



## Paying the ATO

How individuals and businesses can make a payment to the ATO, and what happens if you don't pay your debt.

### How to pay



How to pay us including the easiest ways to pay, other options, details you need and what to do if a payment is missing.

### How much you owe



Work out how much you owe the ATO.

### Help with paying



If you can't pay on time, there are support options you can access to meet your tax and super obligations.

### If you don't pay



Find out what happens if you don't pay your debt.

### Interest and penalties



Learn about interest and penalties we charge and interest we pay on early or overpaid amounts.

QC 50294

# How much you owe

Work out how much you owe the ATO.

**Last updated** 21 April 2021

## Individuals and sole traders

### Online using myGov

Use your myGov account linked to the ATO to check your outstanding balance and when your payment is due.

[Log in or create a myGov account](#)


### Income tax

After lodging your tax return you'll receive a notice of assessment confirming:

- how much you owe
- the due date for payment
- your payment reference number (PRN).

You can use our online services accessed through myGov to view your notice of assessment.

#### See also


- [myGov](#) 
- [Why you may receive a tax bill](#)

### PAYG instalments

Pay as you go (PAYG) instalments only apply if you earn business or investment income over a certain amount. We'll notify you if you need to start paying PAYG instalments, how often you need to pay and the payment options available.

You can use our online services accessed through myGov to view, lodge, pay, vary and manage all your PAYG instalment obligations.

#### See also

- PAYG instalments
- [myGov](#) 

## Business

If you're running a business, log in to Online services for business to find out what you owe us.

### Online services for business

Find out when you need to lodge and pay:

- due dates for businesses that self-lodge
- due dates for registered agents that lodge for business.

If you can't use Online services for business, you can:

- [check your income tax assessment](#)
- [phone us](#)


## Check your income tax assessment

Businesses other than companies receive a notice of assessment from us after they lodge their tax return.

The notice of assessment states:

- how much you owe
- the due date for payment
- your payment reference number (PRN).

Fully self-assessed companies and super funds don't usually receive a notice of assessment.

Sole traders and partners in partnerships can check what income tax they owe through our online services accessed through a [myGov account](#)  linked to the ATO.

## PAYG instalments

If you're earning business income, you may be required to pay PAYG instalments. When we write to tell you that you have to pay instalments, we'll let you know how often to pay and the options available.

## Phone us

Businesses can find out what tax they owe, and when it's due, by phoning us on **13 28 66** during operating hours.

Contact us immediately if you believe your account balance is incorrect.

## Next step

- How to pay

## If you disagree with your tax assessment

If you think your tax assessment is incorrect, you can dispute or object to an ATO decision.

## Your payment is still due

Even if you're disputing an assessment, you must still pay the outstanding amount by the due date – unless you have a [deferral or 50:50 arrangement](#).

Overdue amounts, disputed or otherwise, incur interest. If the dispute is resolved in your favour we will generally pay you interest on your overpayments.

We may take recovery action for outstanding taxes even if you've requested a review or lodged an objection or appeal.

## Seeking a deferral or 50:50 arrangement

You can write to us, explaining your reasons, if you want to defer your tax payment until your dispute has been resolved. If you have a good payment history, we may agree to defer recovery action until the dispute is resolved. However, interest will apply from the due date on any amount that is still payable when the dispute is resolved.

We may be able to offer you a 50:50 arrangement, where you pay at least 50% of the disputed amount plus any other outstanding tax debts. You also agree to provide any information needed to resolve the dispute. In return, you can defer paying the remaining amount until the dispute is resolved.

If your objection is unsuccessful you will only be charged 50% of the interest that accrues on the outstanding amount from the date you made the 50% payment. This concession is increased to 75% if your case is funded as part of the test case litigation program.

#### See also

- [Correct \(amend\) an income tax return](#)

## Registered agents

To find out how much your client owes:

- [use Online services for agents](#)
- [phone us on 13 72 86](#) (fast key code **1 2 5 1**).

### Debts on hold



About tax debts on hold and changes to include these in account balances.

QC 50298

## Debts on hold

About tax debts on hold and changes to include these in account balances.

**Last updated** 29 August 2025

## What is a debt on hold

A 'debt on hold' is a tax debt we have paused taking actions to collect. We may place a debt on hold if we decide it's not cost effective to

collect the debt at the time.

While the debt is on hold:

- it may not appear in your account balance
- we won't contact you to try and collect it (however your debt remains due and legally payable)
- we will use any credits or refunds you're entitled to, to reduce the debt – this is called [offsetting](#).

You may have a debt on hold that is not currently included in your account – even if your current account balance is zero. You can **check if you have a debt on hold**, including when it was placed on hold.

If your situation changes and we believe it's cost effective to collect your debt on hold, we may take it off hold. This means we will contact you to pay the debt.

### **Example: what is a debt on hold**

In 2018, Kerrie lodged her tax return resulting in a debt of \$800.

Kerrie was unable to pay this amount as she was unemployed and looking for a new job.

Following a review of Kerrie's circumstances, we decided to place the debt on hold. This removed the \$800 debt amount from Kerrie's account balance and meant Kerrie stopped receiving reminders about the debt.

Kerrie's debt on hold would remain on hold until her situation changed.

## **Debts on hold included in account balances**


If you have a debt placed on hold, you will have an account with the ATO. You can access your account through **ATO online services**.

Previously, your debt placed on hold was not included in your account balance.

We're making it easier for you to keep track of these debts by including them in account balances. We are not doing this for debts placed on hold before 1 January 2017 that may be impacted by the **proposed law change**.

Once your debt on hold has been included in your account balance, you'll see an increased amount owing.

You can [view the details](#) of when your debt was placed on hold. Your debt on hold will be shown in your account as **'Existing debt on hold included in account balance'**. For most taxpayers it will include the tax types and periods that make up your debt on hold. Some taxpayers with an activity statement debt on hold, will instead see the word **'Conversion'** in the Description field. You can [contact us](#) if you need additional information about your debt.

