

ATO TAX DEBT DECISION TREE

GUIDANCE

Instructions

This decision tree is intended to assist CPA Australia members in determining what next steps to take for clients who have ATO debt.

This information is based on legislation current as at 21 June 2022.

The following version control information has been included to assist you to monitor changes to the following decision tree to ensure you are using the latest version.

Document Title	ATO Tax Debt Decision Tree	Version #	1
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1	Original document	2022	

About the author:

This decision tree was prepared by Maddocks on behalf of CPA Australia

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Decision tree one: DOES YOUR CLIENT HAVE AN ATO DEBT AND ARE THEY AT RISK OF ATO ENFORCEMENT ACTION?



Your client has 21 days from the date the DPN is posted to:

Liabilities reported 3 months after due date:

- Pay the corresponding penalty amount in full (only)

Liabilities reported within 3 months of due date:

- Pay the corresponding penalty amount in full, or
- Commence external administration

Consequences for non-compliance with DPN

- Issuing garnishee notices
- Offsetting tax credits against the director penalties
- Initiating legal recovery proceedings against director to recover the director penalty.

Note: a director penalty is a personal liability of each director and is a parallel liability.

Consequences of not engaging with the ATO:

- Notice of intended legal action
- Legal proceedings
 - Claim or summons
 - Statutory demand
 - Application for winding up a company
 - Creditor's petition
 - Bankruptcy notice

* Includes activity statements, superannuation guarantee charge statements and income tax returns

**Includes PAYGW, GST, SGC and/or income tax

See [PS LA 2011/14 General debt collection powers and principles](#) and [PSLA 2011/12 Remission of General Interest Charge](#)

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