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Robert Thomson
Assistant Commissioner
New Measures, Public Groups
Australian Taxation Office

Email: VulnerabilityConsultation@ato.gov.au

18 July 2025

Dear Mr Thomson,

Draft ATO Vulnerability Framework

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 (ATO)'s consultation paper Draft **ATO Vulnerability Framework** (Framework) released on 12 June 2025 on behalf of our members and the general public.

CPA Australia welcomes the opportunity to comment on the Framework. We recognise the ATO's commitment to supporting taxpayers experiencing vulnerability and recognise the importance of embedding principles such as empathy, fairness, and inclusion into tax administration.

While the Framework presents a positive step forward, we consider that it would benefit from further practical guidance. In particular, members of CPA Australia - many of whom are tax agents working directly with vulnerable individuals - seek clearer protocols for how the ATO will interact with both vulnerable taxpayers and the practitioners who support them.

Our submission outlines areas for enhancement, including:

- The need for practical examples and case studies to illustrate how vulnerability is assessed and supported in a tax context.
- Greater transparency about what the ATO can and cannot do, particularly regarding debt, penalties, and interest relief.
- Clear guidance for tax practitioners who may be assisting clients in challenging circumstances, such as financial abuse, language barriers, or compromised online accounts, with a focus on prevention activities.
- Suggestions for protocols that allow practitioners to engage constructively with the ATO without undue risk or uncertainty.

We appreciate the ATO's willingness to engage with the profession and broader community in refining this Framework and would welcome ongoing dialogue to ensure it is both principled and practical in its application.

Please refer to the Appendix for our detailed discussions to the response to the consultation questions. If you have any queries, contact me at jenny.wong@cpaaustralia.com.au or Bill Leung, Tax Technical Advisor at bill.leung@cpaaustralia.com.au.

Yours sincerely,

Jenny Wong
Tax Policy Lead

Appendix

Detailed response

1. **How clearly does the Framework explain our commitment to supporting people experiencing vulnerability? What aspects are most clear or meaningful to you? Are there areas that could be improved?**

   We commend the ATO's intent in publishing the Vulnerability Framework and welcome its commitment to supporting taxpayers experiencing vulnerability. The emphasis on empathy, fairness and inclusion is meaningful and appropriately highlights the ATO's evolving understanding of the diverse experiences of taxpayers.

   However, the Framework would benefit from greater practical guidance and operational clarity. Currently, the commitment feels aspirational rather than actionable. For the Framework to be meaningful in practice, taxpayers and their representatives need to understand how it translates into specific ATO decisions, processes or supports - particularly in high-stress compliance environments (e.g. debt, enforcement or audit scenarios).

2. **Is the language in the Framework clear, respectful, and easy to understand? Let us know if there are words or sections that could be clearer.**

   The language is generally clear and respectful, but at times overly broad. The term "vulnerability" is appropriately inclusive but would benefit from further elaboration through examples. For example, financial abuse, linguistic barriers, and temporary impairment from personal crises (such as family court matters or illness) are all relevant but present differently.

   We encourage the ATO to strike a balance between accessibility and operational specificity - perhaps by using plain language alongside real-world case studies or scenarios, including those involving the support role of tax practitioners.

3. **How well does the Framework explain what vulnerability means and how it may affect people's experience with the ATO? Do you think the definition of vulnerability is clear and inclusive? What, if anything, should be added or clarified?**

   The definition of vulnerability is inclusive and acknowledges that vulnerability may be temporary or situational. However, it would be helpful to provide clearer contextual examples, particularly in relation to tax matters.

4. **How clearly does the Framework explain our role, in supporting people experiencing vulnerability, including what we can and can't do? Is there anything about our role that could be explained more clearly?**

   The Framework outlines the ATO's general role in supporting vulnerable people, but more clarity is needed on what the ATO can and cannot do, particularly in areas of remission of primary tax, penalties and interest. Many financially vulnerable people are primarily concerned with these consequences, and greater transparency about the ATO's scope of discretion (and limits) is essential to managing expectations.

5. **Do the guiding principles, for example, empathy, fairness, and inclusion, feel appropriate and meaningful? What do these principles mean to you in the context of people experiencing vulnerability engaging with the ATO?**

   The guiding principles of empathy, fairness, and inclusion are appropriate and meaningful in the context of engaging with vulnerable taxpayers. However, the practical application of these principles needs to recognise the lived reality of vulnerable individuals, particularly those experiencing financial vulnerability.