 A screenshot of an account in ATO online services. It shows how a tax debt on hold will appear when it is included in an account balance. In the description column in the account it shows Existing debt on hold included in account balance.

### **Example: including a tax debt on hold in an account balance**

In 2018, Sam lodged a tax return for the 2017–18 financial year. This resulted in a tax debt of \$200.

In 2020 we placed the debt on hold and stopped taking actions to collect it. The tax debt was removed from Sam's account balance.

In September 2025, Sam received a letter from us stating we were including his debt on hold in his account balance. Sam had no other tax debts owing.

A week later, Sam logged into ATO online services and could see \$200 owing in his account balance and a transaction on the account that said 'Existing debt on hold included in account balance – Income Tax for the period 01 Jul 17 to 30 Jun 18'.

## **General interest charge**

When you don't pay on time, we automatically add a **general interest charge (GIC)** to what you owe. This means that your tax debt will grow each day your debt remains unpaid. The **GIC rate** is updated quarterly.

When debts on hold aren't included in account balances we will remit (reduce) the GIC that is applied. This means you won't pay interest for this period.

Once your debt on hold has been included in your account balance, we will continue to remit GIC for an additional 6 months. After this, GIC will apply and you will need to contact the ATO to seek any **further remissions**.

You can't claim GIC incurred on or after 1 July 2025 as a tax deduction. If you're an entity with a substituted accounting period, this applies from your next accounting period starting after 1 July 2025.

### **Example: GIC applying to your debt on hold**

Sasha has a \$13,000 debt on hold included in her account balance on 1 September 2025.

There is \$700 of GIC that accrued during the period the debt on hold was not included in the account balance. This amount has been remitted from her account.

The GIC that accrued in the 6 months after Sasha's debt was included in her account balance is also remitted. Without any action required by Sasha.

For Sasha, this means GIC will be remitted until 28 February 2026 and then charged on the account from 1 March 2026.

If Sasha's debt remains unpaid, her account balance may increase due to GIC being charged. For example, if it remains unpaid by 1 May 2026 her debt may increase by \$240.20.

Any payments made to reduce the debt owed will ensure Sasha pays less interest.

This example is based on the 10.78% rate of GIC from 1 July 2025 to 30 September 2025. GIC rates are updated quarterly.

## **Reducing or paying your debt on hold**



When a debt is on hold, it may be reduced by offsetting your refunds and credits against it, or if you make a payment.

## Offsetting refunds or credits

When debts are on hold, we won't contact you to pay your debt, but we'll use any refunds or credits you have, to reduce it. This is called **offsetting** and it's required by law.

In some cases, we'll use your refund or credit from one account to offset your debt on hold on another account. For example, if you're a business, your GST credit may be used to offset your income tax debt on hold.

You can check if we've offset your debt on hold:

- by checking your statement of account
- via ATO online services.

### **Example: offsetting a tax refund against a debt on hold**

In September 2019, Deven lodged a tax return for the 2018–19 financial year, which resulted in a tax debt of \$500.

In 2021 we placed the debt on hold as it wasn't cost effective to collect the debt at that time.

In October 2023, Deven lodged tax returns for the 2019–20 to 2022–23 financial years. This resulted in a \$1,300 credit.

We offset the \$1,300 credit against the \$500 debt on hold. This resulted in a tax refund of \$800 to Deven and the \$500 debt on hold being paid off.

Deven can see that his debt has been offset on his statement of account and in ATO online services.

## Paying your debt on hold

We won't contact you to try and collect your debt while it's on hold, but your debt remains due and legally payable.

You can pay part or all of your debt on hold at any time. This will reduce the GIC that will apply 6 months after your debt on hold has been included in your account balance.

If your debt on hold is:

- included in your account balance you
  - can **make a payment** using ATO online services
  - may be able to set up a **payment plan** to pay by instalments
- not included in your account balance and you want to discuss payment options, [contact us](#).

### **Example: paying a debt on hold in an account balance**

In July 2021, Eddie lodged a tax return for the 2020–21 financial year, which resulted in a tax debt of \$200.

In January 2023 we placed the debt on hold and stopped contacting Eddie to pay it.

In August 2025, Eddie received a letter from us informing him that we are including his debt on hold in his account balance.

A week later, Eddie logged into ATO online services and could see the \$200 owing in his account balance.

Eddie decides to pay the debt on hold in full before GIC starts to apply in 6 months.

In October 2025, Eddie lodges his tax return. Since his debt on hold has been paid in full, he receives his expected tax refund.

## **View details of your debt on hold**

If we've placed your debt on hold and it's:

- included in your account balance, it will appear like any other tax debt with the transaction description '[Existing debt on hold included in account balance](#)'
- **not** included in your account balance, you can follow the [instructions to view your debt on hold](#), if you:

- want to know when your debt was placed on hold
- are checking if you have a debt on hold that is not currently included in your account balance
- want to see if the debt on hold has been taken off hold or offsetting has occurred.

## Support


If you're experiencing financial difficulties and need support, see:

- Tax support for individuals
- Tax support for businesses and not-for-profits.

If you need help or have questions about your debt on hold, contact:

- your registered tax professional
- our dedicated number for debts on hold **1800 305 499**.

You may also:

- qualify for support from the [National Tax Clinic program](#)  (individuals and small businesses)
- seek assistance from a financial counsellor.

## Disagree with a debt on hold

You can't object to our decision to place your debt on hold or take it off hold.

You may be able to object to the relevant assessment or amended assessment that raised the debt if you believe it was incorrectly calculated. To do this you will need to lodge an objection.

**Debts placed on hold before 1 January 2017**



Proposed law change to give us discretion not to offset some

## Instructions to view your debt on hold [>](#)

Instructions to view your debt on hold when it's not included in your account balance in ATO online services.

QC 66102

# Debts placed on hold before 1 January 2017

Proposed law change to give us discretion not to offset some debts on hold.

