

28 July 2025

Mr Robert Thomson
Assistant Commissioner
Individuals and Intermediaries
Australian Taxation Office

By email: VulnerabilityConsultation@ato.gov.au

Dear Mr Thomson,

Draft Vulnerability Framework

The Tax Institute welcomes the opportunity to make a submission to the Australian Taxation Office (**ATO**) regarding the consultation paper on the ATO's draft Vulnerability Framework (**draft Framework**) (**Consultation Paper**). We also thank the ATO for presenting a dedicated information session on the draft Vulnerability Framework for our members on 3 July 2025.

In the development of this submission, we have closely consulted with our National Technical Committees to prepare a considered response that represents the views of the broader membership of The Tax Institute.

We are pleased that the ATO has developed a draft Vulnerability Framework and is genuinely committed to supporting vulnerable taxpayers. The proposed Vulnerability Framework includes a number of principles and objectives that, in order to be achieved, will require significant investment in the implementation phase. For example, developing actionable steps, a clear roadmap and timeline for implementation, training ATO staff, ensuring transparency, consistency and accountability across different areas of the ATO, and developing tailored educational materials and resources to help taxpayers understand their obligations and rights. Attention to these matters will help to ensure that the Vulnerability Framework meets its objectives. We acknowledge that not all the changes required will be able to be given immediate effect. It will be therefore important to identify how these and other related matters will be prioritised and actioned.

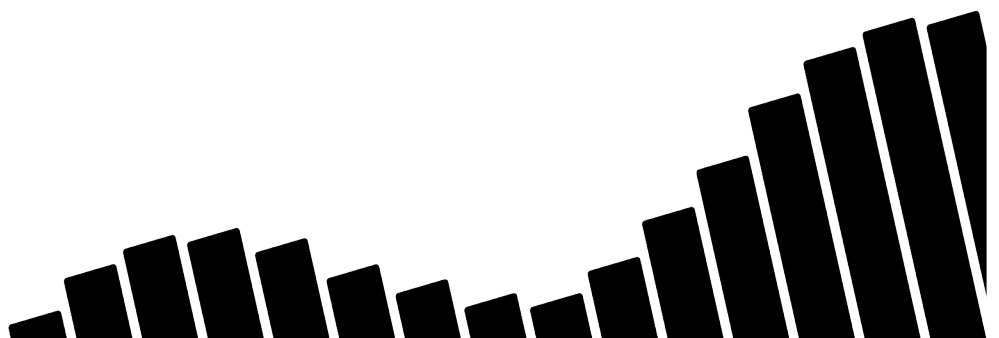
Our detailed response to the questions in the Consultation Paper is contained in **Appendix A**. While we have limited our feedback at this stage to these questions, we look forward to continuing to constructively engage with the ATO on the implementation of the Vulnerability Framework and related matters noted above.

The Tax Institute is the leading forum for the tax community in Australia. We are committed to shaping the future of the tax profession and the continuous improvement of the tax system for the benefit of all. In this regard, The Tax Institute seeks to influence tax and revenue policy at the highest level with a view to achieving a better Australian tax system for all.

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If you would like to discuss any of the above, please contact our Head of Tax & Legal, Julie Abdalla, on (02) 8223 0058.

Yours faithfully,

Julie Abdalla

Head of Tax & Legal

Tim Sandow

President

APPENDIX A

We have set out below our observations and feedback in response to the consultation questions for your consideration. Our responses generally follow the order of questions contained in the Consultation Paper.

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?

The Consultation Paper adequately outlines the ATO's commitments to supporting individuals experiencing vulnerability through its core focus areas and guiding principles. While not necessarily suitable for the Framework itself, internal controls and protocols to ensure the effective implementation of the Framework, as well as an outline of how the success of the ATO's commitment to the Framework will be measured should be documented and to the extent possible, made publicly available.

We acknowledge that ATO staff and, equally tax practitioners, may not possess all of the necessary qualifications to fully support vulnerable taxpayers. To address this gap, it is recommended that mental health professionals, financial counsellors, and other support services, be involved in the process. Continuous collaboration will help to ensure that vulnerable individuals receive the appropriate support and understanding during their interactions with the ATO.

The draft Framework is based on conceptual ideas, rather than actionable steps. We look forward to continued engagement on the implementation of the Framework in practice, including the specific actions that can/will be taken to effectively support vulnerable taxpayers. Together, the draft Framework and an implementation plan will best serve the overarching purpose of enhancing support for vulnerable taxpayers in their dealings with the ATO.

