



Remission of general interest charge

Introduction

All taxpayers are expected to meet their tax obligations, including lodging and paying liabilities on time. The majority do, and most make every effort to stay on track. But when family budgets or small businesses' cash flow is tight, due to illness, family crisis, natural disaster or unexpected downturns, some taxpayers fall behind. In the current economic conditions, that has been happening to an increasing number of Australians.

The general interest charge (**GIC**) is designed to keep the system fair, ensuring no one gets an unfair advantage by paying late or not paying at all. However, for small businesses and individuals facing financial difficulties or hardship, it can feel like an unfair punishment and can act as a barrier to meeting their tax obligations. As interest compounds on unpaid debts, what may begin as a manageable liability can quickly spiral into something far more overwhelming. Taxpayers have told us that it is often the interest, and not the tax itself, that becomes the most unmanageable part of what they owe.

The law allows the Australian Taxation Office (**ATO**) to remit GIC in certain circumstances. Over the last year, the ATO has publicly stated that its approach to GIC remission has been tightened up. Many taxpayers tell us they do not understand how GIC remission accrues or why their requests are denied. Unlike many other tax decisions, a decision to refuse GIC remission cannot be reviewed by a tribunal, making the Federal Court the only formal review forum. Taxpayers describe a lack of transparency and consistency, with different outcomes depending on the ATO officer or channel used. Some are told their remission requests can only be considered after the full debt is paid, yet the growing GIC is what is preventing them from paying the debt or entering a payment plan. Our complaints data shows that GIC remission is one of the most commonly raised concerns.

From 1 July 2025, GIC is no longer tax deductible, significantly increasing the cost of repayment for small businesses and others already under financial pressure. This makes it even more critical that ATO processes support fair, accurate and consistent decisions in the first instance.

We are undertaking this review in response to strong stakeholder support for a systemic examination of how the ATO manages GIC remission. The review will assess whether the ATO's management of GIC remission is meeting community expectations and the principles of good tax administration—particularly consistency, transparency, clarity in communication, getting it right, and supporting taxpayers with empathy and respect as they try to get back on track.

Approach

Our review will examine concerns raised through our complaint investigations and stakeholder engagements to identify whether current ATO practices support fair, accurate, consistent and transparent remission decisions, and whether further improvements can be made.

We will review a sample of GIC remission cases involving related taxpayers in similar circumstances (e.g. spouses, co-directors, related entities) to assess whether outcomes were appropriately aligned and supported by clear reasoning. This analysis will test the application of remission criteria across similar fact patterns. We will also review how the growth of GIC (and decisions not to remit) have left tax debt uncollected and taxpayers in financial stress.

The ATO is currently undertaking its own internal review of aspects of GIC remission decision-making and concessions. As part of their review, the ATO has recently published guiding principles shaping their proposed approach to concessions. Our review is independent and will focus on taxpayer experience, procedural fairness, transparency and consistency in decision-making. We have worked with the ATO to minimise undue duplication of effort and to ensure that our review will complement the ATO's work by providing an external perspective and giving voice to concerns raised by taxpayers, tax professionals and the community.

Terms of reference

The questions we will seek to answer through our review are:

1. Whether ATO policy, communications and guidance to staff and the public clearly explain how GIC remission requests should be considered, including:
 - a. when and how remission requests can be made; and
 - b. the criteria for full remission and partial remission;
2. The reasons behind the ATO's recent decision to tighten up its remission of GIC and the intended outcomes;
3. Whether remission decisions are made fairly and consistently in line with the policy/practice, including whether:
 - a. decisions take into account the individual circumstances of taxpayers, including those experiencing vulnerability and victims of fraud;
 - b. outcomes differ for represented and unrepresented taxpayers;
 - c. similar or related taxpayers (e.g. spouses, co-directors, related entities) receive consistent treatment when requesting GIC remission;
 - d. internal quality assurance and training support consistent decision-making; and
 - e. there are robust and accessible processes to internally review a decision where the taxpayer disagrees with the outcome;
4. Whether taxpayers are given clear and complete reasons for decisions not to remit interest;

5. Whether the interaction between GIC remission and payment plans supports fair and effective debt resolution; and
6. Whether there are opportunities to improve GIC remission systems and processes, in light of the growing cost impact on taxpayers.

Our review will not examine shortfall interest charge (SIC) or administrative penalties. These matters may be considered as part of future reviews.

Expected delivery of final report

The final report is expected to be completed in February 2026.

Proposed means of consultation

We will engage with the community and key stakeholders throughout the review in a number of ways including:

- public promotion of the review and call for contributions and input from taxpayers, advisers and tax professionals, including use of case studies and surveys;
- direct engagement via webinars and other channels with key professional bodies, small business representatives, community organisations, academics and government agencies; and
- seeking input from key stakeholders ahead of finalising our report and recommendations.

Call for input and contribution

We welcome contributions from individuals, tax professionals, community organisations, industry groups, and other interested parties. We are particularly interested in:

- examples of GIC remission decisions that the ATO has handled well, and those where it could have done better (e.g. the decisions were confusing, inconsistent, unreasonable or unclear);
- insights into how GIC remission interacts with payment plans; and
- suggestions to improve ATO decision-making processes.

The closing date for any input or contributions is 10 October 2025 either in writing or via discussions. If additional time is required, please let us know.

How to provide input or contributions

Input and contributions may be made by:

Online form	www.taxombudsman.gov.au
Email	consultations@igt.gov.au

Phone	(02) 8239 2123
Post	Tax Ombudsman GPO Box 551, Sydney NSW 2001

Confidentiality

Your submission will be treated confidentially. This means we will not share identifiable information contained in your submission to anyone else, including the ATO, unless you consent otherwise or have already made it public, for example, by posting it on your website.

Section 37 of the Inspector-General of Taxation Act 2003 safeguards the confidentiality and secrecy of such information provided to the Tax Ombudsman – for example, the Tax Ombudsman cannot disclose the information as a result of a Freedom of Information (FOI) request, or as a result of a court order generally. Furthermore, if such information is the subject of client legal privilege (also referred to as a legal professional privilege), disclosing that information to the Tax Ombudsman will not result in a waiver of that privilege.

Professional bodies and others (e.g. advisers) who wish to have their contribution to the Tax Ombudsman formally acknowledged should accordingly expressly waive confidentiality for these purposes.