simple so you can access help when you need it.

If compensation of either of these types is not appropriate, you may be eligible for an act of grace payment. We don't administer act of grace payments. They are administered by the Department of Finance. Refer to [compensation information](#)  on their website.

What you can claim for

Losses we can consider

We can consider compensating you:

- for financial losses caused by the ATO's defective administration, or
- where our actions give rise to a legal liability.

These losses include:

- professional fees you incurred to resolve a problem that we caused
- interest for unreasonable delays in providing you with a payment, if no statutory interest can be paid
- bank or other administrative fees you incurred because of our defective administration.

Losses we cannot consider

Generally, under the CDDA Scheme or because of legal liability, we can't compensate for the following types of losses:

- inconvenience and your personal time spent resolving an issue
- stress, anxiety or hurt that is unrelated to a personal injury which is being compensated under the CDDA Scheme
- interest for delays in receiving payments from the ATO where statutory interest is payable
- costs of complying with the tax system, including costs associated with audits, objections and appeals - this is even if we find you complied with your obligations or we change our decision in your favour
- costs of applying for compensation or communicating with us about your claim
- taxation or other Commonwealth liabilities where you have substantive review rights that you haven't pursued.

Compensation payments can't offset tax debts that you owe. See [Help with paying](#) to help you manage your debt.

Examples of claims

Example 1: failure to provide advice regarding credit card fees

Mr Jones, a taxpayer, phones us to discuss his debt. He agrees with our explanation and pays his debt by credit card. The ATO officer processes the payment. However, they don't tell Mr Jones that he will be charged a processing fee for paying by credit card.

Our procedures say that before confirming the payment, we must tell the taxpayer that credit card payment fees apply and how much the fee will be.

In this case, the ATO officer fails to follow procedures because they didn't tell Mr Jones about the credit card fee. This failure is defective administration. Mr Jones receives the cost of the credit card fee as compensation.

Example 2: refund delay

Ms Wang, a taxpayer, claims compensation for a delay in processing her tax return refund. She claims the amount of interest she misses out on because her tax return is not processed within the stated processing period.

Our review finds the delay is due to a combination of the volume of returns being processed at the time and Ms Wang providing conflicting financial institution details when lodging her return. After confirming her financial institution details, we update the payment method for her refund. We don't tell Ms Wang about this change to the payment method, and she only discovers it later. She contacts us again to reinstate the previous payment method.

The compensation decision maker finds there are unreasonable lapses in our compliance with existing administrative procedures. These lapses are:

- delay in actioning the mistake with the financial institution details on the taxpayer's return - resulting in a delay in the issuing of the notice of assessment (and related refund)

- failing to tell the taxpayer about the change in refund method - resulting in the taxpayer having to request reinstatement of the original method. This leads to a further delay in the taxpayer receiving their refund.

If viewed separately the compensation decision maker considers it unlikely that our individual actions in this case will be defective administration. However, when looking at all the circumstances together, it is unreasonable.

Of particular relevance is that providing a timely tax refund is a core function of the ATO.

Example 3: audit delay

In late 2022 Mr Smith, a taxpayer, is audited by the ATO. Mr Smith has multiple entities and complex affairs. We tell him we have identified several risks that need to be addressed through an audit. Mr Smith is represented by a tax agent during the audit period.

During the audit, there are a significant number of interactions between Mr Smith, his representatives, third parties, and us. This includes several requests for information.

Mr Smith and his representatives ask for additional time to comply with the requests for information on many occasions. We make follow-up requests several times when the information provided is incomplete.

In early 2024, we issue a position paper to Mr Smith. We tell him we plan to amend the income tax assessments of a number of related entities. Mr Smith doesn't agree with the findings and provides us with information to explain why. He also says we have failed to properly consider information he has already provided when issuing the position paper.

Our audit concludes in mid-2024. After the response to the position paper is received, no amendments are made to the tax assessments of the taxpayer's entities.

Mr Smith makes a compensation claim on the basis that the time taken to complete the audit is excessive. It has resulted in additional costs to pay for professional representation.

Losses the decision maker determined would not be covered as there was not defective administration

On reviewing the claim, the compensation decision maker finds that while the audit did take longer than usual, it was not considered defective administration. This was due to the complexity of Mr Smith's affairs and that delays in receiving information contributed to the overall time taken to complete the audit.

Losses the decision maker agreed would be covered

However, the compensation decision maker considers that there was defective administration in one aspect of the audit. The ATO auditor had not considered information already in their possession before preparing and issuing the position paper to the taxpayer. Had the auditor considered this information, it's unlikely they would have initially found that tax assessments needed to be amended.