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 in the draft Framework is generally clear, respectful, and easy to understand. Ensuring translated versions are available will enhance accessibility and understanding by culturally and linguistically diverse taxpayers.

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 proposed framework defines a person experiencing vulnerability as an individual who faces an increased risk of harm, exploitation, exclusion, or isolation. It also states that vulnerability can be due to various factors, including, but not limited to, social, economic, physical, or mental health conditions, disability, age, lack of access to essential services, or other personal circumstances. This definition is broad and recognises that vulnerability is a fluid concept that can affect anyone at any time. It rightfully acknowledges the systemic barriers that vulnerable people face, and the stigma that exists around coming forward and seeking support.

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 draft Framework clearly outlines the roles and functions of the ATO and the boundaries within which the ATO must operate. It clarifies that the ATO's primary role is to administer the tax system in accordance with the legislative framework established by the government and to collect tax, enabling the government to deliver public services. The draft Framework clearly provides that, while the ATO has a vision where every Australian is able to meet their tax obligations because complying is easy, it understands and acknowledges that there may be circumstances where compliance is not possible due to extenuating circumstances, which may include vulnerability.

The draft Framework also provides, in unambiguous terms, that the ATO is not the agency responsible for, or best equipped to address, the underlying factors contributing to an individual's vulnerability. It articulates a strong commitment to values such as empathy, fairness, and inclusion, and there is a notable emphasis listening, understanding, and treating individuals with respect. These are essential foundational elements.

Currently, the draft Framework speaks about creating a supportive and respectful environment but does not detail the particular steps the ATO will take in response to vulnerability. For instance, while the ATO commits to listening with empathy, there is limited guidance on what support pathways, procedural adjustments, or discretionary powers will be exercised as a result of that understanding. Whether in the draft Framework itself, or separately, the overall approach would benefit from greater clarity on how these principles will translate into practical, measurable actions. Examples include incorporating more action-oriented commitments, such as specific service adjustments, escalation protocols, or access to specialist support channels, so that the response to vulnerability more clearly goes beyond mere acknowledgment and leads to meaningful intervention.

This would also better serve one of the primary objectives of the draft Framework, being to provide transparency of ATO interactions. This underscores the need to translate high-level concepts into actionable strategies that can be clearly communicated and understood by all stakeholders involved.

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 are both meaningful and appropriate, reflecting a contemporary understanding of the role that human experience and engagement play in encouraging voluntary compliance with the tax system.

The guiding principles could benefit from incorporating examples or ways that they can be implemented in day-to-day operations, including the ATO's decision-making, and how frontline operations will engage with these principles. This would serve as a guide to support internal ATO consistency and accountability, and enable the community to better understand and manage their expectations when dealing with the ATO in such circumstances.

The draft Framework could also incorporate, under the inclusion principle, discussion of cultural safety and responsiveness, such as for First Nations people, and other culturally and linguistically diverse communities.

Ultimately, the value of the words used to describe the principles will be evident in how they are given effect by the ATO and its staff in real-life dealings with vulnerable taxpayers.

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

As outlined above, the draft Framework takes a principles-based approach and does not deal with implementation matters which will be crucial in terms of its practical application. An outline of internal controls that would ensure effective execution of the draft Framework should be made available. We consider that there should be an initial screening process to identify vulnerability, perhaps by a dedicated team. This can help the ATO to monitor effective implementation of the draft Framework from the early stages of engagement.

The Tax Institute recommends that the draft Framework include a section under 'Privacy and Data Security' to reassure individuals that any information shared with the ATO will only be disclosed to other Commonwealth agencies when necessary and with the individual's consent. This measure would provide assurance to vulnerable taxpayers that their disclosures for hardship purposes will not lead to unexpected scrutiny or adverse consequences in other contexts, thereby fostering a more supportive environment for those in need.

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.

As tax education body and an advocate of a better tax system, The Tax Institute supports steps taken to improve outcomes for vulnerable taxpayers and to equip tax practitioners with the tools they need to identify and best support them.

In addition to the resources we provide to our members to this end, we would direct them to the Framework and other ATO guidance that we understand will follow as part of this process.

Feedback from members indicates that the draft Framework is useful in understanding the ATO's intentions concerning vulnerable taxpayers. Members expressed that a practical understanding of how the ATO will support vulnerable taxpayers would be useful when engaging with the ATO. Further, establishing internal protocols and methods to measure success would increase public confidence in the ATO's approach, provide greater transparency, and encourage collaboration between vulnerable taxpayers, practitioners, and the ATO.