**Last updated** 1 August 2025

## Proposed law change

The law requires us to **offset debts on hold** using any refunds or credits you're entitled to.

Proposed changes to this law were announced in the 2024–25 Budget. These changes will give us discretion not to offset in certain circumstances. Proposed changes are expected to affect **debts placed on hold before 1 January 2017** for individuals, small businesses, and not-for-profit entities. The **measure** is not yet law.

You can check when your debt was placed on hold.

## Included – debts on hold in the proposed measure

If the measure is passed, we can choose not to **offset refunds or credits** against debts that were placed on hold before 1 January 2017 and remain on hold. This would only apply to individuals, small businesses, and not-for-profit entities.

We're not currently including these debts on hold in account balances, and we aren't offsetting any refunds or credits you're entitled to against these debts. We remit the **general interest charge** that is

applied to debts on hold when they are not included in account balances.

## Not included – debts on hold not in the proposed measure

The proposed new law will not apply to:

- debts that were placed on hold on or after 1 January 2017
- debts of large businesses, super funds, multinationals and wealthy groups that were placed on hold prior to 1 January 2017.

The law requires us to offset these debts using any refunds or credits to which taxpayers become entitled.

We're making it easier for you to keep track of these debts and are now including these debts placed on hold in account balances.

QC 103968

## Instructions to view your debt on hold

Instructions to view your debt on hold when it's not included in your account balance in ATO online services.

**Published** 1 August 2025

## Using these instructions

If we've placed your **debt on hold** and it's **not** included in your account balance, you can follow these instructions to:

- find out when your debt was placed on hold
- check if you have a debt on hold that is not currently included in your account balance
- see if your debt on hold has been taken off hold or if offsetting has occurred.

We have instructions for:

- [Individuals and sole traders](#)
- [Registered tax professionals](#)
- [Businesses](#).

If you need further information about your debt on hold, **contact us**.

## Individuals and sole traders

Follow these steps to view your debt on hold, see if a debt has been taken off hold, or if offsetting has occurred.

1. Visit ATO online services.
2. Select the **Tax** drop-down menu.
3. Select **Accounts**.
4. Select **Summary**.
5. Choose the account you want to view.
6. Select the **Filter** drop-down.
7. Update the **from date** to be '**01/01/2000**' to show everything on your account.
8. Select **Order date by** to sort from **Oldest** to **Newest**.
9. Select **Filter** to sort and view transactions.
10. Scroll through the account onscreen or download a CSV (Excel) file.
  - To view the original debt on hold, search 'non-pursuit'.
  - To view when a debt has been included in your account balance or offset, search for
    - 're-raise of non-pursuit'
    - 'partial re-raise of non-pursuit'
    - 'Existing debt on hold included in account balance'.
11. The balance of your debt on hold is the original debt on hold amount minus any re-raises or amounts that have been included in the account.

## Registered tax professionals

Follow these steps to view a client's debt on hold, see if their debt has been taken off hold, or if offsetting has occurred.

1. Visit **Online services for agents**.
2. Select **View client list** (or **Favourite clients** if you have added the client to your favourite list).
3. Select a client.
4. Select the **Accounts and payments** drop-down menu.
5. Select **Accounts Summary**.
6. Choose the account you want to view.
7. Select the **Filter** drop-down.
8. Update the **from date** to '**01/01/2000**' to show everything on the account.
9. Select **Order date by** to sort from **Oldest** to **Newest**.
10. Select **Filter** to sort and view transactions.
11. Scroll through the account onscreen or download a CSV (Excel) file.
  - To view the original debt on hold, search 'non-pursuit'.
  - To view when a debt has been included in your account balance or offset, search for
    - 're-raise of non-pursuit'
    - 'partial re-raise of non-pursuit'
    - 'Existing debt on hold included in account balance'.
12. The balance of your debt on hold is the original debt on hold amount minus any re-raises or amounts that have been included in the account.

## Businesses

Follow these steps to view your debt on hold, see if a debt has been taken off hold, or if offsetting has occurred.

1. Visit **Businesses and organisations online services**.

2. Select the **Accounts and payments** drop-down menu.
3. Select **Account Summary**.
4. Choose the account you want to view.
5. Select the **Filter** drop-down.
6. Update the **from date** to '**01/01/2000**' to show everything on your account.
7. Select **Order date by** to sort from **Oldest** to **Newest**.
8. Select **Filter** to sort and view transactions.
9. Scroll through the account onscreen or download a CSV (Excel) file.
  - To view the original debt on hold, search 'non-pursuit'.
  - To view when a debt has been included in your account balance or offset, search for
    - 're-raise of non-pursuit'
    - 'partial re-raise of non-pursuit'
    - 'Existing debt on hold included in account balance'.
10. The balance of your debt on hold is the original debt on hold amount minus any re-raises or amounts that have been included in the account.

QC 105247

## If you don't pay

Find out what happens if you don't pay your debt.

**Last updated** 25 July 2025

## What happens if you don't pay

When you owe tax which you can't pay by the due date, contact us **before** the due date so we can help you while it's still manageable.



We're committed to:

- listening to your situation
- helping you get back on track
- providing tools and services to **help with paying**.

If you don't pay your debts on time, we will:

- apply [general interest charge](#) on your unpaid amounts
- contact you soon after the due date by one of the following methods
  - SMS
  - messages in myGov
  - letter
  - phone
- use any future refunds or credits to repay the amounts you owe.

We may take [firmer action](#) if you:

- refuse to engage with us to address your debt
- continue to ignore SMS and letter reminders
- repeatedly default on agreed payment plans.

Make sure you lodge your business activity statements and tax returns on time to avoid a penalty for lodging late.

## General interest charge

If you don't pay on time, we will automatically add a **general interest charge (GIC)** to what you owe. Your debt will grow each day your debt remains unpaid.

Interest calculates on a daily compounding basis on the amount overdue and is added to your account periodically.

