Spotlight on... Deputy Commissioner Louise Clarke

Private Wealth Deputy Commissioner Louise Clarke discusses her priorities for 2025.

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Louise Clarke, Deputy Commissioner (Private Wealth - Client Experience) shares her priorities for 2025.

What are the biggest challenges for the ATO in 2025?

One of the biggest challenges for us in 2025 is reducing the debt book. This was a priority area in 2024 and will continue in 2025. The level of outstanding debt is unacceptably high at the smaller end of the privately owned and wealthy groups (POWG) market, and we'll be focussing on getting debts paid and encouraging on-time lodgments.

In the POWG market, we're seeing an ageing demographic for controlling individuals (especially in our Top 500 and Next 5,000 groups). This has led to plenty of planning, structuring, and disposal activity in the market with mature family-controlled businesses being sold or passed onto the next generation, either as on-going businesses or the accumulated wealth from those businesses. As a result, we've seen an increase in the number of private ruling requests for our advice and guidance teams and transaction work for our commercial deals teams. The challenge for us is to provide support to groups engaging in succession activity so they have certainty about the tax consequences.

What are your thoughts on the ATO's evolution in enhancing the client experience for privately owned and wealthy groups in the tax and super systems?

We’ve made a concerted effort over the past decade to make it easy for taxpayers to engage with us and the tax and super systems. In my area, we’re continuing to refine our approaches to support willing engagement with the tax system, such as our current review and refresh of the Top 500 program. Our review will include identifying additional measures to support groups to achieve justified trust – considering whether the 3-year monitor and maintenance period is appropriate and what the refresh year review looks like.

We’re also looking at groups where full tax assurance has been achieved but they haven't invested in tax governance. What does the next engagement look like? Is there an opportunity to streamline the next engagement? Noting that those groups that achieve justified trust and enter the monitoring and maintenance period will have a longer period of a streamlined and lighter touch approach.

Finally, we’re reviewing the whole population as there are a wide variety of groups that vary dramatically in size and wealth. For example, there are some groups with net wealth in the billions of dollars and some with net wealth of between $5 million and $10 million. We’re considering whether expectations of these groups in areas like tax governance should be the same or whether a more tailored approach is better.

How will you ensure that your team is prepared for any emerging trends or unforeseen challenges?

Within Private Wealth, we work across a broad spectrum of tax technical issues for a diverse population of POWGs (both in terms of size and nature). As a result, our people have a broad range of skills and specialisations to deal with the tricky issues that arise. We also have risk and intelligence specialists who identify new and emerging trends within our population, allowing us to identify and treat risks as they arise. A key focus for us is to continue to educate and upskill our staff to ensure they’re prepared to address challenges as they arise. We’re lucky to have people who are eager to develop their skills.

Do you have any insights about working with Commissioner Heferen?

I’ve had the opportunity to work with Commissioner Heferen since he commenced in the role. A big focus for him in 2024 was listening. That is, focussing in on each area of the ATO and getting to know the broad spectrum of work we do. He has set out clear expectations for the ATO as an administrator – we play a critical role collecting debt on behalf of government and have a responsibility to ensure a fair and level playing field. Balancing that role with ongoing empathy and support for people and their circumstances is a crucial part of our mandate.

What is your focus in 2025? What are some risks you're looking to address?

Succession planning, and the tax risks associated with it, is our number one focus in 2025. In recent years we’ve observed an increase in reorganisations that appear to be connected to succession planning.

We’re seeing that succession planning behaviour is primarily done by group heads who are approaching retirement. They typically own groups that family members are a part of, and wealth is transferred to the next generation to keep it within the family (via trusts and other means). Individual risks we’re seeing in these arrangements include Division 7A loans being settled, assets moving around the group, family member interests being restructured, and trust deeds being amended. A significant concern is where the restructure is cited as a reason for late lodgment.

Trusts will also continue to be a key focus area for us. In 2025, we’ll be continuing to raise awareness about family trust distributions tax (FTDT) and how it applies to distributions made outside the family group.

What has been your key take-away from 2024?

The key take-away from 2024 for me has been that education campaigns must continue to be a critical part of our work in Private Wealth. The tax law – think Division 7A, small business tax concessions, CGT rules and provisions applying to trusts – are complex, particularly when they interact with each other. The more that we can raise awareness of how these laws operate and how we administer these rules, the better the system will be.

For example, the Division 7A campaign that we did in 2024 raised awareness about Division 7A and the limitations on the scope of exercising the discretion in section 109RB. We had great engagement at each of our webinars and communication series. In 2025, our focus is on raising awareness of when FTDT comes into play so that taxpayers and advisers are aware of when it applies.

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