



Statement on ABC Four Corners story

ATO responds to ABC Four Corners story 'No Return: Australia's Missing Billions'.

Published 29 July 2025

The Australian Taxation Office (ATO) acknowledges the concerns raised in the ABC's *Four Corners* segment '*No Return: Australia's Missing Billions*'. The public rightfully expects the highest standards of integrity, fairness and accountability from us, and we take matters raised in the segment seriously.

Where concerns are raised, we aim to respond through appropriate channels, including internal review, independent oversight, and, where necessary, improvements to our systems and processes.

Our organisation is made up of more than 20,000 hardworking Australians whose role is to ensure all taxpayers pay the correct amount of tax, regardless of their size or profile.

Our approach to debt

As reported in the segment, collectable debt is at a record high, and we are committed to collecting this using all the tools at our disposal. Commissioner Heferen has **stated** on multiple occasions that reducing unpaid tax owed to the government is a key priority for us.

We are focussing our firmest debt collection activities on the 22,000 taxpayers that are responsible for \$11 billion of the collectable tax debt owed to the government. In context, that's about 1% of the total debtors responsible for 20% of what's owed.

General interest charge remission

When it comes to general interest charge (GIC), requests for remission are considered by staff who take time to assess the individual circumstances that are presented before making a decision. In deciding whether to remit GIC, we consider the circumstances that caused the delayed payment resulting in GIC, how these circumstances prevented the taxpayer from paying by the due date and what steps they have taken to reduce the delay.

We note concerns raised in the segment about GIC remission for a high-profile taxpayer, which we take seriously. We are following up to ensure all processes were correctly adhered to.

GST fraud

Our tax system relies on self-assessment, with it being the responsibility of every taxpayer to lodge correct returns. Because most Australians do the right thing, the system is designed to make it easy for legitimate businesses to obtain GST refunds without going through onerous checks. Unfortunately, a very small minority of taxpayers abuse this, and we have sophisticated tools to catch them.

Operation Protego was our response in April 2022 to a rapid proliferation of GST fraud. We worked hard to contain the fraud, stopping \$2.7 billion in false refunds and raising nearly \$2 billion in liabilities, and we are now in the process of collecting amounts owed.

Collecting amounts owed is not just an exercise in debt collection: committing GST fraud has significant and enduring consequences. The ATO knows the identity of the 57,000 Operation Protego GST fraudsters. We have corrected the assessments of every single one of these fraud participants. We will actively pursue debts obtained through this fraud, using all the tools at our disposal to recoup funds stolen. On top of this, these individuals may face long-term consequences including time in jail and confiscation of assets.

At the time of the GST fraud that gave rise to Operation Protego, the ATO was obliged by law to pay out GST refunds within 14 days. In the *Multiflex* litigation in 2011, the Federal Court ruled that the Commissioner of Taxation must pay GST refunds within a reasonable time, defined as the time required for administrative processing only – not for extended verification or audits. This meant the ATO couldn't delay refunds simply because it needed more time to investigate. Recently, the law has changed to extend this period to 30 days.

Since 2022, we have also strengthened our ability to detect and respond to GST fraud, and strongly advise individuals against attempting to replicate this fraud as there are significant penalties even for unsuccessful attempts.

However, as noted above, the nature of Australia's GST system is designed on a self-assessment model that allows buyers to claim refunds of input tax credits without waiting for the seller to remit the GST to the government. This unfortunately means it is vulnerable to fraudsters. Internationally, reducing this vulnerability is a key priority for tax administrators with a value added tax.

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