We revise **GIC interest rates** quarterly.

You can request a **remission** of some, or all, of your interest. We may remit the interest if you have extenuating circumstances which caused your delay in payment.

## Offsetting your refund or credit

If you have a debt with us, including a **debt on hold**, we're required by law to use any refunds or credits you become entitled to, to pay off the debt. This is what we call offsetting.

There are limited circumstances in which we have the discretion not to offset your refund or credit against your tax debt. You can find out more in *PS LA 2011/21 Offsetting of refunds and credits against taxation and other debts*.

In some cases:

- we can also use credits you receive from other government agencies to pay off your debts
- we may be required to pay your refund to other government agencies you have debt with; for example, if you have an overdue child support payment, part or all of your refund payment may be paid to Services Australia
- we may offset any available income tax refund against your **family tax benefit debt** with Services Australia.

Once all your debts are paid, we'll refund any remaining refund or credit to you.

You can check to see if offsetting has occurred on your statement of account or in ATO online services.

## External debt collection agencies

If you have an overdue debt and don't respond to our request to pay, we may send you a pre-referral warning letter. If you don't respond to the letter or engage with us to pay your debt, you will be referred to the external debt collection agency.

### External debt collection agency contact details

Agency information	Phone
From 29 January 2024 debt cases may be actioned by an external debt collection agency – <b>recoveriescorp</b> .	Individuals – <b>1300 323 495</b>  Registered tax professionals –

If your debt has been referred to recoveriescorp they will contact you to request payment by phone call, email, SMS or letter. If you're not sure whether it's really them, do not reply. You should phone them using the numbers listed to verify the contact.

If you have a registered tax professional they may be contacted on your behalf.

If you're still unsure, you can view our tips on how to **verify or report suspected tax related scams**.

## When we take firmer action

We're committed to supporting taxpayers who want to do the right thing and preventing those who don't pay from gaining an unfair financial advantage. We use firmer action when people:

- are refusing to engage with us
- continue to ignore SMS and letter reminders
- repeatedly default on agreed payment plans
- don't have the capacity to pay and don't take steps to resolve their situation
- have been subject to an audit where we detected deliberate avoidance and payment avoidance continues
- appear to be engaging in phoenix activities; this involves using liquidation to avoid financial obligations (without risking assets) and with the intention of resuming business operations through a new entity.

You can avoid firmer actions by paying in full and on time or setting up a **payment plan**.

## Garnishee notice

We can issue a garnishee notice to a person or business that holds money for you or may hold money for you in the future. This requires them to pay your money directly to us to reduce your debt. We'll send a copy of the notice to you.

For individuals, we may issue a garnishee notice to:

- your employer or contractor
- banks, financial institutions and building societies where you have accounts
- people who owe money to you from the sale of real estate, such as purchasers, real estate agents and solicitors.

For businesses, we may issue a garnishee notice to:

- your financial institution
- trade debtors
- suppliers of merchant card facilities.

## **Director penalty notice**

As a company director, you become personally liable for your company's unpaid amounts of:

- pay as you go withholding
- goods and services tax
- super guarantee charge.

These amounts that you are personally liable for are called director penalties. We can recover the penalty amounts from you once we issue you a **director penalty notice (DPN)**.

We may issue DPNs to directors of multiple companies, capturing the total value of unpaid tax and super across all related entities.

We can recover the amounts of the director penalty by:

- issuing garnishee notices
- offsetting any of your tax credits against the director penalties
- initiating legal recovery proceedings against you.

## **Direction to pay super guarantee charge (SGC)**

We can issue employers with a direction to pay outstanding SGC (or estimates of SGC) within a specified period.

When an employer receives a direction to pay, they must ensure that they pay the full amount specified in the direction. A failure to comply

with the direction is a criminal offence and can result in penalties or imprisonment.

## **Disclosure of business tax debt**

If you have overdue tax debts and meet certain criteria, you may have your tax debt reported to registered credit reporting bureaus (CRBs). If you meet the reporting eligibility criteria, we will send a **Notice of intent to disclose** that advises you of the relevant action to take.

If you're already engaged with us to manage your tax debts, the debts will not be reported to CRBs.

## **When we take legal action**

In some cases, we may take legal action to recover outstanding tax and super debts. The action we take depends on whether the debt is owed by an individual (or sole trader), partnership, trust, superannuation fund or company.

## **Claim or summons**

If you don't work with us to address your debt, we may file a claim or summons with the relevant court of your state or territory. Once the court recognises the debt owed, we may execute on the judgment debt in several ways, including by filing and serving a [bankruptcy notice](#).

If the court imposes judgment debt interest, this amount is not tax deductible.

## **Bankruptcy notice**

If you receive a bankruptcy notice, you need to pay your debt or make a payment plan with us within 21 days. If you're unable to do this, we may file a creditor's petition to make you bankrupt.

Bankruptcy is a legal declaration that a person is unable to pay their debts. When a person becomes bankrupt, the bankruptcy trustee takes possession of nearly all their assets and sells them to pay the person's debts.

We won't seek to bankrupt you if it is clear you're able to pay your debt in a reasonable time. If you're facing bankruptcy action, but believe you

can pay your debts, you should provide us with clear evidence of your ability to pay.

You can go into bankruptcy voluntarily by filing a debtor's petition with the [Australian Financial Security Authority](#) .

## **Creditor's petition**

A creditor's petition is essentially an application to the Federal Court or Federal Magistrates Court for a sequestration order to declare you bankrupt.

Anyone you owe money to, including us, can file a creditor's petition if you have committed an 'act of bankruptcy' (such as failing to comply with a bankruptcy notice) within the preceding 6 months.

If the sequestration order is made, you will become bankrupt and a trustee appointed to manage your estate. This usually involves the sale of the bulk of your assets to pay your creditors, including us.

The court will not issue the order if you can demonstrate you're able to immediately pay all your debts.

## **Statutory demand**

We can issue a statutory demand for payment to a company that has not paid its debts. This requires the company to pay the entire debt or enter into a payment plan with us within 21 days.

If a company doesn't comply with the statutory demand, we may use the non-payment as evidence that the company is insolvent and apply to the Federal Court to wind up the company.

## **Wind-up action**

When a court orders a company to wind up, an appointed official liquidator sells the company's assets and distributes the resulting funds to the company's creditors.

We'll take action to wind up a company if:

- it has failed to pay its debts
- we have not been able to negotiate a suitable payment plan.

These circumstances may indicate that the company is insolvent and there could be a risk to us (and possibly to other creditors) that the

debt will not be paid.

### **Disclosure of business tax debts**



When we may report your business debt information to a credit reporting bureau (CRB) and how to register as a CRB.

### **Director penalty regime**



How a director must ensure their company complies with tax and super obligations to avoid personal liability.

QC 50300

## **Disclosure of business tax debts**

When we may report your business debt information to a credit reporting bureau (CRB) and how to register as a CRB.

**Last updated** 15 October 2025

## **Criteria for reporting business tax debts**

If your business meets certain criteria, we may disclose your debt information to credit reporting bureaus (CRBs) (also known as credit reporting agencies).

We will not report your debt information to CRBs if you're already engaged with us to manage your tax debts.

We may report your business tax debt if you meet all the following criteria:

- You have an Australian business number (ABN) and are not an excluded entity.

- You have one or more tax debts and at least \$100,000 is overdue by more than 90 days.
- You are not engaging with us to manage your tax debt.
- You don't have an active complaint with the Tax Ombudsman about our intent to report your tax debt information.

An excluded entity is either a:

- deductible gift recipient
- complying super fund
- registered charity
- government entity.

We may decide not to report your tax debt information if you are experiencing [exceptional circumstances](#).

## **Engaging with us to manage your debt**

If you are effectively engaging with us to manage your debt, we will not report it, even if it is \$100,000 or more.

Effectively engaging with us means that any of the following have occurred. You have:

- a payment plan and you are complying with the terms of the arrangement
- applied for release from the tax debt
- an active objection against a taxation decision to which the tax debt relates
- an active review with the Administrative Review Tribunal (ART) or an active appeal to the Court
- an active review with the ART of a reviewable decision which may affect the amount of a non-complying super fund's tax debt with the relevant regulator
- an active complaint with the Tax Ombudsman in relation to the tax debt.

## **Exceptional circumstances**



You may be able to temporarily prevent the disclosure of your tax debt information if you are experiencing exceptional circumstances outside of your control.

These may be, but are not limited to:

- family tragedy
- serious illness
- impacts of natural disasters.

These are assessed on a case-by-case basis as they will impact taxpayers in different ways.

We're committed to helping businesses with your tax and superannuation obligations by providing **support in difficult times**. Contact us as early as possible and we'll work with you to find the best solution.

Cash flow issues or financial hardship are not generally considered exceptional circumstances. However, if they are preventing you from managing your tax debt, **contact us**.

## **Notice of intent to disclose**

We will send a written notice (letter) if we plan to disclose your business's tax debt.

The notice will tell you:

- about our intent to report your tax debt information to CRBs
- that you meet the criteria for reporting
- the information we intend to report to the CRBs
- what steps you can take to avoid your tax debt information being reported
- that you have 28 days from receiving the notice to take the necessary action.

Contact us immediately to discuss your situation if:

- you believe we've made a mistake with your debt balance
- you disagree with our decision to disclose your debt balance to CRBs.

Phone the Disclosure of business tax debts enquiries line on **1300 303 570** between 9:00 am and 6:00 pm, Monday to Friday.

We will work with you to check and manage your tax debts and obligations.

If you're worried you won't be able to pay on time, or you've already missed a due date, see options available to **help with paying**.

## Legislation

The disclosure of overdue business tax debts legislation will:

- support businesses to make more informed decisions because overdue tax debts will be more visible
- encourage taxpayers to engage with us to manage their tax debts and avoid having them disclosed
- reduce unfair financial advantage of businesses that do not pay their tax on time.

The relevant legislation includes:

- [Treasury Laws Amendment \(2019 Tax Integrity and Other Measures No.1\) Bill 2019](#)  – Disclosure of business tax debts
- [Taxation Administration \(Tax Debt Information Disclosure\) Declaration 2019](#) .

## Your privacy

We only report your business tax debt information to CRBs that:


- are [registered with us](#)
- have signed a Deed of Agreement, agreeing to ATO standards on policies, practices and procedures.


Details we report to CRBs include:

- your ABN
- your legal name and business name
- the type of entity you are
- the amount of your overdue tax debt.

Your tax debt information will be removed from the CRB's credit report when you no longer meet the criteria. This occurs when you either pay your debt in full or effectively engage with us to manage the debt.

## Your credit score and credit reports

Find out how to check your credit reporting record through the [Office of the Australian Information Commissioner](#) .

Learn more about credit scores and credit reports at [Moneysmart](#) .

## CRBs registered with the ATO

### Registered CRBs that have signed a Deed of Agreement with the ATO

Credit reporting bureau (CRB)	ABN
Access Intell Pty Ltd	16 628 252 880
Alares Systems Pty Ltd	60 612 673 953
CreditProtect Pty Ltd	74 675 773 038
CreditorWatch Pty Ltd	80 144 644 244
Equifax Australia Information Services and Solutions Pty Ltd	26 000 602 862
Experian Australia Operations Pty Ltd	95 006 399 677


## Registering as a CRB

For information on how to register and apply to be a recipient of tax debt information, prospective CRBs may phone the Disclosure of business tax debts enquiries line on **1300 303 570** between 9:00 am and 6:00 pm, Monday to Friday.

You can express an interest to register at any time if you meet all of the following criteria:

- Your business is a registered credit reporting bureau with an established core business of preparing and issuing credit reports for

the primary purpose of informing the market of unpaid debts of businesses.