Many vulnerable taxpayers may not be in a position to be informed of the ATO's commitment through their registered tax agent. They may have limited or no ongoing engagement with a practitioner, or may not fully understand their rights or available support. It is therefore critical that the ATO actively partners with community organisations, support services, and government agencies to ensure that the principles and assistance embedded in the framework are effectively communicated and accessible to those most in need.

Financially vulnerable taxpayers are often primarily seeking relief from penalties, interest, and, in some cases, even the underlying tax liabilities. While we acknowledge that this framework is not designed to directly address such matters, it is important to manage expectations by clearly articulating how the framework intersects with the ATO's processes for debt relief, interest and penalty remission, and hardship considerations. Empathy and fairness are closely linked to these outcomes from the perspective of the taxpayer.

We encourage the ATO to ensure that the framework does not operate in isolation but is clearly connected to the ATO's broader suite of support measures for taxpayers in financial distress.

6. **Is there anything missing that would make the Framework more useful or complete?**

Yes. Our members would find the Framework more useful if it included practical protocols for how the ATO interacts with tax practitioners who are assisting vulnerable clients. While the Framework outlines guiding principles, practitioners are often the front line in identifying and supporting vulnerable individuals navigating the tax system. Clear and accessible guidance is needed for situations where practitioners are attempting to assist but are unsure how to engage with the ATO without risk of overstepping or becoming entangled in matters beyond their control.

Examples of such protocols might include:

- A practitioner has a client who is considered vulnerable due to involvement in entities with an estranged partner. The client claims they are being subject to financial abuse through the tax system, for example being made presently entitled to large trust distributions that are not followed through with cash payment (leaving the client liability for tax on income that has not been received and unlikely to be received in the near term).

  The practitioner forms a preliminary view that the client is the subject to financial abuse, but feels constrained in terms of:

  - potentially having collected insufficient evidence thus far to prove the matter; and/or
  - being concerned that the primary institution for dealing with this issue is the Family Court and feeling constrained from intervening whilst those proceedings are on foot.

  A tax practitioner in such circumstances would benefit from protocols in terms of dealing with the ATO on this issue. The practitioner may form a preliminary view that the client is vulnerable, but is unsure:

  - what evidence is sufficient to raise the matter with the ATO;
  - how to report the situation and where to go for assistance;
  - what role the ATO can reasonably play in such cases; or
  - whether the practitioner is exposed to risk if their report is made on the basis of incomplete or ultimately unsubstantiated information.
  - what implications might there be for a practitioner who reports on partial information (being the best information that is available at the time) and the substance of the report later turns out to be incorrect or unsubstantiated.

- A practitioner has a client with limited language or other skills who has incomplete records. The tax practitioner believes they can put together accounts and hence a tax return that might be reasonable considering the information available, but does not meet the substantiation requirements usually required of taxpayers. To what degree is the tax practitioner exposed to liability as a result of seeking to provide assistance to a vulnerable person?

- A practitioner becomes aware that a client's ATO Portal account has been hacked (albeit is unable to identify whether or not the client inadvertently contributed to the situation). How should the practitioner

engage with the ATO to resolve this issue?

- In all of the above and similar situations, most practitioners would like to be able to assist but would fear getting caught in a quagmire of a situation that is impossible to reasonably resolve within existing ATO channels. What protocols can or should be in place to allow a practitioner to work alongside the ATO to assist a vulnerable person (without the practitioner becoming involved in an unresolvable situation).

We recommend that the Framework be expanded to include:

- Guidance on how the ATO engages with vulnerable taxpayers in practice; and
- Clear protocols for how the ATO engages with tax practitioners who are acting in good faith to support vulnerable individuals.

This would promote confidence in the system, encourage early engagement, and improve outcomes for vulnerable taxpayers.

7. Would you use the Framework for yourself or in your work, or share it with others? If so, how might you use it? For example, as a taxpayer, practitioner, or advocate.

Members of CPA Australia are most likely to use the Framework in their capacity as tax practitioners, particularly as registered tax agents. This may involve advocating on behalf of their clients - both in the course of regular paid engagements and in situations where they choose to support a vulnerable person on a pro bono basis or at a significantly reduced fee.

In these contexts, practitioners may use the Framework to:

- guide their approach to advocating for clients who are experiencing vulnerability;
- inform discussions with the ATO to ensure that the client's circumstances are properly understood and taken into account; and
- understand how to navigate complex situations where vulnerability intersects with compliance obligations or where standard administrative processes may not be appropriate.

This use case strongly connects to our response to Question 6 - the Framework will be most useful if it includes clear protocols for how the ATO interacts with practitioners who are assisting vulnerable individuals.