

9 October 2025

Australian Taxation Office

Redefining Concessions Project

Via email: [RedefiningConcessionsProject@ato.gov.au](mailto:RedefiningConcessionsProject@ato.gov.au)

Dear consultation team,

### **ATO's approach to taxpayer relief provisions consultation**

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to comment on the ATO's five guiding principles, developed as part of its comprehensive review of taxpayer relief provisions.

We note the principles are intended to be the first step in helping the ATO clarify its position on how it approaches concessions, including lodgement and payment deferrals, payment plans, and the remission of failure to lodge penalties and interest charges. The principles will shape its practice statements and guidance for taxpayers, their representatives and ATO staff.

We support the ATO's commitment to improving the clarity of its policies and the consistency and predictability in the ways in which they are implemented, and its acknowledgement that there is room to improve ATO processes, workflows and how it explains decisions. It is especially critical at a time when the ATO has publicly stated its intention to tighten its approach to the remission of the general interest charge and other concessions.

There is currently a lack of transparency and consistency in the ATO's application of taxpayer relief provisions. Small business stakeholders have reported that taxpayers and their advisers often get different advice depending on which ATO agent they speak to, and that outcomes can be unpredictable and guidance difficult to find. In circumstances where the interest that accrues on unpaid liabilities can quickly eclipse the original debt, it is critical that small businesses know what to expect and how to go about seeking taxpayer relief.

While we acknowledge that the principles are a first step, we call for strong and purposeful follow through with practical action. It is understood this may involve the need for the ATO to update its technology and processes, and to invest in staff training, to ensure this welcome initiative translates into meaningful operational change.

We also consider some of the principles to be in conflict with the draft ATO Vulnerability Framework as they require certain actions on the part of taxpayers in order to be eligible for concession, whereas the framework recognises that experiencing vulnerability may impact a person's ability to engage in actions the ATO deems necessary for accessing relief.<sup>1</sup>

The ATO Vulnerability Framework states that "...some people may find it harder to participate due to the barriers they face, rather than a lack of willingness to comply" which is in direct conflict with the principles of Conditionality and Engagement.<sup>2</sup> In contrast, the 'Conditionality' principle

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<sup>1</sup> Australian Taxation Office (ATO), *Consultation Paper – Vulnerability Framework, Guiding Principle 1 – equity and fairness*, ATO, 12 June 2025, p 7

<sup>2</sup> Australian Taxation Office (ATO), *Consultation Paper – Vulnerability Framework, Guiding Principle 1 – equity and fairness*, ATO, 12 June 2025, p 6



requires taxpayers to show that they are making all efforts to lodge and pay on time before the ATO provides a concession, while the ‘Engagement’ principle states that a taxpayer who proactively engages with the ATO will be considered more favourably should they make a request for a concession. Some synchronisation of expectations of small business taxpayers across these workstreams appears to be necessary.

The ATO Vulnerability Framework recognises that people experiencing vulnerability can have a reduced capacity to engage, register, lodge and pay. It acknowledges they may face challenges and barriers in accessing services and support, understanding requirements, or managing tax obligations. We are concerned that the ATO cannot acknowledge and compassionately respond to vulnerability while simultaneously applying the proposed principles to inform decisions about concessions.

We share Financial Counselling Australia’s concerns that the principles appear to be primarily about ‘protecting the system from abuse’, rather than a trauma-informed and person-centred approach. There should be stronger recognition of lived experience and an acknowledgement that many taxpayers want to pay their tax debts but cannot, due to their circumstances.

We also share the Inspector-General of Taxation and Taxation Ombudsman’s (IGTO) concerns about a lack of consistency and transparency in the ATO’s approach to tax concessions. We note the IGTO is undertaking a review of how the ATO manages the interest on unpaid tax debt, and will be making a submission to that review.

**Recommendation 1: The ATO should consider adopting the Inspector-General of Taxation and Taxation Ombudsman’s (IGTO) nine principles of good tax administration in place of, or embedded within, the five proposed principles.**

We recommend the ATO consider adopting the IGTO’s nine principles of good tax administration instead of the draft principles articulated in this consultation:

1. ease of access
2. clarity in communications
3. certainty
4. consistency (alongside prescribed discretion)
5. simplicity and low cost of compliance
6. getting it right
7. putting it right
8. transparency
9. humanity, empathy and respect.<sup>3</sup>

In particular, we consider the principles of certainty, consistency, transparency, and humanity, empathy and respect would give confidence to taxpayers, including small businesses, that the system is being administered fairly and that the ATO is applying its discretion consistently to others in similar circumstances.

Should the ATO retain the principles as set out in the consultation, it needs to clearly articulate how these principles will be embedded in frontline operations, including updates to decision-making tools, call centre scripts, and digital service channels.

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<sup>3</sup> Owen R, *Principles of Good Tax Administration*, Australian Tax Review vol 54, no 4, 2025, Thompson Reuters p 6



**Recommendation 2: The ATO should publish detailed, practical guidance and decision-making criteria for all forms of taxpayer relief, including remission of interest and penalties, to support both taxpayers and their representatives.**

We agree with Chartered Accountants Australia and New Zealand (CAANZ) submission that greater transparency is essential, and that the ATO should make internal guidelines publicly available and provide practical common examples to help tax agents guide their clients and reduce administrative costs.

**Recommendation 3: The ATO should clarify that it will apply the same criteria and considerations when considering a request for taxpayer relief regardless of who makes the request.**

We also heard from our stakeholders that one cause of the inconsistent application of taxpayer relief provisions is that the ATO can often provide different advice to requests from individual taxpayers than from tax professionals. The approach the ATO takes to determining whether concessions are appropriate should be consistent regardless of who they are engaging with.

Taxpayers who engage a registered tax professional to make a request on their behalf should be recognised as acting in good faith. The ATO should overtly acknowledge, enable and trust the vital role of tax practitioners in supporting compliance, and make clear that they will apply the same criteria and considerations regardless of who makes the request.

**Recommendation 4: The ATO should advocate for amendments to tax law that enable it to adopt a more flexible and responsive approach to tax relief, aligned with best practices observed in comparable international jurisdictions.**

International tax jurisdictions recognise that taxpayers often find themselves facing circumstance that prevent them from fulfilling their tax obligations through no fault of their own. These jurisdictions typically incorporate reasonable criteria for accessing relief and accommodations around tax liability and reporting frameworks.

However, in our discussions with the ATO we have been repeatedly advised that current legislative provisions impede ATO officials from implementing some of these features. We are unaware of any arguments that these frameworks undermine the integrity of the taxation system or conflict with broader public interests.

A clear demonstration of the ATO's commitment to improving its engagement with the public would be to advocate to Treasury of tax law amendments that enable the ATO to offer relief in a more meaningful and responsive way.

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](mailto:advocacy@asbfeo.gov.au).

Yours sincerely

**The Hon Bruce Billson**

Australian Small Business and Family Enterprise Ombudsman