- Your business is registered on the [Australian Business Register](#) . You will be required to provide an Australian business number (ABN) and registered entity name and, if applicable, an Australian company number (ACN) and registered business name.
- You can provide a description of the corporate structure, including parent and subsidiary entities, partnerships and joint ventures, and advise how tax debt information will be used within its corporate structure.
- Your business is solvent in accordance with subsection 95(1) of the *Corporations Act 2001*.
- Your business is fully compliant with Australian taxation obligations, including being up to date with relevant lodgments and payment of tax liabilities and superannuation.
- You can provide information on office holders and responsible persons, such as directors and company secretary. Individuals may be required to provide additional information to allow probity checks to be completed.
- Your business has suitable information technology systems and capabilities to maintain the integrity of tax debt information.

Once we receive your expression of interest, we will ask for more information to review your application. We may invite you to an interview before informing you of the assessment outcome.

QC 66118

## Director penalties

How a director must ensure their company complies with tax and super obligations to avoid personal liability.

**Last updated** 24 April 2025

## What is a director penalty

As a company director you are responsible for ensuring that the company's tax and superannuation obligations are reported and paid on time. If your company doesn't pay certain liabilities by the due date, we can recover these amounts from you personally as a current or former company director.

This means you will become personally liable for your company's unpaid amounts of:

- pay as you go withholding (PAYG withholding)
- goods and services tax (GST)
- super guarantee charge (SGC).

These amounts that you are personally liable for are called 'director penalties'. We can recover the penalty amounts from you once we issue you a [director penalty notice](#).

## Becoming a company director

Before you become a company director, check if the company has any unpaid or unreported PAYG withholding, GST or SGC liabilities. Once you are appointed as a company director you become personally liable for any unpaid amounts.

As a new director you can avoid becoming liable for director penalties that were **due before** your appointment. That is if within **30 days of your appointment**, you ensure the company does one of the following:

- pays their debts in full for PAYG withholding, net GST from 1 April 2020 (including luxury car tax (LCT) and wine equalisation tax (WET) amounts) and SGC from 1 April 2012
- appoints an administrator under section 436A, 436B or 436C of the *Corporations Act 2001*
- appoints a small business restructuring practitioner under section 453B of that Act
- begins to be wound up (within the meaning of the *Corporations Act 2001*).

Even if you resign as a company director within the 30-day period, you will still be liable for the company's unpaid PAYG withholding, net GST or SGC liabilities that were due before your appointment.

## Example: appointment of a new director


Kevin and Ashley are directors of XYZ Pty Ltd. During the January to March quarter of the 2023–24 income year, the company withholds tax from employees' wages but fails to pay PAYG withholding. When the company doesn't pay by the due date of 28 April 2024, Kevin and Ashley both became personally liable for a penalty amount equal to the unpaid amounts.

On 2 June 2024, Michael becomes a director of the company. Michael has 30 days from the date of his appointment to ensure that the company:

- pays the amount
- appoints a voluntary administrator
- appoints a small business restructuring practitioner, or
- is put into liquidation.

If Michael fails to ensure the company does at least one of the above within 30 days of the date of his appointment, he too will become liable for the unpaid PAYG withholding.

## Director ID

You will need a [director identification number](#)  (director ID) if you're a director of a company, registered Australian body, registered foreign company or Aboriginal and Torres Strait Islander corporation.

## Once you become a director

Once you become a director, you are responsible for ensuring the company meets its PAYG withholding, net GST and super guarantee obligations in full by the due date.

If these obligations are not met, you become personally liable for [director penalties](#). This is unless you take steps to ensure the company lodges and pays its:

- PAYG withholding by the due date
- net GST (as well as LCT and WET amounts) by the due date, and

- super guarantee (SG) to employees' super funds by the due date. If that doesn't occur, the company must lodge a **superannuation guarantee charge (SGC)** statement and pay the resulting SGC liability.

## A director penalty is a parallel liability

If the company has more than one director, the amounts owed are likely to be the same for all directors.

This is because the company liability (what the company owes) and the director penalty liability are [parallel in nature](#).

When we recover director penalties we may do so equally from all the directors, depending on each director's circumstances.

## If you are no longer a director

If you resign as a director of the company, you remain liable for [director penalties](#) for liabilities of the company that:

- were due before the date of your resignation
- fell due after your resignation if
  - for PAYG withholding and net GST (including LCT and WET), the first withholding event in the reporting period occurred before your resignation
  - for SGC liabilities, the date the charge became payable.

If you resigned as a director before:

- the first withholding event in that period for **PAYG withholding** and **net GST**, you will also be liable for any unpaid liabilities for reporting periods that started while you were a director
- the date the **SGC** became payable, you will also be liable for any unpaid liabilities for reporting periods that started while you were a director.

As former director of a company you also remain liable for some debts that occurred **after the company is deregistered**.

## Example: resigning as director within 30 days of appointment

On 2 June 2024, Gabrielle becomes a director of 123 Pty Ltd. The company owes \$20,000 in PAYG withholding and \$30,000 in net GST. To avoid becoming personally liable for penalty amounts equal to the above liabilities, Gabrielle has 30 days starting on the day of her appointment to do **one** of the required actions:

- cause the company to pay the debt
- appoint an administrator under section 436A, 436B or 436C of the *Corporations Act 2001*
- appoint a small business restructuring practitioner under section 453B of that Act, or
- have a liquidator appointed to wind up the company.

On 13 June 2024, Gabrielle resigns from being a director of the company.

By 1 July 2024, the company has not paid the above amounts, nor entered into administration, restructuring or liquidation.

Gabrielle is liable for the \$20,000 PAYG withholding and \$30,000 net GST.

Although Gabrielle resigns as director of the company within 30 days of appointment, she doesn't cause the company to do one of the 4 required actions within those 30 days. As a result, she incurs a director penalty at the end of that 30th day.

