

10 October 2025

Ms Ruth Owen

Tax Ombudsman

GIC Remissions Review

Via email: consultations@igt.gov.au

Dear Ms Owen

Review: ATO's management of remission of the general interest charge

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to contribute to the Tax Ombudsman's review of the Australian Taxation Office's (ATO) approach to requests for remission of the General Interest Charge (GIC).

Small businesses are the engine room of the Australian economy but, like consumers, they are struggling with cost-of-living/input cost pressures and face ever-growing and often changing regulation at all levels of government. Small businesses are typically time poor, with little to no dedicated resources for compliance and it is often the owner, late at night, grappling with paperwork after they have been running their business all day, surrendering their time with family.

We agree with the Tax Ombudsman that the GIC should not operate as a punitive measure against taxpayers who are making genuine efforts to comply with their obligations. Small business owners have an obligation to pay their tax debts, however, the ATO's decision to take a stricter approach to debt collection and interest charge remissions risks putting businesses already facing financial distress under greater pressure. This decision is already having an impact with the *Australian Financial Review* reporting on 19 September 2025 that remission approvals had fallen from 88 per cent in 2023-24 to 76 per cent in 2024-25.¹

We make the following recommendations regarding the management of GIC remission requests:

Recommendation 1. Consider individual circumstances in GIC remission decisions

To support small business owners experiencing vulnerability and financial hardship it is essential the ATO carefully considers the circumstances that contributed to their tax debt. The Australian Securities and Investment Commission's 2023 letter to the CEOs of Australian lenders provides a useful benchmark, as it encouraged lenders to genuinely assess a consumer's individual circumstances and, where possible, work with them to develop a sustainable solution². A similar approach could be adopted to inform the ATO's response to requests for GIC remission, ensuring decisions are fair and contextually aware.

Small businesses owners can experience vulnerability through commercial pressures or systemic challenges, which often extend beyond the business itself and affect their personal lives. This is acknowledged in the ATO's proposed Vulnerability Framework which recognises that "*some*

¹ Australian Financial Review (AFR), *ATO's interest waiver policy leaves tax advisers incredulous*, AFR, September 17 2025.

² Australian Securities and Investments Commission (ASIC), *Supporting consumers experiencing financial hardship*, ASIC, 30 August 2023, viewed 1 October 2025



people may find it harder to participate due to the barriers they face, rather than a lack of willingness to comply.”

However, during our consultation with entities that assist small businesses with tax matters, we heard that businesses experiencing financial hardship and vulnerability often face significant challenges in having their circumstances appropriately acknowledged by the ATO. This is consistent with ASBFEO’s experience through the Tax Concierge Service, where complainants described difficulties with having their circumstances acknowledged by the ATO. We provide the following case study of a small business helped by the ASBFEO Assistance team.

Case study: *Following the death of her partner, a small business director contacted the ATO after receiving a Director Penalty Notice for a debt of approximately \$123,000. Although she was listed as a director, she had not been actively involved in the business and was unaware of the debt. Despite her efforts to engage with the ATO and propose a repayment plan, the ATO insisted that the full amount be paid within six months. The director is now in the process of selling her family home to cover the debt, but the ATO has continued to pursue liquidation and credit reporting actions without granting additional time for the sale to be completed.*

Recommendation 2. Ensure transparency of relevant criteria for GIC remission decision-making

Many small businesses operate with limited cash flow and administrative resources, making it difficult for them to understand criteria that would allow them to apply for GIC remission. While Practice Statement Law Administration PS LA 2011/12 contains generalised principles for the ATO’s approach to managing the remission of GIC, it lacks clear examples that demonstrate how principles apply in real life circumstances.³

To support small business owners and their tax agents, the ATO should publish comprehensive and easily accessible guidelines that clearly outline the criteria it considers a reasonable cause for GIC remission. This would improve transparency and help taxpayers make informed decisions when seeking relief.

Valuable insights can be drawn from international examples. The UK’s HMRC provides clear guidance on what constitutes a reasonable excuse and what does not.⁴ Similarly, Canada’s Taxpayer Relief, Self-Evaluation and Learning Tool helps taxpayers assess their eligibility and prepare supporting documentation when applying for relief from penalties and interest charges.⁵

It has also been asserted by tax agents and trusted advisers that the availability of a GIC remission in full or in part, can play a materially significant role a small business taxpayer’s ability to settle an outstanding tax debt in a timely way and that can support ongoing solvent trading. It is unclear how this factor might be reasonably considered in determining eligibility for GIC remission.

³ Australian Taxation Office (ATO), *Practice Statement Law Administration*, ATO, Australian Government, viewed 2 October 2025.

⁴ Gov Uk, *Disagree with a tax decision or penalty-reasonable excuses*, Gov UK, United Kingdom, viewed 1 October 2025.

⁵ Canada.Ca, *Canada’s Taxpayer Relief Self-Evaluation and Learning Tool*, Canada.Ca, Government of Canada, viewed 1 October 2025.



Recommendation 3. Ensure a consistent approach for assessing GIC remission applications

It is essential the ATO has a consistent approach to GIC remission requests regardless of the method that is used to make an application. However, we have heard from stakeholders that tax agents/accountants often advise their clients to submit the request themselves, as they are more likely to receive a favourable outcome. Small businesses often lack the administrative resources and financial expertise required to manage complex tax matters, and therefore rely heavily on a trusted adviser to navigate their obligations and interactions with the ATO. All applications should be assessed on their merits, with equal consideration given to the circumstances presented, regardless of who submits the request.

Along with publishing a set of criteria on reasonable causes for GIC remission, it is essential the ATO applies a consistent approach to assessing remission applications. Stakeholder feedback indicates that the criteria applied in remission decisions are unclear and that outcomes appear inconsistent across similar cases, undermining confidence in the fairness of the process.

Recommendation 4. Introduce an independent review mechanism for GIC remission decisions

ASBFEO considers that a mechanism for the independent review of remission decisions is essential, with clear escalation pathways and timeframes.

Currently, where a small business operator has received a negative review from the ATO on a contestable decision, ASBFEO's Tax Concierge Service provides information about the Administrative Review Tribunal's procedures for reviewing a decision. However, a decision by the ATO to refuse a GIC remission request cannot be reviewed by a tribunal, making the Federal Court the only formal review process which is a lengthy, expensive and complex process that is often beyond the reach of small business owners. We have heard from stakeholders that the ATO's internal review system should be expanded to review GIC remission decisions.

If you require any further information, or have any questions regarding our submission, please email the ASBFEO Policy and Advocacy team at advocacy@asbfeo.gov.au

Yours sincerely

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman