Print whole section

# 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, the details you need, payment processing times 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** 3 September 2026

## 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**. Find the Fast Key Code in the **Registered agent phone line** so you can key ahead when you phone us.


### 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** 15 May 2026

## 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

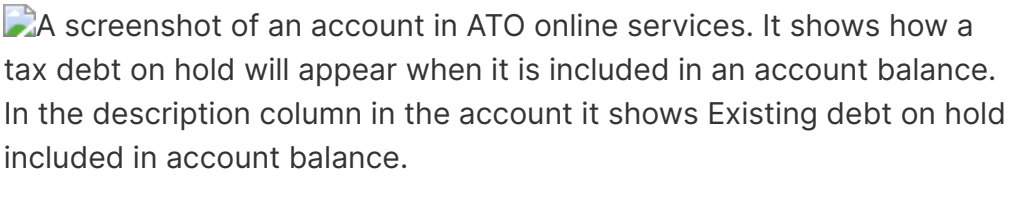
If you have a debt placed on hold, you have an account with the ATO. You can access your account through **ATO online services**.

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.


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'.

## If you have an existing payment plan

If a debt on hold was added to your account balance while you already have an existing payment plan for another debt, you'll have 6 months to either:

- pay the debt on hold amount in full
- set up a new payment plan for the amount.

After 6 months, your debt on hold may affect your existing payment plan. You can contact us to discuss your options or find out more about paying your debt on hold.

## 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. No action was required by Sasha for this.

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, businesses, not-for-profits and tax professionals**.

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 debts on hold.

### 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** 7 April 2026

## 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, giving 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
- 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 are not currently including these debts on hold in account balances, and are not 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 that were placed on hold prior to 1 January 2017 for
  - large businesses
  - superannuation funds
  - multinational groups
  - taxpayers who, at the time, were viewed as part of a **privately owned and wealthy group**.

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.

**Last updated** 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** 5 January 2026

## 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.

Your debt may also be referred to an external collection agency.

If your debts remain overdue, we may take **firmer action** or **legal action** to collect it.

## 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 a 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 will 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 – **recoveriescorp**. | Individuals – **1300 323 495**<br><br>Registered tax professionals – **1300 352 593** |

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, don't 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**.

### Firmer action we may take

What firmer actions we may take to collect your tax debt if you don’t pay or engage with us.

### Legal action we may take

What legal actions we may take to collect your unpaid tax debt.


QC 50300

# Firmer action we may take

What firmer actions we may take to collect your tax debt if you don’t pay or engage with us.

**Last updated** 17 September 2026

## When we take firmer action

Most taxpayers do the right thing and pay their tax in full and on time. Taxpayers who don't pay, or don't engage with us to pay their debt, may find we take firmer action to collect it.

To decide if we start firmer action, and which actions to take, our approach is deliberate and targeted. We will consider your compliance history and your engagement with us.

We are more likely to start firmer action when you:

- refuse to engage with us
- continue to ignore SMS and letter reminders
- repeatedly default on agreed payment plans
- don't take steps to resolve your financial situation to manage your tax debt
- have been subject to an audit where we detected deliberate avoidance and payment avoidance continues

- appear to be engaging in illegal phoenix activities: when a company is liquidated, wound up or abandoned to avoid paying its debts – a new company is then started to continue the same business activities without the debt
- are a business choosing to allow amounts of GST, PAYG withholding and employee super to go unpaid.

You can avoid our firmer action by **paying** your debt in full and on time, or you may be able to set up a **payment plan**.

If you need additional **support**, we'll work with you to understand your situation and provide tailored help specific to your circumstances. You should **contact us** or your registered tax professional about your situation as early as possible.

## What firmer action could include

Firmer action may include:

- issuing a garnishee notice
- issuing a director penalty notice
- disclosing your business tax debt to registered credit reporting bureaus.

In most cases, we will try to collect your debt through these firmer actions, however in some cases, we may move on to take other actions or **legal action**.

### 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:

- banks, financial institutions and building societies where you have accounts
- 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 penalty amounts 21 days after we issue you a **director penalty regime** (DPN).

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.

### Disclosure of business tax debts

If you have overdue business 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 actions you can take to stop this disclosure from proceeding.

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

## Other actions we can take

We may take these other actions to recover your debt if we consider it appropriate having regard to your circumstances.