## How we recover director penalties

### Director penalty notices

We will issue you with a director penalty notice (DPN) to recover director penalties. The DPN is a notice we must give you that allows us to recover the company's unpaid amounts.

The notice outlines the unpaid amounts and [remission options](#) available to you.



We can recover the amounts of the director penalty by:

- issuing a **garnishee notice**
- offsetting any of your tax credits against the director penalties
- initiating legal recovery proceedings against you to recover the director penalty.

If you are a current director, when we give you the DPN, we will use the address you registered with Australian Securities & Investment Commission (ASIC). Otherwise, we will use the address last known to us. It is important you keep your address updated.

The date we post (or leave the DPN at the address registered with ASIC) is the date the notice is **given** to you.

## How a parallel liability works

Once DPNs have issued, we may start or restart recovery action from each director personally, because these penalties are a parallel liability.

To recover the debt, we can pursue either:

- the company
- the directors.

This means that any payment or credit applied to the company's account or to a director's account to reduce the penalty will reduce the director penalty amount for the other directors and the company's corresponding liability for the same reporting period.

### Example: issuing parallel liabilities

Kerry and Claire are directors of ABC Pty Ltd, that is required to pay PAYG withholding on a quarterly basis. For the January to March quarter in the 2023–24 income year, the company withholds \$4,000 PAYG from payments made to its employees and directors.

If ABC Pty Ltd doesn't pay its PAYG withholding liability, we will issue Kerry and Claire DPNs. We will then seek to recover the amount of the director penalty (\$4,000) from either Kerry or Claire, or both.

If Kerry pays \$1,000 against her director penalty liability, both the liability of the company and Claire's director penalty will be reduced by \$1,000 as they are parallel liabilities. Alternatively, if the company pays \$1,000 against its liability, both Kerry and Claire's director penalty will be reduced by \$1,000 as they are parallel liabilities.

## Remittance of the director penalty

### PAYG withholding and net GST

Remission of a director penalty is possible, but it depends on when the PAYG withholding and net GST payable was reported to us.

#### Liabilities reported within 3 months of the due date

If the unpaid amount of PAYG withholding or net GST is reported **within 3 months** of the due date (or, in the case of new directors, within 3 months of the date of their appointment), the penalty can be remitted by ensuring the company does one of the following:

- pays the debt in full
- appoints an administrator under section 436A, 436B or 436C of the *Corporations Act 2001*
- appoints a small business restructuring practitioner under section 453B of that Act
- begins to wind up the company (within the meaning of the *Corporations Act 2001*).

#### Liabilities reported 3 months after the due date

If the unpaid amount of PAYG withholding or net GST:

- is reported **more than 3 months** after the due date (or, in the case of new directors, 3 months or more after the date of their appointment), the only way to remit the director penalty is to pay the debt in full
- **remains unreported after 3 months**, the corresponding director penalty can only be remitted by payment in full.

### Example: remittance of director penalty amounts for PAYG withholding and GST

Kerry and Claire are directors of ABC Pty Ltd, that is required to pay PAYG withholding on a quarterly basis. For the January to March quarter in the 2023–24 income year, the company withholds \$4,000 from payments made to its employees and directors. It also fails to report or pay \$2,000 in GST collected.

The company doesn't report or pay these amounts within 3 months of the due date of liability.

Kerry and Claire each receive DPNs. The only way their director penalties can now be remitted is by Kerry or Claire making sure that the amounts are paid in full within 21 days of the date the notices are given to them.

Kerry and Claire place the company into administration. However, Kerry and Claire's director penalty amounts are still payable by **either one or both** to the equivalent amount of \$6,000 (\$4,000 + \$2,000).

## SGC amounts

For super guarantee charge (SGC), remission of the director penalty depends on when we have been notified about SGC amounts.

If the unpaid amount of the SGC is **reported by the due date** for the SGC statement, the penalty can be remitted by ensuring the company does **one** of the following:

- paying the debt
- appointing an administrator under section 436A, 436B or 436C of the *Corporations Act 2001*
- appointing a small business restructuring practitioner under section 453B of that Act
- beginning to wind up the company (within the meaning of the *Corporations Act 2001*).

The only way to remit the amount is to pay the debt in full if:

- the unpaid amount of the SGC obligation is reported **after the due date**

- any part of the liability remains unreported.

### **Example: remittance of SGC liability**

Kerry and Claire are directors of ABC Pty Ltd. The company incurs a SGC liability as it fails to remit employees' superannuation to a complying super fund by the due date. It also fails to report the unpaid amounts to the ATO by the due date for the SGC statement.

Kerry and Claire each receive DPNs. The only way their director penalties can now be remitted is by Kerry or Claire causing the amounts to be paid in full within 21 days of the date the notices were given to them. This is because the company didn't report or pay the SGC amounts by the due date for the SGC statement.

## **Once we give you a director penalty notice**

Once we give you a DPN, you have 21 days to either:

- pay the corresponding penalty amounts in full
- engage with us and negotiate a payment plan for the company debt
  - we may still offset your personal credits against this debt.

If neither of these happens, we may recommence action against you to recover the director penalty amounts.

### **Example: failing to report and pay within 3 months**

Kerry and Claire are directors of ABC Pty Ltd that is required to pay PAYG withholding on a quarterly basis. For the January to March quarter in the 2023–24 income year, the company withholds \$4,000 from payments made to its employees and directors. It also collects net GST of \$10,000 for the same period.

The company doesn't report or pay the amounts withheld within 3 months of the due date of the liability.

Kerry and Claire each receive DPNs. The only way their director penalties can now be remitted is by Kerry or Claire causing the

amounts to be paid in full within 21 days of the date the notices are given to them.

## Estimates

If the company fails to report PAYG withholding, net GST or SGC obligations by the due date, we may make a reasonable estimate of the unpaid and overdue amounts.

The director penalty provisions apply to these estimated liabilities.

The estimate is due and payable by the company on the day we give the company the estimate notice.

