

Part D Credits and Refunds**71 INTRODUCTION TO PART D – CREDITS AND REFUNDS**

The policy in this chapter is to be followed by Tax Office staff. We have made every effort to ensure it is technically accurate, but in the interests of clarity it has been written in plain English and should not be read or interpreted like legislation. If you feel that something in the chapter is wrong or misleading, please advise the Tax Office.

Date of effect: 4 July 2006 *(This replaces the 2003 version)*

71.1 PURPOSE

71.1.1 This chapter introduces Part D of the *ATO Receivables Policy* which details the Commissioner's guidelines, authority and obligations under various laws in relation to the treatment of payments, credit entitlements and refunds. In particular, the following chapters to this Part will outline the circumstances wherein the Commissioner will retain a taxpayer's refund where they have not provided certain information.

71.2 INTRODUCTION

71.2.1 The Commissioner maintains a system of accounts for taxpayers, recording their obligations, payments and credit entitlements under the various tax laws. For example, the Commissioner maintains an account for the activity statement obligations of a taxpayer and another account for their assessed income tax obligations.

71.2.2 A credit balance will arise on an account when the amount of payments and credit entitlements exceed the tax liabilities allocated to the account. Provided a taxpayer has no outstanding tax obligations (including obligations to provide certain notifications), the Commissioner is generally required to refund a credit account balance. The Commissioner may also have to pay interest to a taxpayer if the refund is not promptly paid (see ['Part E. Interest payable by the Commissioner'](#) of the *ATO Receivables Policy*).

71.2.3 In certain circumstances however, a taxpayer will need to request the Commissioner to refund a credit balance, for example, where the credit balance pertains to a voluntary payment made in anticipation of a tax liability. In other circumstances, the Commissioner will not refund a credit account balance until a taxpayer provides certain information. For example, the Commissioner may not refund a credit account balance until a taxpayer has lodged all their outstanding activity statements.

71.2.4 Further, where a Commonwealth agency has requested the Commissioner to pay to them a tax refund, the Commissioner has no discretion and must do so. For example, the Child Support Registrar can request the Commissioner to pay any tax refund to the Registrar when a taxpayer owes child support debts.

71.3 POLICY

- 71.3.1 The following chapters of the *ATO Receivables Policy* identify the tax laws pertaining to the treatment of payments, credit entitlements and refunds, and set out the Commissioner's guidelines in relation to these laws:
- [Offsetting of refunds and credits against taxation and other debts](#) outlines the circumstances where the Commissioner will offset a credit or account surplus in order to reduce a taxpayer's liability to tax before any remaining amount is refunded;
 - [Refunds of pay as you go withholding amounts withheld in error](#) explains the policy relevant to the obligations and rights of a payer, a recipient and the Commissioner, in circumstances where an amount has been withheld in error from a payment under the pay as you go (PAYG) withholding system. It also provides general information as to how the recipient may obtain a refund of these incorrectly-withheld amounts;
 - [Retained refunds – financial institution account details ineligible or not provided](#) explains when the Commissioner will retain a business activity statement (BAS) refund where financial institution account details are ineligible, or have not been provided. It also provides some details in relation to when an overseas traveller may be entitled to a refund of goods and services tax (GST), or wine equalisation tax (WET) paid on certain goods, and
 - [Retained refunds – activity statements or related information not provided and other restrictions on refunds](#) explains when the Commissioner will retain a refund (including a GST refund) owed to an entity where they have not given a notification to the Commissioner required under the BAS provisions. This chapter also details when the Commissioner will retain a voluntary payment made in respect to an anticipated tax debt and provides some information about the Commissioner's policy in circumstances where a supplier has included GST incorrectly in the price of a non-taxable supply.