## Direction to pay super guarantee charge (SGC)

We can issue employers with a direction to pay overdue SGC (or estimates of SGC) within a specified period. When an employer receives a direction to pay, they must pay the full amount specified in the direction.

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

For more information about directions to pay superannuation guarantee see PS LA 2011/18.

## Departure prohibition order

A **departure prohibition order** is an enforcement action that prevents taxpayers with tax debts from leaving Australia. They remain in effect until the debt is paid or a satisfactory arrangement is made with us.

For more information see PS LA 2011/18.

## Freezing orders

We can apply to the Supreme Court or Federal Court for a freezing order that temporarily prevents a taxpayer or third parties from disposing of, selling, moving, or encumbering assets, where there's evidence they may do so to avoid payment of a tax debt. This can apply to assets within Australia or internationally.

For more information see PS LA 2011/18 and the Federal Court website on Freezing Orders Practice Note (GPN-FRZG).

## Securities

We can require security from a taxpayer where we:

- have reason to believe that the taxpayer is carrying on an enterprise in Australia and intends to carry on that enterprise for a limited time only, or
- reasonably believe the requirement is otherwise appropriate, having regard to all relevant circumstances.

Security can be requested at any time that the Commissioner reasonably believes is appropriate and as often as the Commissioner reasonably believes is appropriate. The security can be required for either an existing or future tax-related liability.

For more information see **PSLA 2011/14**.

### Departure prohibition orders

What a departure prohibition order (DPO) means for you and what you can do if you've been issued with a DPO.

### Director penalty regime

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

### 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.

### Garnishee notice

When we issue a garnishee notice to a third party to collect your tax debt.

QC 106022

# Departure prohibition orders

What a departure prohibition order (DPO) means for you and what you can do if you've been issued with a DPO.

**Last updated** 15 June 2026

## What is a departure prohibition order?

A departure prohibition order:

- is one of the **firmer actions we may take** if you have an unpaid tax debt
- prevents taxpayers with tax debts from leaving Australia
- remains in effect until the debt is paid or a satisfactory arrangement is made with us.

A DPO is not a penalty. It is used to ensure tax debts are addressed before a person leaves Australia.

## When we may issue a DPO

We may issue a DPO if:

- you have an outstanding tax liability, and
- we believe the order is desirable to ensure the liability is paid or properly addressed before you leave Australia.

Before issuing a DPO, we consider your individual circumstances, including your engagement with us and any steps you have taken to address your tax debt.

## What happens if a DPO is issued?

If we issue you with a DPO:

- you must not leave Australia while it is in force
- border authorities are notified and you will be prevented from leaving at the airport
- leaving Australia in breach of a DPO is an offence under tax law and may result in serious consequences, including penalties or imprisonment.

Your DPO stays in force until it is revoked by us or set aside by a court.

## Applying to have a DPO revoked

### Paying your tax debt

The quickest and most effective way to have a DPO revoked is to pay your tax liability in full.

Once your tax liabilities are paid or there is no ongoing risk that the debt will not be recovered, you can contact us and we will revoke the DPO as soon as practicable.

### If you cannot pay

If you cannot pay your tax liability in full, you can contact us to discuss whether you can enter into an arrangement we consider satisfactory. For example, an arrangement supported by security over assets.

We may revoke a DPO if we are satisfied that:

- your tax liabilities have been, or will be, wholly discharged, or
- your tax liabilities are completely irrecoverable.

You can also formally apply to have your DPO revoked. Your application should include:

- the grounds on which you are seeking revocation
- supporting information and documents
- any other information you believe we should consider.

We regularly review DPOs to ensure it remains appropriate for them to stay in place. If we decide not to revoke a DPO, we will provide reasons for our decision.

## Leaving Australia temporarily (departure authorisation certificates)

If your DPO is still in force and you need to travel overseas temporarily, you can apply for a departure authorisation certificate (DAC). A DAC is only granted in limited circumstances and may include specific conditions.

A DAC allows you to leave Australia for a limited period. It does not cancel or revoke your DPO. Once your authorised travel ends, the DPO remains in force.

To apply for a DAC, download and complete the Application for Departure Authorisation Certificate (PDF, 320KB) fillable form, which explains what information you need to provide and how we assess your request.

## Your review rights

If you're not satisfied with a decision to issue or maintain a DPO, you may seek an **external review** of our decision or **apply to a court** to seek an order setting aside the DPO.

