ATO changes approach

By Darren Wilson & Ben Tai
14 November 2024



Fordham Partners Darren Wilson, Stuart Le Cornu and Scott Douglas represented Fordham at one of Australia's leading tax conventions – the Tax Institute's 2024 Tax Summit in Sydney, Australia, in September 2024.

A key speaker included Australia's new Tax Commissioner – Mr Rob Heferen.

The importance of a new Tax Commissioner's address cannot be ignored. A new Commissioner, like most new senior executives in commerce, often brings some form of change to their organisation.

In fact, subsequent to the Commissioner's address, the ATO re-enforced a change in approach to debt collection by way of announcement on 23 October 2024.

2024 address by Tax Commissioner Mr Rob Heferen

Key take-aways from the Tax Commissioner's 2024 address included:

- Reference to the Government's extended funding of ATO tax avoidance activity and ATO reviews.
- Re-enforcement of the necessity for Australian businesses to have effective tax governance in place given a perception that the ATO collects substantial extra tax during ATO reviews in relation to basic errors.
- The ATO, at its core, has one main goal – **to collect taxes**. The ATO has tightened up on payment plans and general interest charge remissions. It is becoming increasingly difficult and costly to obtain remissions. Remissions are not guaranteed and are often denied. Importantly, taxpayers will no longer be able to claim ATO interest charges as deductions for tax years starting on or after 1 July 2025.
- The ATO will be looking closely before granting lodgement deferrals and penalty remissions in future to ensure a level playing field for businesses.
- The ATO will continue to strengthen debt collection. Largely due to Covid-19, estimated ATO recoverable debt is now over $50 billion, with a broader debt book of around $100 billion. The debt is the largest ever seen by the ATO.
- The ATO will be firmer and faster in dealing with unpaid goods and services tax (GST), pay as you go (PAYG) and superannuation.

23 October 2024 announcements

To further re-enforce some of the content of the Commissioner's address, the ATO has announced that it is adopting a deliberate and targeted approach to collect unpaid tax and superannuation.

For businesses that do not engage with the ATO or set up payment plans for unpaid GST, PAYG withholding or employee superannuation, the ATO will adopt a firmer approach to issuing Director Penalty Notices (DPNs) and garnishee orders to recover the outstanding amounts.

In addition, directors of multiple companies with unpaid tax liabilities can expect holistic debt assessments and DPNs that cover all related entities. If no action is taken by the directors, the

ATO has the authority to recover the unpaid amounts directly from the directors, putting their personal assets at risk. Upon receiving a DPN, expert advice should be obtained without delay.

In conclusion, the Commissioner has confirmed his vision to collect the right amount of tax in accordance with the law in the most efficient way for the government and the taxpayer.

Please contact your Fordham representative should you wish to discuss the content of this tax alert further.

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