

10 October 2025

Ms Sonia Corsini
Assistant Commissioner
Redefining Concessions Project
Australian Taxation Office

By email: RedefiningConcessionsProject@ato.gov.au

Dear Ms Corsini,

The ATO's approach to taxpayer relief provisions

The Tax Institute welcomes the opportunity to make a submission to the Australian Taxation Office (**ATO**) regarding the consultation paper on the ATO's approach to taxpayer relief provisions (**Consultation Paper**).

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 is undertaking a comprehensive review of its settings and processes regarding taxpayer relief provisions. This assessment is particularly relevant in light of the recent legislated changes to the tax treatment of the general interest charge (**GIC**) and shortfall interest charge (**SIC**) and also feedback from our members suggesting that the ATO is, in general, taking a stricter approach to matters relating to tax debts, such as decisions to remit the GIC. We commend the ATO's commitment to implementing a principles-based approach to taxpayer relief provisions.

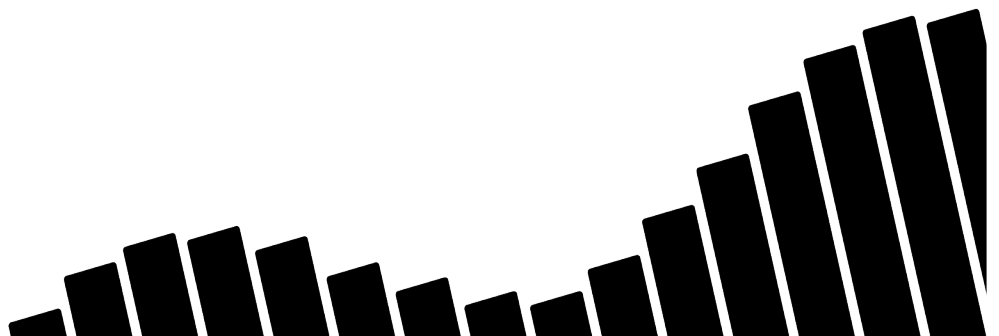
Our detailed responses to the questions in the Consultation Paper are contained in **Appendix A**. While we have limited our feedback at this stage to these questions, we look forward to continuing to constructively engage with the ATO on the effective implementation of the taxpayer relief provisions.

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.

Level 21, 60 Margaret Street
Sydney NSW 2000

T 1300 829 338
E tti@taxinstitute.com.au

taxinstitute.com.au



If you would like to discuss any of the above, please contact our Tax Counsel, John Storey on (03) 9603 2003.

Yours faithfully,

Julie Abdalla

Head of Tax & Legal

Tim Sadow

President

APPENDIX A

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

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

The term ‘taxpayer concessions,’ as specified in the Consultation Paper, has the potential to create confusion among taxpayers due to its conventional connotations. Generally, the word ‘concessions’ suggests a reduction in tax obligations that the government provides to support particular groups or organisations, often implying a more favourable tax treatment or a decrease in the overall tax burden. This common understanding may lead taxpayers to assume that the term refers to broad tax relief measures, which could misrepresent the specific intentions of the Consultation Paper.

In this context ‘taxpayer concessions’ refers to specific mechanisms designed to help taxpayers manage their obligations more effectively, rather than reducing their primary liabilities. These mechanisms include deferrals, which allow individuals or businesses to postpone their tax payments to a later date, as well as structured payment plans that enable taxpayers to pay their liabilities in manageable instalments. Additionally, the term encompasses the remission of penalties and interest, which can alleviate the financial strain on taxpayers who may be struggling to meet their obligations.

We recommend not using the term ‘taxpayer concessions’ as it could be confusing and misleading in this context, and we consider the term ‘taxpayer relief’ may be more appropriate.

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

The proposed principles are largely in line with what stakeholders would expect from a government agency such as the ATO when exercising an important discretion. The principles serve as useful guides for both taxpayers and the ATO. However, their true effectiveness and the impact they may have is contingent on how they are practically implemented in real-world scenarios. If the ATO successfully integrates these principles into its operational processes, fostering a culture of consistent, transparent, and principled decision-making, the overall integrity of the tax system could see significant improvement. This would not only enhance public trust in the ATO but also encourage voluntary compliance among taxpayers, as they would be more assured that their cases are being handled fairly and transparently.

Conversely, if the principles are applied in a manner that excessively restricts exercise of discretion and limits access to relief provisions, the consequences are likely to be detrimental for taxpayers and the system as a whole.

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

We are of the view that the framework of principles should encompass two additional principles – ‘Transparency’ and ‘Consistency’.

While 'Fairness' considers individual circumstances, it does not adequately address the need for taxpayers to understand the rationale behind ATO decisions. Clear communication of how individual decisions are made is crucial to fostering trust in the administration of relief mechanisms. In addition, transparency in the processes the ATO uses, the criteria relied upon, and the overall system-wide outcomes achieved (such as the total quantum of relief granted and the types of taxpayers and cases that are successful or unsuccessful) is similarly vital to the integrity of the system.

'Consistency' is crucial to ensure that similar cases receive the same treatment. Feedback from our members indicates instances where outcomes vary depending on whether the taxpayer or their agent is pursuing the relief. This feedback suggests that taxpayers in some cases achieve more favourable outcomes when they engage directly with the ATO, as opposed to when their agents seek the same results.

It will be difficult in practice possible to properly assess whether ATO decisions are fair and consistent without transparent processes regarding decision-making and the outcomes of those decisions.

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

The Consultation Paper outlines a set of guiding principles intended to shape the ATO's approach towards payment deferrals, payment plans, and remissions of interest charges. However, it does not clearly set out how these principles will be applied in everyday situations. This lack of clarity regarding practical application can lead to confusion and uncertainty, as taxpayers and practitioners may struggle to understand how these principles translate into actionable steps or decisions in real-life contexts. To bridge this gap, it would be beneficial for the ATO to provide guidance including examples and case studies. These case studies could serve as illustrative examples, demonstrating the practical application of the guiding principles in various scenarios that taxpayers might encounter. By addressing real-world situations, the ATO would enhance taxpayer understanding, and foster greater trust and confidence in its processes. Such an approach would empower taxpayers to navigate the complexities of their tax obligations with a clearer sense of direction, ultimately leading to more effective compliance and engagement with the ATO.

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

We consider that there are additional avenues to enhance ATO's operations in relation to taxpayer relief provisions. Streamlining the application process for relief could alleviate administrative burdens for both taxpayers and the ATO. The process for applying for relief should be clear, as simple as possible, and proportionate to the amount of relief sought (that is, greater evidentiary requirements for more significant cases, but simpler expectations for small cases). Related to this would be, as outlined above, providing greater transparency of the criteria and decision-making processes to foster greater trust and understanding among taxpayers. Implementing more robust communication strategies to educate taxpayers about available reliefs could also lead to better engagement and more equitable access to relief. Finally, if there are changes in the ATO's approach to how it offers relief, this should be clearly and publicly communicated, with sufficient notice of the proposed change in approach.