## Need help?

If we've issued you with a DPO or you want to discuss your options:

- contact the contact officer on your letter or phone us on **13 28 69**, or
- speak to your registered tax agent.

Further information on the ATO's approach to recovery action, including the use of DPOs, is available in Law Administration Practice Statement **PS LA 2011/18** – *Enforcement measures used for the collection and recovery of tax-related liabilities and other amounts*.

QC 107504

# Director penalties

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

**Last updated** 16 April 2026

## 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.

You may become personally liable for your company's unpaid amounts of:

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

The amounts that you are personally liable for are called 'director penalties'. We can recover the penalty amounts from you 21 days after we issue you a director penalty notice (DPN).

Further information on the ATO's approach to recovery of personal liabilities that company directors may incur in relation to their company's liabilities is available in Law Administration Practice Statement **PS LA 2011/18** *Enforcement measures used for the collection and recovery of tax-related liabilities and other amounts*.

## A director penalty is a parallel liability

A director penalty is a parallel liability. This means the director's liability mirrors the company's liability, so any payments made to either the company's liability or the director's liability will reduce the liability for both equally.

If the company has multiple directors, each director is likely to owe the same amount. This is because the company's debt and the director penalty liability are parallel in nature.

When we recover director penalties, we may do so equally from all the directors. We may also consider the individual circumstances of each director.

### Example: parallel liabilities

Taylor and Cam are directors of ABC Pty Ltd, which is required to pay PAYG withholding to the ATO on a quarterly basis. For the January to March quarter, the company was required to pay $4,000 PAYG withholding to the ATO but failed to do so by the due date.

If ABC Pty Ltd doesn't pay its PAYG withholding liability, we will issue Taylor and Cam each with a DPN. Once 21 days have passed, we may then seek to recover director penalties of $4,000 from either Taylor or Cam, or both.

When Taylor pays $1,000 against their director penalty liability, both the company's liability and Cam's director penalty liability will be reduced by $1,000 as they are parallel liabilities.

When the company pays $1,000 against its PAYG withholding liability, both Taylor and Cam's director penalty liabilities will be reduced by $1,000.

## Director penalty notices

A DPN is a notice we must give you first before we can take action to recover director penalties. The notice outlines the unpaid amounts that you are liable for and remission options available to you.

If you are a current director, we will generally send the DPN to the address registered with the
Australian Securities & Investment Commission (ASIC). If there is no address registered with ASIC, we will use the address last known to us. It's important to keep your address details up to date.

The notice will outline options you can take to remit the penalty. You have 21 days to take one of those options. The 21 days starts on the day we post the DPN or leave the DPN at the address registered with ASIC.

If the penalty is not remitted within 21 days of the notice, we may take action against you to recover the director penalty amounts. However, you will not need to pay the director penalty amounts if you lodge a successful defence.

### Example: director penalty notice

Taylor and Cam are directors of ABC Pty Ltd, which is required to pay PAYG withholding on a quarterly basis. For the January to March quarter, the company was required to pay $4,000 PAYG withholding to the ATO but failed to do so by the due date.

Taylor and Cam both have a $4,000 director penalty liability.

We issue DPNs to both Taylor and Cam.

Taylor and Cam don't have the penalty remitted within 21 days.

After 21 days, we may take action to recover the penalty.

# How penalty liabilities apply in certain situations

## Penalty liabilities for new directors of a company

Before you become a director of an existing company, check if the company has any unpaid or unreported PAYG withholding, GST or SGC liabilities. You may be personally liable for unpaid amounts that were due prior to your appointment.

As a new director, you will not be liable for a director penalty that was due **before** your appointment if, within **30 days of your appointment**, you ensure the company does one of the following:

- pays the amount outstanding in full
- appoints an administrator to the company
- appoints a small business restructuring practitioner to the company
- winds up the company (within the meaning of the *Corporations Act 2001*).

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

### Example: appointment of a new director

XYZ Pty Ltd is required to pay PAYG withholding on a quarterly basis. For the January to March quarter, the company was required to pay $4,000 PAYG withholding to the ATO but failed to do so by the due date.

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

- pays the amount outstanding in full
- appoints a voluntary administrator to the company

- appoints a small business restructuring practitioner to the company, or
- winds up the company (within the meaning of the *Corporations Act 2001*).

