CPA Australia Ltd
ABN 64 008 392 452

Level 20, 28 Freshwater Place
Southbank VIC 3006 Australia

GPO Box 2820 Melbourne
VIC 3001 Australia

P 1300 737 373
Outside Aust +613 9606 9677

cpaaustralia.com.au

Ms Ruth Owen CBE
Inspector-General Taxation and Taxation Ombudsman
GPO Box 551
Sydney NSW 2001

Email: consultations@igt.gov.au

12 December 2024

Dear Ms Owen,

ATO's identification and management of financial abuse within the tax system

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 173,000 members in over 100 countries and regions. We make this submission in response to the inquiry into **ATO's identification and management of financial abuse within the tax system** on behalf of our members and in the broader public interest.

CPA Australia welcomes the opportunity to contribute to the review into the identification and management of financial abuse within the tax system. Financial abuse, particularly in the context of taxation, can impose devastating financial and emotional burdens on victim-survivors.

Tax and financial abuse in Australia encompasses various complex themes, particularly in the context of domestic relationships, economic vulnerability, and systemic inadequacies. We have the benefit of receiving feedback from members who have observed some form of financial abuse involving the tax system.

One prominent theme is the intersection of financial abuse with domestic violence, particularly during and after separation/divorce. A common theme is that financial abuse often escalates in the context of divorce or separation, where one partner may exert control over the other's financial resources as a means of manipulation or coercion. This is particularly evident in cases where one partner has historically managed the finances, leaving the other with limited knowledge or access to financial resources. The dynamics of power and control manifest in various ways, including withholding funds, restricting access to bank accounts, or incurring debts, including tax liabilities, in the victim-survivors name without their consent or full knowledge or understanding.

Another significant theme is the role of economic vulnerability in exacerbating financial abuse. Individuals who are economically disadvantaged, such as those with lower income levels or limited employment opportunities, are particularly susceptible to financial exploitation. This vulnerability can be further compounded by factors such as lack of education, cultural barriers, or immigration status, which may limit access to financial resources and support systems.

Systemic inadequacies within the legal and financial systems also contribute to the prevalence of tax and financial abuse in Australia. Victim-survivors often face significant barriers when seeking legal recourse or financial support, including a lack of awareness about their rights and available resources. The complexity of financial systems can deter individuals from pursuing claims or accessing support, particularly when they are already in a vulnerable state. Furthermore, there is often a lack of coordination between legal, financial, and social services, which can leave victim-survivors feeling isolated and unsupported. This systemic fragmentation necessitates a more integrated approach to addressing financial abuse, ensuring that victim-survivors have access to comprehensive support that encompasses legal, financial, and emotional assistance.

The theme of awareness and education is also critical in combating tax and financial abuse. Many individuals are unaware of the behavioural indicators of financial abuse or the resources available to them as a victim-survivor.

Increasing awareness through community education programs can empower individuals to recognise abusive behaviours and seek help. Educational initiatives that focus on financial literacy, budgeting, and understanding financial rights can equip individuals with the knowledge necessary to protect themselves from financial exploitation.

Similarly, many of our members who may provide professional services to either or both the perpetrators and victim-survivors of financial abuse in business and personal matters are unaware of the behavioural indicators of financial abuse or the appropriate manner in which they can support the victim-survivor including government and community bodies and resources. We support educating our members as appropriate, while acknowledging as a professional accounting body we are not experts in this area.

Tax and financial abuse in Australia is a complex issue that intersects with various themes, including domestic violence, economic vulnerability, systemic inadequacies, awareness and education, and societal norms. Addressing these themes requires an integrated approach that encompasses legal, financial, and social support systems, as well as community education and awareness initiatives. By understanding and addressing these common themes, IGTO can work with stakeholders in creating a more supportive environment for victim-survivors of financial abuse, ultimately leading to greater financial independence and security for those affected.

Please refer to the Appendix for our members' comments. If you have any queries, please contact Jenny Wong, Tax Policy Lead on jenny.wong@cpaaustralia.com.au or Bill Leung on bill.leung@cpaaustralia.com.au

Yours sincerely,

Jenny Wong
Tax Policy Lead