

2 April 2020

Mr Chris Jordan AO
Commissioner of Taxation
Australian Taxation Office
52 Goulburn Street
SYDNEY NSW 2000

By email: chris.jordan@ato.gov.au

CC: Jeremy Hirschhorn, a/g Second Commissioner – Client Engagement
Jeremy Geale, a/g Second Commissioner – Law Design and Practice

Dear Commissioner,

Request for deferrals and penalty waivers in response to COVID-19 Crisis

The National Tax Liaison Group (**NTLG**) is the Australian Taxation Office's (**ATO**) longest standing consultative forum, focusing on strategic taxation matters of national interest. The primary objective of the NTLG is to provide a wide range of stakeholders with the opportunity to discuss the strategic direction of the tax system and to deliver opportunities for improvements to the administration of the tax system. The NTLG's membership is comprised of senior ATO and Treasury officers and representatives of the major tax, law, and accounting professional associations. Details of the activities of the NTLG, including its membership, can be found [here](#).

Chartered Accountants Australia and New Zealand, Corporate Tax Association, CPA Australia, Institute of Public Accountants and The Tax Institute (together **the Joint Bodies**) are the external members of the NTLG. We write to you as the peak professional accounting and tax practitioner bodies in Australia representing the tax profession at this critical time.

Request

The Joint Bodies request the Commissioner consider granting the following deferrals and penalty waivers:

- deferrals for company, individual, trust and partnership 2019 income tax returns to 15 June 2020 and SMSF returns to 30 June 2020, without the need for the tax agent to make a specific application regarding how the agent has been impacted by the COVID-19 crisis;
- 90-day waiver for all lodgement penalties for all compliance obligations including the deferrals requested above; and
- public advice that those who do not meet the '85 per cent on-time lodgement requirement' for the lodgement program framework during the COVID-19 period will not be negatively impacted.

We consider these deferrals, penalty waivers and assurance are necessary to support tax agents facing the impacts of the COVID-19 crisis at this critical time.

Details of our proposal are presented in the attached table in the Appendix.

The reasons for our request are set out below.

Reasons

The issue of the impact of the COVID-19 crisis on lodgement dates is of ongoing and significant concern to tax agents. The ATO's position to avoid providing blanket deferrals was discussed at the meeting of the NTLG on Wednesday 25 March 2020. The primary reasons for the chosen approach were that Tax Practitioner Steering Group members had expressed a preference not to issue blanket deferrals (at a meeting held on 19 March 2020) and the value of the real-time nature of the data collected from Activity Statements to inform government policy at this critical time. The Joint Bodies understand and appreciate how the ATO has arrived at its view and acknowledge that it was open to tax agents to apply for deferrals on a case-by-case basis as required.

NTLG members noted that the situation was evolving rapidly and that blanket deferrals, or some form of concession, would enable tax agents to be in control of their work program and allow them to service distressed clients, provide advice on access to the Stimulus measures and prioritise Activity Statement lodgements for Cash Flow Boost recipients. Tax agents were increasingly expressing their distress at being put through the bureaucratic process of applying for deferrals for each client (on a case-by-case basis) as well as their increasing concern at the unknown effect of an unpredictable quantity of late lodgements on the '85 per cent on-time lodgement' requirement on their lodgement program under the ATO's lodgement program framework. Other operating impacts from the COVID-19 crisis include productivity decreases due to remote working of staff and limitations on client contact, delays in obtaining information from clients as they deal with the COVID-19 crisis and significantly increased demand for advice and support outside of the ordinary advice and support required to meet their compliance obligations.

It was agreed that the Joint Bodies would consider what concessions would best work for tax agents during this critical time, including which types of lodgements were of concern, what time extensions for those lodgements would the Joint Bodies consider desirable and whether a blanket concession around late lodgement penalties be sufficient. The Joint Bodies have taken these matters into account in formulating our request.

As the COVID19 crisis continues to unfold, the Joint Bodies will consider whether further deferrals and penalty waivers will be required in the 2020-21 income year and will contact the ATO regarding any further request in due course.

We look forward to your response.

If you would like to discuss any of the above, please contact Tax Counsel Stephanie Caredes on 02 8223 0059 in the first instance.

Yours faithfully,



Peter Godber
President
The Tax Institute



Michael Croker
Tax Leader Australia
Chartered Accountants Australia and New Zealand



Michelle de Niese
Executive Director
Corporate Tax Association



Dr Gary Pflugrath
Executive General Manager, Policy & Advocacy
CPA Australia



Tony Greco
General Manager Technical Policy
Institute of Public Accountants



APPENDIX

Table of Deferrals requested

| Lodgement Type | Proposed new date for lodgement | Penalty waiver |
|---------------------|---------------------------------|----------------|
| Income Tax Returns: | | |
| Company | 15 June 2020 | 90 days |
| Individual | 15 June 2020 | 90 days |
| Trust | 15 June 2020 | 90 days |
| Partnership | 15 June 2020 | 90 days |
| BAS (Monthly): | | |
| March | | 90 days |
| April | | 90 days |
| May | | 90 days |
| June | | 90 days |
| BAS (Quarterly): | | |
| March | | 90 days |
| June | | 90 days |
| FBT Return | | 90 days |
| SMSF Annual Return | 30 June 2020 | 90 days |