Dealing with Tax Debt for Individuals

This factsheet is about what tax debts are and how to deal with them

Before or after lodging your tax return you might find out you have a tax debt and there are options out there for you

How you end up with a tax debt

You can find out if you have a tax debt after you have lodged your tax return. Your notice of assessment shows if you owe money and if it isn't paid with 21 days you end up with a tax debt. The Australia Taxation Office (ATO) will send your notice of assessment to your MyGov inbox, if you do not have a MyGov account it should come in the post.

Tax debt usually occurs if you haven't paid enough tax for the year, including required repayments like HECS/HELP loans or Medicare levy surcharges.

Your employer might not be withholding enough from your income throughout the year, possibly due to having more than one job, and/or incorrectly claiming the tax-free threshold on your job tax forms.

Contact the **ATO Indigenous helpline - 13 10 30 -** and they should be able to help you and talk about your options.

What to do if you have a tax debt

- **Lodge any outstanding Tax Returns** - you may be entitled to Free help through the ATO Tax Help Program or National Tax Clinics. Visit:
  - The Tax Help program on the Australian Taxation Office website.
  - The Find a Tax Clinic tool on the National Tax Clinics website.
- **Work out what you can afford to pay every week/fortnight** - see our fact sheet on Managing Your Money Story for help with creating a budget.

Will I be charged interest on tax debts?

Yes, if you don't pay your tax debt on time or make a payment plan with the ATO, a general interest charge (GIC) will be applied each day you are late. This is why it is important to contact the ATO to discuss your options.

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What if I'm not happy with how the ATO is looking after my debt?

If you are not happy with how the ATO is acting, make a complaint to them first and if you can't resolve it with them, you have the right to make a complaint with the Taxation Ombudsman. They are a free service that will help resolve the complaint to make sure the outcome was reached in a fair and reasonable manner - or seek a resolution where that's not the case.

If you make a complaint to the ombudsman about the way they are acting, **you should still pay what you can on the debt**.

For more information on the Taxation Ombudsman visit taxombudsman.gov.au/for-taxpayers/

You can contact the Tax Ombudsman at
Phone 1300 448 829
Email enquiries@taxombudsman.gov.au

Help

Call **Mob Strong** on 1800 808 488 for more information. We are a free First Nations driven legal advice and financial counselling service. We help Aboriginal and Torres Strait Islander peoples from anywhere in Australia.

We are a free and independent service. We keep your information private.

We acknowledge Aboriginal and Torres Strait Islander peoples as the traditional owners and celebrate their diversity, their ongoing cultures and connections to all lands and waters and pay our respects to elders past, present and future.

This fact sheet is for information only. You should get legal advice about your personal situation.

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