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Ms Sonia Corsini
Assistant Commissioner
Redefining Concessions Project
Australian Taxation Office

Email: RedefiningConcessionsProject@ato.gov.au

2 October 2025

Dear Sonia,

The ATO's approach to taxpayer relief provisions

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 175,000 members in over 100 countries and regions. We make this submission in response to the Australian Taxation Office's consultation on **The ATO's approach to taxpayer relief provisions** (consultation) on behalf of our members.

We welcome the ATO refreshing its approach to administering some forms of taxpayer relief for deferrals, payment plans and penalty and interest remission, which the ATO refers to as taxpayer concessions. We recognise the ATO's commitment to improve taxpayers' experience with their application for taxpayer concessions. We also recognise the need for and importance of embedding the five guiding principles of fairness, conditionality, context, engagement and exclusions when taxpayers seeking relief, including lodgment and payment deferrals, payment plans and penalty and interest remission.

While the guiding principles present a positive step forward, we consider that it would benefit from further practical guidance and examples. In particular, members of CPA Australia - many of whom are tax agents working directly with small business taxpayers – seek more transparent, clearer and consistent protocols and procedures for how the ATO will make its decisions in taxpayer concessions. Our submission outlines areas for enhancement, including:

- The need to add transparency and equity as a principle. The ATO needs to be transparent and consistent about how it arrives at its decision and that equitable treatment applies irrespective of the size of the taxpayer and whether it is the taxpayer asking for the taxpayer concession or the tax practitioners asking for it on their behalf.
- The need for practical examples and case studies to illustrate how the taxpayer concession is assessed and decided by the ATO.
- Greater transparency about what the ATO can and cannot do, particularly regarding deferrals, payment plans, debt, penalties, and interest relief.
- Clear, transparent and consistent ATO guidance and examples in its decision-making.
- The need to set up separate dedicated teams for each of the taxpayer concessions, taking the time to assess the individual circumstances of each taxpayer.
- The ATO needs to review its current policy and position in taxpayer concessions, in particular, lodgment and payment deferrals, payment plans and extensions or penalty and interest remissions, as they are currently perceived to be unreasonable and unfair.

We appreciate the ATO's willingness to engage with the profession and broader community in refining the guiding principes and would welcome ongoing dialogue to ensure it is both functional and practical in its application. Please refer to the Appendix for our detailed discussions to the response to the six consultation questions.

If you have any queries, contact me at jenny.wong@cpaaustralia.com.au or Bill Leung, Tax Technical Advisor on bill.leung@cpaaustralia.com.au.

Yours sincerely,

Jenny Wong
Tax Policy Lead

Appendix

Consultation Questions

1. Is there anything in the principles that you find confusing or unclear?

We commend the ATO's intent in publishing its guiding principles and welcome its commitment to refreshing its approach to taxpayer concessions. The emphasis on the five principles of fairness, conditionality, context, engagement and exclusions is meaningful and appropriately highlights the ATO's evolving consideration and understanding of the diverse circumstances and experiences of taxpayers seeking relief for deferrals, payment plans and penalty and interest remission.

However, these five guiding principles would benefit from greater practical guidance and operational clarity. Currently, the principles, like the **ATO Vulnerability Framework**, feel aspirational rather than actionable. For the principles to be meaningful in practice, taxpayers and their representatives need to understand how these guiding principles translate into ATO's practical applications, i.e. ATO decisions, processes or supports - particularly in diverse client specific scenarios and circumstances (e.g. lodgment and payment deferrals, payment plans and extensions or penalty and interest remissions).

2. What impact do you see these principles having on you and/or your clients?

These five principles are overly broad and as such they lack details on how the ATO would apply them in practice. It would be helpful to provide clear contextual examples, particularly in relation to lodgment and payment deferrals, payment plans and extensions or penalty and interest remissions. In short, the five principles do not reflect the experiences our members and their clients face to date in their request for taxpayer concessions and relief from the ATO.

3. Is there anything missing from the principles that you think should be included?

We submit the need to add 'transparency and equity' as a principle.

The reason is that our members continue to perceive that there is an inconsistency, that is, a difference between them asking for General Interest Charge (GIC) remission, payment plan and extension, when compared with their clients asking for the remission themselves. That is, taxpayers get more favourable tax treatment. Furthermore, large multinationals and **high-profile** taxpayers have a non-transparent undisclosed penalty/GIC settlement with the ATO, while small businesses have standard remission and debt collection policies applying to them.

As such, the ATO needs to be transparent and consistent about how it arrives at its decision and that equitable treatment applies irrespective of the size of the taxpayer and whether it is the taxpayer asking for taxpayer concession or the tax practitioner asking for it on their behalf.

4. What other guidance (in addition to updating our existing policies, processes and guidance material) would you need in order to understand the principles?

To gain trust and confidence from our members and their clients, the ATO should release its 'policy manual' of how ATO officers make their decisions in taxpayer concessions and relief. That is, in lodgment and payment deferrals, payment plans and extensions or penalty and interest remissions. At present, our members perceive there is a lack of consistency in ATO taxpayer concession decisions, with ATO staff 'reading off the script', escalating the issue which can only be resolved by ATO Complaints. The process is inconsiderate and inflexible of an individual taxpayer's circumstances.

Another example, for General Interest Charge (GIC) remission, one of our members reported three different results for the **same taxpayer** – a director for all three companies with the same facts. Based on what our members have reported, there is a perception that the ATO generally does not take time to assess the individual circumstances that are presented before making a decision. In deciding whether to remit GIC, it is perceived the ATO generally does not consider the circumstances that caused the delayed payment resulting in GIC, how these circumstances prevented the taxpayer from paying by the due date and what steps the taxpayer has taken to reduce the delay.

5. Are there any opportunities you see to improve the way the ATO operates in relation to taxpayer concessions?

We submit that the ATO needs to set up separate dedicated teams for each of the taxpayer concessions. For example, separate ATO teams for dealing with lodgment and payment deferrals, payment plans and extensions or penalty and interest remissions. Given the inconsistency and inequity experienced to date, we are of the view that only in a specialised team dealing with each taxpayer concession would the ATO staff have the training, time, competence and experience to deal with the individual circumstances that are presented before making a taxpayer concession decision.

6. Do you have any other feedback or suggestions before we finalise the principles?

The ATO needs to ensure existing taxpayer concessions agreed with taxpayers are not adversely affected before the finalisation of its guiding principles, unless it results in the taxpayer's favour. The ATO also needs to review its existing policy and position in taxpayer concessions, in particular, lodgment and payment deferrals, payment plans and extensions or penalty and interest remissions, as they are currently unreasonable and unfair. For example, our members reported that the ATO's application for payment plan thresholds is very prescriptive, with a tax debt amount less than $200,000 requiring a 50 per cent payment upfront and the balance paid within 24 months.

The payment plan application used to be a 20 per cent deposit and the balance payable in instalments within 24 months was approved but nowadays, these terms have not been approved. Therefore, taxpayers just pay what they can without a payment plan, incurring GIC, which is no longer **deductible** from 1 July 2025.