

10 October 2025

Ms Ruth Owen
Inspector General of Taxation and Taxation Ombudsman
Office of the Inspector-General of Taxation
GPO Box 551
Sydney NSW 2001

By email: consultations@igt.gov.au

Dear Ms Owen,

Tax Ombudsman's review: Review of the ATO's management of remission of the general interest charge

The Tax Institute welcomes the opportunity to contribute to the Tax Ombudsman's consultation on the review of the ATO's management of remission of the general interest charge (**Review**).

In the development of this submission, we have consulted with our National Technical Committees to provide feedback that is representative of The Tax Institute's broader membership.

The Tax Institute supports the Tax Ombudsman's review of the ATO's approach to remission of the general interest charge (**GIC**), which has become a matter of considerable concern among taxpayers and practitioners. Feedback from our members indicates that there has been a shift in the ATO's approach to remission of GIC and that it is increasingly difficult to obtain. This change, along with the legislated amendment that has made GIC and shortfall interest charges (**SIC**) non-deductible, has increased the importance of this issue for taxpayers and practitioners and the potential for GIC and SIC to cause considerable uncertainty and difficulty for taxpayers to manage their tax obligations, particularly those experiencing financial difficulty.

We have outlined below some general observations gathered from our members regarding the ATO's approach to the remission of GIC:

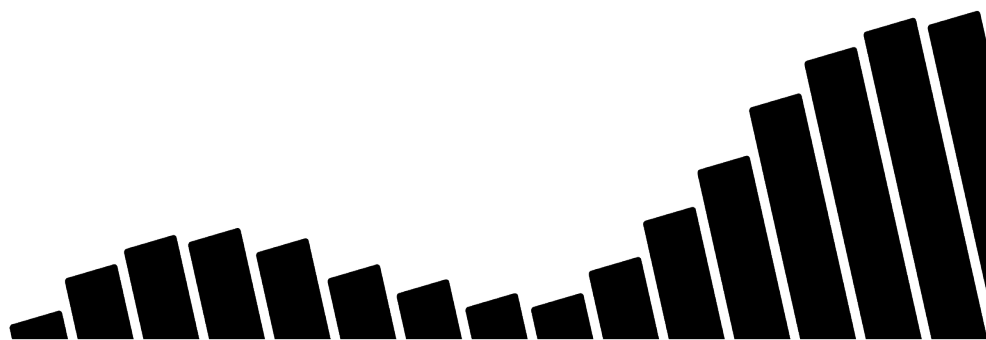
- The ATO's approach to remission and payment arrangements has become increasingly stringent, making it more challenging for taxpayers and practitioners to achieve remission;
- there is a concerning lack of transparency regarding the reasons for refusals, particularly regarding GIC, which undermines trust in the decision-making process;

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- there are inconsistencies in the remission process, and we have heard feedback that some agents may be denied remission for a client, while the taxpayer may later receive full or partial remission independently. This inconsistency can reflect poorly on the agents, potentially damaging their credibility, and can create friction between agents and their clients. Further, there are instances where one spouse may receive remission while the other, in similar or identical circumstances, is denied, highlighting the arbitrary nature of the current system;
- there is a widespread perception that the changes in the ATO's approach to GIC and SIC remission are based on prevailing economic or other factors. For example, being more generous during the COVID-19 pandemic, and subsequently tightening the rules as conditions return to normal. Such flexibility is not itself a problem but there is a lack of transparency as to when and how this is occurring. Taxpayers and their advisors may only realise there has been a change in policy towards remission requests when decisions suddenly appear to be made differently to previous practice. Such policy changes should be clearly communicated so taxpayers have a better understanding and advisors can support them, and such decisions should be subject to public scrutiny;
- a taxpayer may attempt to have the GIC remitted on their own, often due to financial constraints that prevent them from hiring an advisor. This self-representation can lead to denial, particularly if the taxpayer fails to effectively articulate their case, especially regarding circumstances beyond their control, which the ATO heavily weighs in its decisions. If the taxpayer subsequently seeks assistance from an accountant, they face a significant hurdle as there is no review opportunity, meaning the accountant cannot re-present the case unless it escalates to the Federal Court;
- overlaying all these issues is the absence of administrative review rights of GIC decisions, which limits recourse for those affected by these decisions. Some members have indicated that when a GIC remission has been denied and a request is resubmitted, the ATO may reconsider the case. However, this informal pathway is inconsistent and should not have to be resorted to as a solution. This lack of formal review processes and the limited awareness of alternative avenues for reconsideration create an inequitable situation for affected taxpayers.

Reviewability of GIC and SIC remission decisions

The Commissioner has the discretion to remit GIC and SIC where it is fair and reasonable to do so, taking into consideration the circumstances that led to the delayed payment of tax liabilities or the tax shortfall. In doing so, ATO officers are expected to have regard to Practice Statement Law Administration [PSLA 2011/12: Remission of General Interest Charge](#) and [PS LA 2006/8: Remission of shortfall interest charge and general interest charge for shortfall periods](#).

At a policy level, we consider that it is unfair that taxpayers lack the right to seek internal review¹ of the ATO's decision to deny GIC, particularly in the light of recent changes to the tax treatment of interest charges. Where a taxpayer disagrees with the ATO's decision not to remit the GIC, the only recourse available to the taxpayer is to appeal the ATO's decision in the Federal Court of Australia (**FCA**) under the *Administrative Decisions (Judicial Review) Act 1977* (Cth)).

While SIC decisions can be reviewed², the review process is subject to conditions that limit accessibility in practice. If a taxpayer disagrees with the ATO's decision not to remit the SIC and the amount of the taxpayer's outstanding liability is more than 20% of the shortfall, then the taxpayer can object to the ATO's SIC remission decision (**20% outstanding liability test**). Otherwise, taxpayers can apply for external review before the Administrative Review Tribunal, or the FCA.

We consider that GIC and SIC remission decisions should be unconditionally reviewable. Enhancing the remission review process is necessary to maintain trust and fairness. A transparent review process that applies equally to the GIC and SIC should be implemented. We recognise that this may require legislative amendment, though we note that tangible administrative steps may be taken in the interim to address this inequity.

We would be pleased to provide further input as this Review progresses.

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.

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

Yours faithfully,

Julie Abdalla

Head of Tax & Legal

Tim Sandow

President

¹ Section 14ZS, TAA.

² Section 14ZS, TAA.