

ATO RECEIVABLES POLICY

PART E Credits and Refunds

Chapter 71

INTRODUCTION TO PART E - 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: 24 July 2008 (This version replaces the 2006 version.)

PURPOSE

1. This chapter introduces Part E of the ATO Receivables Policy which details the Tax Office 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 a taxpayer's refund may be retained where they have not provided certain information.

INTRODUCTION

2. The Commissioner maintains a system of accounts for taxpayers, which records their obligations, payments and credit entitlements under the various tax laws. For example, a taxpayer may have an account for their activity statement obligations and another account for their assessed income tax obligations.
3. 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 F 'Interest payable by the Commissioner').
4. In certain circumstances, however, a taxpayer will need to request a refund of their credit balance, for example, where the credit balance pertains to a voluntary payment made in anticipation of a tax liability. In other circumstances, the refund of a credit account balance may be retained until a taxpayer provides certain information. For example, a refund of a credit account balance may not be paid until the taxpayer has lodged all their outstanding activity statements.
5. 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 a child support debt.

POLICY

6. The following chapters identify the tax laws pertaining to the treatment of payments, credit entitlements and refunds, and set out the Tax Office guidelines in relation to these laws:
- Chapter 72 'Offsetting of refunds and credits against taxation and other debts' outlines the circumstances where a credit or account surplus will be offset in order to reduce a taxpayer's liability to tax before any remaining amount is refunded
 - Chapter 73 '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
 - Chapter 74 'Retained refunds – financial account details 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, and
 - Chapter 75 'Retained refunds – activity statements or other related documents not provided & other restrictions on refunds' explains when the Commissioner will retain a refund (including a goods and services tax (GST) refund) owed to a taxpayer 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 relevant policy in circumstances where a supplier has included GST incorrectly in the price of a non-taxable supply.

Chapter 71 - Archived version

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