

AUSTRALIAN TAX OFFICE TO ROBERT GOTTLIEBSEN:

“I understand you have an interest in the tax debt transparency reporting measure announced in the Mid-Year Economic & Fiscal Outlook (MYEFO). For your reference and to inform any future articles you may write about the topic, please find below some information on the measure. If you have any questions, please do not hesitate to contact us.

Providing transparency of taxation debts owed by taxpayers with an ABN will improve decision making for the business community through the availability of this information. It will influence taxpayer behavior and remove an unfair advantage for businesses that do not pay their tax debts on time.

Under the measure, the ATO will have discretion to disclose tax debt information to credit reference agencies. The measure does not oblige the ATO to disclose this information.

We understand that from time to time taxpayers have cash flow issues and we work with them to repay debts, for example using payment arrangements.

Taxpayer debts will only be reported to a credit reference agency if a taxpayer remains disengaged after the ATO has exhaustively pursued pre-litigation procedures to collect the overdue debt.

Debts genuinely in dispute will not be reported nor will debts under payment arrangement. Taxpayers who are working with the ATO to resolve their debt will not have it reported.

Debts will only be reported where:

- The debt is for a taxpayer that has an ABN
- the debt amount is over \$10,000 and unpaid for over 90 days
- the debt is not in dispute
- no payment plan has been established or an existing payment plan has defaulted.

The ATO will notify a business that it intends to refer its tax debt to a credit bureau before it passes on the information.

In conjunction with Treasury, the ATO will consult with the community, including business, industry groups and associations, to ensure that the measure is implemented and administered effectively with appropriate

management of identified risks. The ATO will establish agreements with credit reporting bureaus to manage the reporting and administration of tax debt information.

Implementation will occur under a phased approach to assess and assure processes, with initially only a small number of taxpayers being reported to credit bureaus.

Following community consultation and once the law is finalised, the ATO will issue guidance on how the measure will be administered.

Legislation to support the measure will need to be introduced and pass the Parliament before it can come into effect.

A number of overseas jurisdictions have implemented or are about to introduce measures that increase transparency of tax debts, with the UK, Ireland, Norway Finland and New Zealand publishing tax debt information on a public register or sharing it with credit bureaus.

Separately, in your article on 9 January you referred to \$19 billion in overdue tax. To clarify, this is the total amount of collectable debt owed to the ATO and excludes debt which is disputed or insolvent.

Of this amount, about two thirds (\$12.5 billion) is owed by small businesses. Again, this excludes debts, which are disputed or insolvent.

Kind regards...." (name omitted)