

23 December 2025

Ms Rebecca Waldron  
Director, Corporate Insolvency Unit  
The Treasury  
Langton Crescent  
Parkes ACT 2600  
via email: coerceddirectorships@treasury.gov.au

Dear Ms Waldron,

**Combatting financial abuse perpetrated through coerced directorships - consultation paper**

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to comment on Treasury's consultation paper, *Combatting financial abuse perpetrated through coerced directorships*.

ASBFEO supports the Australian Government in addressing misuse of company directorships through coercive control. ASBFEO acknowledges that coerced directorship is a complex and significant issue that impacts victim-survivors and small businesses. We acknowledge that coerced directorships involve a range of coercive control tactics and the extent to which victim-survivors are aware of their role varies depending on the case. We agree that addressing coercive directorship requires a multi-faceted response to represent the many ways financial abuse can occur.

ASBFEO has received disputes where a person appears to be subject to coercive directorship conduct. For example, being denied access to business records by their partner (or ex-partner), having income attributed to them that they have never received, or discovering without their knowledge they have become a director of a business and/or guaranteed its debts.<sup>1</sup>

In relation to the policy options proposed by Treasury, we make the following recommendations to support victim-survivors and small businesses impacted by coerced directorships. In preparing our recommendations, we have referenced them with recommendations in the inquiry by the Parliamentary Joint Committee on Corporations and Financial Services on *Financial abuse: an insidious form of domestic violence* (the Inquiry).

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<sup>1</sup> Australian Small Business and Family Enterprise Ombudsman (ASBFEO), 'Regulation & regulatory engagement deep dive: Economic abuse (or coercion), hardship and vulnerability in a commercial context', Commonwealth of Australia, August 2024.

**Recommendation 1:** Broaden public awareness of coercive directorship and publicise the illegality and harmful nature of this conduct as part of government domestic violence public campaigns.

There have been targeted public campaigns on coercive control, such as those conducted by NSW Government and Legal Services Commission of Australia, but there is a need for broader public awareness.<sup>2</sup> Broadening the public's awareness of coercive control across the country would assist victim survivors, small businesses and front-line services like accountants and tax professionals identify the issue. We also recommend publicising that coercive control is an offence under relevant laws, and including coercive directorship in domestic violence public campaigns.

**Recommendation 2:** Make it harder to perpetrate coerced directorships by strengthening relevant parts in the *Corporations Act 2001*.

ASBFEO supports Treasury's policy option to strengthen the director registration and removal process. We recommend strengthening the ID verification requirements to register directors and to fix the identity loopholes created through online and paper-based registrations.

We support Treasury's suggestion to strengthen ASIC's powers to remove non-consenting directors and allow non-consenting directors to resign via application to ASIC, instead of resigning to the company. We also support the Committee's recommendation 55 of the Inquiry as the *Corporations Act 2001* should be amended to recognise family and domestic violence as a reason why a director may be regarded as not in fact managing a company.

We recommend Treasury align legislative changes and policy options on coercive directorship with the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) reforms. This will ensure consistency and assist accountants and legal professionals to comply with legislative reforms across AML/CTF, company and director identification requirements. The AML/CTF reforms apply when professionals like lawyers, accountants, and trust and company service providers 'assist in the planning or execution of the creation or restricting a body corporate or legal arrangement.'<sup>3</sup> This extends to services relating to registering applications and forms with ASIC. These professionals are obligated to exercise customer due diligence i.e. know who their customers are.<sup>4</sup>

<sup>2</sup> New South Wales Government, *Coercive control*, NSW Government website, n.d., accessed 11 December 2025; Department of Social Services, *Campaign to raise awareness about intervention orders for coercive control*, DSS website, 9 December 2025, accessed 12 December 2025.

<sup>3</sup> AUSTRAC, *Professional services (Reform)*, AUSTRAC website, December 2025, accessed 19 December 2025.

<sup>4</sup> AUSTRAC, *AML/CTF Obligations factsheet for tranche 2 reporting entities*, AUSTRAC website, July 2025, accessed 19 December 2025.

**Recommendation 3:** Amend *Taxation Administration Act 1953* to expand defences available for breaches of insolvency related directors' duties and Director Penalty Notices (DPN), and response times relating to DPNs.

ASBFEO supports the policy option to reduce the impact of coerced directorships by expanding the defences available under the *Taxation Administration Act 1953* for breaches of insolvency-related directors' duties and DPNs. As part of their defence, the victim-survivor should not have to admit to being the company's director if they were coerced into the decision or were unknowingly appointed. When amending these laws, consider the impact of a DPN on victim-survivors, such as the impact to their mental health, credit score and credit report.

As recommended by Associate Professor Ann Kayis-Kumar, we support the inclusion of 'coercive control' as a valid defence in section 269-35 of schedule 1 of the *Taxation Administration Act 1953*, as follows (proposed amendment in bold italic) "...because of illness, **coercive control**, or for some other good reason..."<sup>5</sup> To support implementation of the proposed changes we recommend policy makers / the regulator develop practical steps and guidelines that are trauma-informed and streamlined, which should include allowing the victim-survivor to nominate a representative to produce documents on the victim-survivor's behalf.

As per recommendation 57 in the Inquiry, ABSFEO also recommends pausing or extending the 21-day timeframe issued with DPNs to account for the delays and barriers that a victim-survivor may face, such as postal times, domestic and family violence, gathering evidence and seeking advice.