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

On 25 June 2024, Marley arranges for the company to pay the outstanding amount in full. Marley is not liable for director penalties because he ensured the company paid the outstanding PAYG withholding in full within the 30-day window following his appointment.

## If you are no longer a director

If you resign as a director of the company, you can still be liable for director penalties relating to company liabilities that:

- were due before the date of your resignation, or
- became due after your resignation but relate to a period when you were still a director. This includes
  - PAYG withholding liabilities, if the first PAYG withholding event in that reporting period occurred before you resigned
  - GST liabilities (including LCT and WET), if the reporting period ended before you resigned
  - SGC liabilities, if the reporting period ended before you resigned.

If you are liable for a director penalty, you remain liable **after the company is deregistered**.

### Example: resigning as director

Gabrielle is a director of 123 Pty Ltd, which lodges BAS quarterly. The last day of the first quarterly reporting period is on 30 September and the BAS is due on 28 October.

On 1 October, Gabrielle resigns as director of 123 Pty Ltd.

123 Pty Ltd lodges its BAS on 28 October, resulting in a $20,000 GST liability for the first quarter that it does not pay.

Gabrielle is liable for a $20,000 director penalty and we issue them with a DPN.

## When we estimate unpaid and overdue amounts

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

Director penalties can apply to these estimated liabilities.

The estimated liabilities are due and payable by the company on the day we give the company the estimated notice.

### Example: ATO estimate of unpaid PAYG withholding

Taylor and Cam are directors of ABC Pty Ltd, which is required to pay PAYG withholding on a quarterly basis. For the 2024 January to March quarter, the company was required to pay $4,000 PAYG withholding to the ATO but failed to do so by the due date, 28 April 2024.

On 21 August 2024, we estimated the unpaid amount of PAYG withholding for the January to March quarter and issued the estimate notice to the company that same day. As directors, both Taylor and Cam are personally liable for a director penalty equal to the unpaid amount of the estimate.

On 21 September 2024, a DPN was issued to Taylor and Cam separately based on the estimated amount of PAYG withholding.

### Example: ATO estimate of unpaid GST

Taylor and Cam are directors of ABC Pty Ltd, which collected GST on sales on a monthly basis. For the month of April 2024, the company was required to report and pay GST collected during the month by 21 May 2024 but failed to do so.

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

On 21 October 2024, a DPN was issued to Taylor and Cam separately based on the estimated amount of GST.

# Remission of the director penalty

In certain circumstances a director penalty can be remitted. If it's remitted you will no longer need to pay the liability.

## PAYG withholding and GST

The options to remit a director penalty depend 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 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 within 21 days of the date the notice is issued, if either:

- the company pays the amount outstanding in full
- an administrator is appointed to the company
- a small business restructuring practitioner is appointed to the company
- the company begins to be wound up (within the meaning of the *Corporations Act 2001*).

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

The director penalty can only be remitted by paying the corresponding company liability in full, for the unpaid amount of PAYG withholding or

GST, if:

- it 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), or
- it remains unreported **after 3 months**.

Estimated amounts of PAYG withholding and GST are treated as amounts that were never reported.

**Example: remission of PAYG withholding director penalties**

Taylor and Cam are directors of ABC Pty Ltd, which is required to pay PAYG withholding and GST on a quarterly basis. For the 2024 January to March quarter, the company reported $4,000 in PAYG withholding within 3 months of the due date but did not pay. In addition, the company reported $0 in GST.

On 21 October, we estimated $10,000 in unpaid GST and issued notice of the estimate to the company that same day.

On 21 November 2024, DPNs were issued to Taylor and Cam based on the $4,000 unpaid PAYG withholding liability and the $10,000 estimated GST liability.

Taylor and Cam choose to wind up the company within 21 days of being given the DPNs. Of their director penalty liabilities:

- the $4,000 related to the PAYG withholding liability is remitted
- the $10,000 GST liability can only be remitted if the company pays the debt.

## SGC amounts

For SGC, the options to remit a director penalty depend on when the SGC amounts are reported to us.

### Liabilities reported by the SGC due date

If the SGC amounts are reported by the SGC due date, the penalty can be remitted within 21 days of the date the notice being issued, if either:

- the company pays the amount outstanding in full

- an administrator is appointed to the company
- a small business restructuring practitioner is appointed to the company
- the company begins to be wound up (within the meaning of the *Corporations Act 2001*).

### Liabilities reported after the SGC due date

If the SGC amounts are reported after the SGC due date or are never reported, the only way to remit the director penalty is to pay the company liability in full.

Estimated amounts of SGC are treated as amounts that were never reported.

**Example: remission of SGC liabilities**

Taylor and Cam are directors of ABC Pty Ltd, which has an SGC liability that it failed to pay or report to the ATO by the SGC due date.

Taylor and Cam are liable for the unpaid SGC and we issue them with DPNs.

The only way Taylor and Cam can remit the director penalty is to pay the company liability in full within 21 days of the date the notices were given to them. This is because the company did not report the SGC amounts by the SGC due date.

## How to lodge a defence to a director penalty notice

The director penalty regime outlines circumstances in which a director is not liable for director penalties.

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:

1. You didn't take part (and it would have been unreasonable to expect you to take part) in the management of the company at any time

during the relevant period because of illness or other acceptable reason, or

2. 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
3. For unpaid SGC or GST liabilities only, the company
    - applied the *Superannuation Guarantee (Administration) Act 1992* or *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) in a way that could be reasonably argued was in accordance with the law
    - took reasonable care in applying that Act.

The courts have stated that:

- As a director, it is not a defence if you relied on others (including fellow directors and professional advisers) to ensure your obligation was met *(Deputy Commissioner of Taxation v Clark (2003) 57 NSWLR 113)*.
- 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).
- 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).

## Review rights and when to submit your defence

You can ask us to consider your director penalty defence at any time, or you can raise it as a defence if we take legal action.

If we decide that you haven't met the requirements for a successful defence, you can get our decision reviewed by the courts under the *Administrative Decisions (Judicial Review) Act 1977* if you lodge the defence within 60 days of:

- receiving a garnishee notice, or
- receiving something in writing from the ATO that shows we have recovered some of the penalty.

We can also consider your defence outside the 60-day period. However, our decision will not be reviewable by the courts under the *Administrative Decisions (Judicial Review) Act 1977*.

### How to submit 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.

Once you have completed your application, you can either:

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

  **Attention: Technical Leadership and Guidance**
  **AUSTRALIAN TAXATION OFFICE**
  **PO BOX 327**
  **ALBURY NSW 2640**

If we consider your defence meets the criteria under the law, you will not have to pay the director penalty liability. If you think you have a valid defence, contact us as soon as possible.

If you're finding it hard to pay because of personal circumstances, there are **support options** available.

## If you don't pay

We can recover director penalties by:

- **offsetting** any of your tax refunds or credits against the director penalties

- taking **firmer action**
- taking **legal action.**

QC 44005

# 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** 29 October 2026

## 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 |
| Fiable Pty Ltd | 36 629 615 390 |

## 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

# Garnishee notice

When we issue a garnishee notice to a third party to collect your tax debt.

**Last updated** 5 January 2026

## What is a garnishee notice

A garnishee notice is one of the **firmer action we may take** to collect unpaid tax debts.

A garnishee notice requires a third party or someone who owes you money, to pay the required amount to us, instead of to you. These payments go towards reducing your tax debt.

We issue garnishee notices under section 260-5 of Schedule 1 of the *Taxation Administration Act 1953*.

You will be served a copy of the garnishee notice so you're aware of the action being taken, so it's important to ensure your contact details are up to date.

Further information on the ATO's approach to issuing garnishee notices is available in **PS LA 2011/18** *Enforcement measures used for the collection and recovery of tax-related liabilities and other amounts*.

## Before we issue a garnishee notice

Before we issue a garnishee notice we'll send you a warning letter advising you to pay your debt. If you pay your debt in full, you'll be able to avoid collection action. If you can't pay it in full, you may be able to set up a **payment plan**.

## Who we issue a garnishee notice to

We may issue a garnishee notice to:

- banks or financial institutions that hold your accounts
- employers who pay your wages or salary
- businesses or individuals who owe you money (for example, trade debtors)
- merchant card providers who process your customer payments
- solicitors, real estate agents or purchasers involved in the sale of property you own.

## When we may issue a garnishee notice

When deciding to issue garnishee notices we consider each situation carefully and take this step when:

- other efforts to resolve the debt haven't worked
- urgent action is required to protect revenue or ensure fairness.

