

The Australian Taxation Office (“ATO”) continues to pursue the recovery of unpaid tax debts particularly from small to medium businesses. This is all part of a larger focus by the ATO in combatting illegal phoenix activity, with proposed legislation reintroduced into Parliament expected to be swiftly passed into law.

Extending the Director Penalty Notice Regime

The Director Penalty Regime currently allows the ATO to make directors of a company personally liable for unpaid PAYG Withholding and Superannuation by issuing a Director Penalty Notice (“DPN”). The Government has revived legislation which lapsed just before the last federal election which is set to come into effect from 1 October 2019. The legislation aims to provide the ATO with the following powers:

- To enable the ATO to provide an estimate of a taxpayer’s net GST liability where a taxpayer has failed to lodge its GST return by its due date. The taxpayer will then be deemed to owe this estimated net amount of GST to the ATO even though its actual GST return has not been lodged.
- To extend the current DPN regime to include unpaid GST liabilities, whether it be by issuing the above notice of estimated GST or the non-payment of actual GST liabilities. Once a DPN is issued to a director, unpaid GST liabilities may become the personal obligations of the director.

Disclosure of Business Tax Debts

The Government is also wanting to provide the ATO with the ability to disclose the unpaid tax liabilities of a taxpayer directly to credit reporting agencies. These changes will be applicable to taxpayers that are running a business with a tax liability of at least \$100,000 that has been overdue for more than 90 days.

The intent of these measures is to encourage taxpayers to engage with the ATO earlier to manage their tax liabilities, as well as, allowing more informed decision-making within the business and banking communities by increasing the visibility of unpaid tax liabilities. The ATO has announced that they will not disclose this information for businesses who are actively engaging with the ATO in relation to their tax debts.

It has never been more important to ensure that your cash flow and ability to meet your ATO commitments are being monitored and managed effectively.



Contact Us... to discuss how these changes will impact your business and how we can work with you to better manage your ATO commitments.

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