**Recommendation 4:** Amend relevant legislation and establish a streamlined process to enable the ATO to waive the victim-survivor's debt due to coercive directorship.

Critically, current tax law does not enable the ATO to waive a debt, which is a significant constraint on providing relief to a victim-survivor with a debt caused by coercive directorship. Existing tax law and administration requires the victim-survivor to repay these debts even if they did not incur the debt. The only pathways available to the ATO in collecting these debts from victim-survivors are payment plans, offsetting of future tax refunds, engaging external debt collectors, or initiating bankruptcy proceedings.<sup>6</sup> Even when the ATO recognises that the debt accrued has been through coercive directorship, it still takes a prolonged period to progress the issue. While we acknowledge that evidence and due process is required, it is vital that policy makers create a process that is trauma informed, accessible and considers the circumstances of victim-survivors.

ASBFEO recommends legislative change and the establishment of a streamlined process to enable the ATO to waive the debt of a victim-survivor during the coercive directorship. Possible models or examples to refer to include the 'innocent spouse relief' provisions in the USA tax system as noted by recommendation 54 in the Inquiry, or the new measures to be introduced to reform the special

<sup>5</sup> A Kayis-Kumar, 'Preventing the weaponisation of the tax system by perpetrators of economic abuse – law reform proposals', University of New South Wales, n.d., accessed 12 December 2025.

<sup>6</sup> A Kayis-Kumar, 'Closing policy gaps: Preventing the weaponisation of the tax system by perpetrators of economic abuse', University of New South Wales, n.d., accessed 12 December 2025.

circumstances debt waiver by Services Australia.<sup>7</sup> Further the ASBFEQ recommends Treasury consider the merit for legislative reform to enable the ATO to pursue perpetrators for debts incurred under a coerced directorship.

**Recommendation 5:** Provide resources and training about financial abuse and coercive directorship to professional services providers, including agents, accountants, finance professionals and lawyers.

A common concern is the role professional services providers engaged as a trusted advisor to a business can play in enabling coercive directorship, such as when they provide tax advice or advice in setting up a company. There are cases of professionals taking instructions primarily from the perpetrator and then encouraging victim-survivors to agree to arrangements that they did not understand nor were in their best interests.<sup>8</sup>

We recommend that governments work with relevant peak bodies to give professional services providers resources on ways to identify and report financial abuse, including coercive directorship. This would assist providers to identify coercive directorship as early as possible, which may prevent the perpetrator from accruing more debt in the victim-survivor's name without their knowledge and/or consent. This recommendation relates to recommendation 13 and 44 from the Inquiry.

**Recommendation 6:** Increase free and affordable assistance provided by government and the not-for-profit sector for victim-survivors experiencing financial abuse.

There are very few free or affordable services that provide assistance with business debts as they often require specialist knowledge in corporations, insolvency and tax law. The few specialist services that can assist often advise victim-survivors on how to self-advocate.<sup>9</sup>

However, self-advocacy is often difficult and risky for the victim-survivor as it involves collecting evidence to form their defence while navigating complex legal and tax requirements. They may not even have access to the required evidence as they are typically not involved or made aware that a company was established. The victim-survivor may also need to contact the perpetrator, placing them at greater risk of harm.

Having access to a free or affordable specialist who can advise and act on behalf of the victim-survivor is a safer way to manage the issue, while increasing the chances of resolving the issue due to their specialist knowledge. Consideration should be given to providing additional resources to services that provide free or affordable assistance, such as IDCARE, Small Business Debt Helpline, Legal Aid, Redfern Legal Centre, Women's Legal Services Australia, and tax clinics. We recommend

<sup>7</sup> Internal Revenue Service, *Innocent spouse relief*, IRS website, 8 November 2025, accessed on 12 December 2025; Ministers for the Department of Social Services, *New powers to waive social security debts for victim-survivors of coercive control*, Ministers for the DSS website, 31 August 2025, accessed on 12 December 2025.

<sup>8</sup> V Chen and J Opdam, 'Coerced Business Debts', Economic Abuse Reference Group website, August 2025, accessed on 11 December 2025.

<sup>9</sup> Chen and Opdam, 'Coerced Business Debts.'

that the eligibility and remit for legal aid is sufficiently flexible to allow victim-survivors to seek advice on debts caused by coercive directorship.

We also recommend a reallocation of resources within relevant government agencies, such as the ATO and ASIC, to enable the creation of specific teams that manage and resolve coercive directorship cases.

**Recommendation 7:** Define ‘coercive control’ and ‘coercive directorship’.

ASBFEO agrees that introducing a definition of ‘coercive control’ into relevant legislation will support the reforms discussed. At a minimum, this definition needs to be included in the *Corporations Act 2001* and the *Taxation Administration Act 1953*, especially if coercive control is included as a defence in taxation law.

The definition in the *Telecommunications (Domestic, Family and Sexual Violence Consumer Protections) Industry Standard 2025* is an appropriate starting point, however, we recommend the Australian Government consult with victim-survivors and relevant experts in law, finance, banking, accounting and family and domestic violence to ensure the definition captures the full breadth and complexity of this issue.<sup>10</sup> ASBFEO also suggests defining ‘coercive directorship’ in relevant legislation to provide a clearer grounds for victim-survivors to build their defence.

If you require any further information, please do not hesitate to 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

<sup>10</sup> Parliamentary Joint Committee on Corporations and Financial Services, *Financial abuse: an insidious form of domestic violence*, Inquiry, Australian Government, 2024.