



# Take control before interest on ATO debt costs you more

ATO interest incurred on or after 1 July will no longer be deductible, increasing the cost of carrying a tax debt.

**Published** 11 June 2025

Changes to the deductibility of general interest charge (GIC) are coming on 1 July, so now is a good time to consider paying your business's overdue ATO debt.

We apply GIC if an amount of tax or another liability remains unpaid after the due date. The rate is currently 11.17% and it compounds daily.

Previously, you could claim this as a deduction on tax returns. You can no longer claim a tax deduction for any GIC incurred in income years starting on or after 1 July 2025. This means your business will pay more to carry a tax debt.

You can still claim GIC that was incurred before 1 July 2025 as a deduction this tax time.

## How you can prepare for the changes

With the changes starting on 1 July, it's more important than ever to keep on top of your business's ATO obligations. To prepare, your business can:

- **Make a payment** – if your business has an ATO debt, paying it as soon as you can will reduce the amount of interest you'll pay. If you can't pay it in full, you may be able to set up a payment plan. As GIC still accrues, the payment plan should be over the shortest possible timeframe, which will decrease the amount of interest charged.
- **Get advice** – talk to your registered tax practitioner for personalised advice based on your business's situation. Their advice may include

getting a business loan, as some interest on loans connected with running a business may be eligible for a tax deduction

If your business is experiencing difficult circumstances, there are **support options** available.


Read our information on **Denying deductions for ATO interest charges** to learn more about the change.

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QC 105052

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