We pay compensation to Mr Smith for the additional professional costs associated with responding to the position paper.

After you make a claim

Claim decision process

We aim to send you written acknowledgment of your compensation claim within 7 business days of receiving it. Where possible we will give you the name and contact details of the person managing your claim.

For straightforward claims, once you give us all the necessary information to support your claim, we aim to give you our decision within 56 days.

For more complex claims, we aim to give you our preliminary view within 56 days. You can then comment on our view.

We may take longer to investigate and consider some claims with complicated facts or that extend over long periods of time. In these cases, we will contact you about an extended date for our decision.

If you didn't give us all the information to make a decision, we will contact you to discuss what information you may be able to provide.

The CDDA scheme is a scheme of last resort. Any other dispute resolution processes you are involved in need to be resolved before we will consider your claim. This includes:

- merits review, court or tribunal action
- an active complaint with the Tax Ombudsman.

Receiving payment

If your claim is successful, we will transfer the payment electronically into your nominated bank account.

If you're unsure whether the payment is taxable, you can contact us or a registered tax professional.

Reviewing our decision

There is no automatic right of administrative review of decisions under the CDDA Scheme. Reflecting the discretionary nature of the Scheme, it is a matter for each agency whether to offer the opportunity to review decisions.

Internal review

We offer internal review if you can provide new and relevant information or contentions to support your claim. Information about internal review is on your compensation decision letter, or you can phone **1800 005 172**.

Tax Ombudsman

The Tax Ombudsman can investigate most complaints related to tax administration. This includes the handling of compensation claims. The Tax Ombudsman has no power to overturn or vary our decision but may make recommendations to us about how we handled the claim.

You can contact them:

- via the [Tax Ombudsman](#)  website

- by phone on **1300 448 829**.

External review

You can contact the original decision maker and request that your decision is reviewed by our external review panel. We may also suggest that a matter is externally reviewed in appropriate cases without a request being made.

Cases suitable for external review can involve:

- complex factual issues
- long-standing or historical disputes
- disputes about claims of significant amounts.

The panel consists of independent reviewers that are highly respected members of the legal community. If your decision is reviewed, the panel will provide a recommendation to us.

If a request is made, we will advise if your decision will be referred for external review as soon as possible. This is discretionary.

If you would like your decision to be considered for external review:

- contact us at compensation.application@ato.gov.au
- phone **1800 005 172**.

Our approach to the CDDA Scheme

The ATO's approach to administering the Compensation for Detriment caused by Defective Administration (CDDA) Scheme supports our ongoing commitment to improve our service culture and to increase the trust and confidence in our administration of the tax and super systems.

We do this by ensuring client experience and interactions are well designed, tailored and transparent, in line with our vision.

Our approach to the CDDA Scheme is supported by the **ATO Charter**. Our Charter:

- outlines our commitment to a relationship with taxpayers based on mutual trust and respect
- sets out taxpayers' rights and obligations when dealing with us

- explains what taxpayers can do if they are not satisfied with our decisions or actions.

We want to ensure that it is easy for all taxpayers, including small businesses and individuals, to access support and assistance when it's needed. We believe the compensation process should be straightforward, fair and consistent and we're committed to making it simpler for all taxpayers to understand and access the CDDA Scheme.

What you can expect from us

We will:

- treat you with courtesy, consideration and respect throughout the process
- provide you the opportunity to present your views and take your personal circumstances into account
- ensure your claim is considered by someone in an independent area of the ATO
- have any review conducted by someone who has not previously dealt with your matter
- acknowledge when the ATO has done the wrong thing and pay compensation that we consider appropriate and fair
- ensure simple claims are dealt with efficiently and that more complex, significant or sensitive claims are managed appropriately, including an escalation path to independent senior officers of the ATO or to an independent reviewer external to the ATO
- communicate with you in a way that explains our decisions and is easy to understand
- in the small number of claims that result in a dispute, provide you with a clear path through the review process.

In return, we expect that you will:


- give us all the relevant facts and circumstances to enable us to consider your claim
- answer questions accurately, completely and honestly
- be cooperative and respectful in your dealings with us.

Further help for compensation

Small business compensation assistance

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) can help small businesses seek compensation from the ATO for defective administration.

To contact the ASBFEO, you can:

- visit [The Tax Concierge Service](#) 
- email info@asbfeo.gov.au
- phone ASBFEO on **1300 650 460**.

More information

For more information about applying for compensation from us:

- email compensation.application@ato.gov.au
- phone our toll-free compensation help line on **1800 005 172**.

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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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