




ATO welcomes report: 'How to tell people they owe the government money' – from Inspector-General of Taxation / Taxation Ombudsman, Commonwealth Ombudsman / ACT Ombudsman

The ATO welcomes 'How to tell people they owe the government money' report.

Last updated 31 March 2026

Note: Since the media statement was issued on 26 March 2024, the government has announced proposed changes in the 2024–25 Budget. For more information on the proposed changes, view [Debts on hold](#).

The Australian Taxation Office (ATO) welcomes the report released today by the Inspector-General of Taxation/Taxation Ombudsman (IGTO), Commonwealth Ombudsman/ACT Ombudsman ['How to tell people they owe the government money'](#) .

The ATO agrees with the five principles outlined in the report: being accountable, explaining actions, providing information, being accessible, and learn and improve.

For active debts, we are fully transparent with the taxpayer, explain the debt and where it comes from, provide payment options, and continuously improve our practices.

Where a debt is considered uneconomical to pursue, the ATO may put it 'on hold'. It is important taxpayers know that the ATO does [not](#)

[actively seek payment of debts that are on hold](#) and taxpayers do not need to take any action. However, we are legally obliged to use credits or refunds to reduce the amount of the debts on hold. For debts placed on hold since 2017, this will typically happen when a taxpayer lodges their tax return.

We recently wrote to taxpayers with a debt on hold to advise them that they have a debt on hold, and that they do not need to take any action. We also advised that while we are not taking action to recover the debt, any future credit or refund may be offset against it. We recognise our recent communication about these debts caused distress – especially for those debts incurred several years ago.

In response to this, in [November 2023](#), we paused the debts on hold awareness letter campaign and are reviewing our approach to improve how we communicate with taxpayers.

For debts placed on hold prior to 2017, the ATO has paused all action whilst a review is undertaken. The ATO will not use the credits or refunds from taxpayers to reduce these debts. No decision has yet been made regarding the outcome of this review.

The ATO wants to assure the community that these debts are not new. They are previously incurred debts that were put on hold because they were uneconomical to pursue. Each debt has been verified, and taxpayers were either notified of the amount owing at the time it was assessed, or the amount was self-assessed.

The ATO is committed to applying the principles outlined in the '[How to tell people they owe the government money report](#) [🔗](#)' to continually improve our communications to taxpayers about debt.

It's important that taxpayers have trust in our tax system and clear communication is critical to building trust and confidence.

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