We also consider:

- how much you owe and how long the debt has been unpaid
- if you've made reasonable efforts to work with us to manage your debt

- if you are defaulting on payment plans
- your financial circumstances, including signs of hardship or vulnerability
- whether you've made payments to others instead of paying the ATO
- how the debt affects the tax system and other creditors
- if there is any deliberate tax avoidance, illegal phoenixing or criminal activity.

## Types of garnishee actions

We tailor garnishee actions depending on your circumstances and whether you're an individual or a business.

The amount and frequency of garnishee deductions will vary depending on the third party and your financial situation.

For individuals we may take garnishee action on:

- bank accounts
  - up to the available balance in your account or your overdue debt, whichever is less
- wages and salary
  - employers may be required to deduct a reasonable percentage (usually, up to 30 cents in the dollar) of your post-tax income.

For businesses we may take garnishee action on:

- merchant-card or trade facilities
  - a proportionate percentage of funds, processed through merchant facilities (for example, EFTPOS, credit card).
- property sale proceeds
  - a garnishee notice can be issued to a solicitor, the purchaser, or the agent involved in the sale. We garnishee the surplus equity after secured creditors are paid. Before issuing a notice we confirm legal ownership and available funds.
- trust monies held by a third party

- we may issue a notice to third parties holding funds or trust monies (for example, solicitors or receivers), limited to available equitable funds.

## Once a garnishee notice is issued

If you receive your copy of a garnishee notice, don't ignore it. It will tell you who received the notice, how much they are required to pay us, and how often. The recipient is legally required to follow the notice.

Garnishee notices may continue until the full amount is paid, unless we vary or withdraw the notice.

If you're experiencing financial difficulty, you should **contact us** immediately. You may be able to negotiate with us to withdraw or vary a garnishee notice if you make suitable alternative payment arrangements.

QC 106023

# Legal action we may take

What legal actions we may take to collect your unpaid tax debt.

**Last updated** 5 January 2026

## When we take legal action

If you haven't paid the tax you owe and refused to engage with us, we'll try to collect your tax or super debt through **firmer actions**. If you remain disengaged and do not take steps to manage payment of your debts we may start legal action, and the legal action we take depends on whether the debt is owed by an individual (or sole trader), partnership, trust, superannuation fund or company.

Our firmer actions are to ensure that taxpayers pay the right amount, we maintain a level playing field, and no-one gets an unfair advantage. When we take firmer actions on businesses who refuse to engage with

us, we are helping to protect other businesses and employees from being impacted by poor business behaviour.

If you're unable to pay and need additional **support**, we'll work with you to understand your situation. You should **contact us** or your registered tax professional about your situation immediately and this ensures we are able to consider your specific circumstances and tailor our approach.

## Statement of 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 interest on the judgment debt, 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.

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. We won't seek to bankrupt you if it is clear you're able to pay your debt in a reasonable time.

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.

The ATO, and anyone you owe money to, 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.

QC 106024

# Offsetting against Family Tax Benefit debts

When we'll consider reversing the decision to offset your income tax refund against your Family Tax Benefit debt.

**Last updated** 17 July 2026

## What is offsetting

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

In some cases:

- we can also use credits you receive from other government agencies to pay off your debts
- we may offset any available income tax refund against your Family Tax Benefit debt with Services Australia.

## Offsetting against your Family Tax Benefit debt

If Services Australia determines you have been overpaid Family Tax Benefit, this may result in a debt.

In these circumstances, and if you have no other tax liabilities, we may use your income tax refund to reduce that debt.

For more information about offsetting in these circumstances, see Law Administration Practice Statement **PS LA 2011/21** *Offsetting of refunds and credits against taxation and other debts* (see 'Family tax benefit' from paragraph 70).

## When we may consider reversing the offsetting decision

There are limited circumstances where we may consider reversing the decision to offset your income tax refund against your Family Tax Benefit debt. These circumstances may include where, at the time of offsetting, you:

- were experiencing **serious hardship**

- had a payment plan in place with Services Australia
- had a Family Tax Benefit debt that was temporarily written off because you were unable to pay the debt.

## Reversal of decision to offset

If you want us to consider reversing the decision to offset, you'll need to contact us **after** your tax return has been assessed and provide relevant information and evidence that was not known to us, or considered, at the time the decision was made. You can do this by phoning **1300 788 347**.

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. We will tell Services Australia we have reversed our decision to offset, and your Family Tax Benefit debt will be reinstated.

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.

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