The estimated amounts of PAYG withholding, net GST or SGC are treated as unreported amounts.

### **Example: ATO estimate of unpaid PAYG withholding**

Kerry and Claire are directors of ABC Pty Ltd, which is required to pay PAYG withholding on a quarterly basis. For the January to March quarter in the 2019–20 income year, the company withheld from payments made to its employees and directors but failed to report or pay this to the ATO by the due date of 28 April 2020.

On 21 August 2020, the ATO estimated the unpaid amount of PAYG withholding for the January to March quarter and gave the company written notice of the estimate that same day. At the end of this day, both Kerry and Claire are both personally liable for a director penalty amount equal to the unpaid amount of the estimate.

A DPN based on the estimated amount of PAYG withholding was issued on 21 September 2020.

As the unpaid amount was not reported within 3 months of the due date of the liability, the director penalty can only be remitted by the company or directors paying the amount of the estimate.

### Example: ATO estimate of unpaid GST

Kerry and Claire are directors of ABC Pty Ltd, that collects GST on sales on a monthly basis. The company is required to report and pay GST collected during the month of April 2024 by 21 May 2024 but fails to do so.

On 21 September 2024, we estimate the unpaid amount of GST for April 2024 and give written notice of the estimate to the company that same day. At the end of this day, both Kerry and Claire are both personally liable for a director penalty amount equal to the unpaid amount of the estimate.

A DPN based on the estimated amount of GST is issued on 21 October 2024.

As the unpaid amount wasn't reported within 3 months of the due date of the liability, the director penalty can only be remitted by the company or directors paying the amount of the estimate.

### Defence to a director penalty notice

The director penalty regime outlines circumstances in which a director is not liable for director penalties. You can ask us to consider a defence you may have to your director penalty within 60 days after we have notified you that we have recovered, or issued a garnishee notice to recover, some or all of the penalty, or as a defence to legal recovery proceedings.

We can also consider your defence outside the 60-day period however this will not be an exercise of the statutory power so will not be reviewable by the Courts under the Administrative Decisions (Judicial Review) Act 1977.

You will have a defence and not be liable for a director penalty if, for the entire period since the Company's obligation to pay the liability first arose:

- you didn't take part (and it would have been unreasonable to expect you to take part) in the management of the company during the relevant period because of illness or other acceptable reason; or
- you took all reasonable steps, unless there were no reasonable steps you could have taken, to ensure that **one** of the following

happened

- the company paid the amount outstanding
- an administrator was appointed to the company
- a small business restructuring practitioner was appointed to the company
- the directors began winding up the company (within the meaning of the *Corporations Act 2001*); or
- for unpaid SGC or GST liabilities only - the company treated the *Superannuation Guarantee (Administration) Act 1992* or GST Act as applying in a way that could be reasonably argued, was in accordance with the law, and took reasonable care in applying that Act.

The courts have:

- ruled that, as a director, it is not a defence if you relied on others (including fellow directors and professional advisors) to ensure your obligation was met (*Deputy Commissioner of Taxation v Clark* (2003) 57 NSWLR 113)
- ruled that the natural meaning is that the combined defences must cover the whole of the period between when the obligation arose, and the expiry of the notice (*Canty v Deputy Commissioner of Taxation* [2005] NSWCA 84)- for more information see also *DCT v George* [2002] NSWCA 33).
- held that resigning as a director does not remove your obligation or alleviate the penalty (*Canty v Deputy Commissioner of Taxation* [2005] NSWCA 84 at [25]).

A director's non-participation in the management of the company will usually involve a breach of the duty, **whether the director is aware of this or not** (*DCT v Lesley Frances Robertson* [2009] NSWSC 597).

## Submitting your defence

A DPN defence needs to be submitted to the Commissioner in writing, clearly articulating which of the 3 defences you are seeking to rely on.

You are required to provide all relevant information to substantiate the defence within 60 days of either being given a garnishee notice or notification that we have recovered some or all of the penalty

(including via offsetting), or as a defence to legal recovery proceedings.

Once you have completed your application, you can either:

- ask your tax agent to lodge the application through Online services for agents
- mail it to

**Attention: Debt Case Leadership  
AUSTRALIAN TAXATION OFFICE  
PO BOX 327  
ALBURY NSW 2640**

As a company director, you must ensure your company complies with its tax and super obligations. Failure to do so will result in a personal liability.

Are you finding it hard to pay because of personal circumstances? See what support options are available at [Tax support for individuals](#).

QC 44005

## Offsetting against family tax benefit debts

When we'll agree not to offset your income tax refund against your family tax benefit debt and your review rights.

**Published** 2 December 2025

### When we may not offset

There are limited circumstances where we may agree not to **offset your income tax refund** against your family tax benefit debt. These circumstances may include where:

- you're experiencing **serious hardship**
- you have a payment plan in place with Services Australia



- your family tax benefit debt has been temporarily written off because you are unable to pay the debt.

## Your review rights

If you want us to reconsider our decision to offset your income tax refund against your family tax benefit debt, phone **1300 788 347**.

We may be able to use our discretion to refund an income tax credit to you after it's been offset, provided the facts at the time of offsetting support this position. You'll need to provide us with relevant information and evidence that was not considered or known to us at the time the offsetting occurred.

Your family tax benefit debt will remain outstanding with Services Australia if we decide to refund your income tax credit after it's been offset. The ATO will inform Services Australia that we have reconsidered our decision to offset in light of further information you have provided, and your family tax benefit debt balance will be increased accordingly.

The decision to offset your income tax refund against your family tax benefit debt isn't reviewable by the Administrative Review Tribunal.

You may be able to apply for judicial review by the:

- Federal Circuit and Family Court (Division 2) under the *Administrative Decisions (Judicial Review) Act 1977*
- Federal Court under
  - the *Administrative Decisions (Judicial Review) Act 1977*
  - section 39B of the *Judiciary Act 1903*.

QC 105278

## Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

## **Copyright notice**

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).