ATO pauses debt awareness campaign

Information about our debt awareness campaign.

Last updated 28 November 2023

DISCLAIMER: Please note, since the media statement was issued on 28 November 2023, the government has announced proposed changes in the 2024–25 Budget. For more information on the proposed changes, view Debts on hold.

In response to community feedback, the Australian Taxation Office (ATO) has paused its awareness campaign around tax debts on hold.

The ATO has heard the concerns raised by the community.

We have paused the awareness campaign and will review our overall approach on how we communicate about debts on hold.

The purpose of the letters was to ensure people had full visibility of their existing debts with the ATO, where collection had been put on hold.

These debts relate to tax returns for past income years.

The letters provided a reminder about existing debts but did not require payment.

It's important to us that taxpayers have trust in our tax system and our records.

We verified that all debts exist, and that all taxpayers were previously informed when the debt was originally incurred through their notice of assessment.

Taxpayers can check whether they have a debt on hold by calling us.

However, we accept that our communication approach caused unnecessary distress – especially for those debts incurred several years ago.

We will review our overall approach to debts on hold before progressing any further.

No further action is required by anyone who has received a letter. However, if you have questions about your existing tax debt, you can contact the ATO for further information.

Background

In the past, the ATO has excluded some debts from being recovered, such as when the debts are very small.

Tax debts on hold are debts that the ATO is not taking active steps to recover. When a tax debt is put on hold, a taxpayer is informed in writing that while the ATO will not currently pursue the debt, the debt remains payable.

We expanded this approach to support the community during COVID-19 and paused offsetting debts previously put on hold entirely, meaning debts were not deducted from tax refunds or credits.

This approach was reviewed by the ANAO as part of our financial statements audit. This review found excluding any existing debts from being offset was not consistent with the law, regardless of when the debt arose.

The ATO investigated further and received clear advice that all debts must be offset. It is required by law. The ATO does not have the power to forgive or waive a tax debt.

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