

Firmer action approach to debt collection

OUR FIRMER ACTION APPROACH

To ensure that we maintain a level playing field for taxpayers, there are situations where we need to take firmer action to recover outstanding tax debt. Our approach takes into account individual circumstances to determine the best way to clear your debt. For businesses, we may also review viability to determine the appropriate firmer action to take.

Firmer action will not be taken if you are complying with an agreed payment arrangement, including lodging and paying current obligations on time.

WHEN IS FIRMER ACTION TAKEN?

- you choose not to work with us despite multiple attempts by us to contact you
- you repeatedly default on your payment arrangements
- your debt is escalating and there is no evidence that you will be able to meet your ongoing tax obligations
- you have been subject to an audit where deliberate avoidance was detected and payment avoidance is continuing
- for business operators, where there is evidence that liquidation is being used to avoid financial obligations, without risking assets and with the full intention of resuming business operations through a new entity (known as 'phoenix' activity).

WHAT IS FIRMER ACTION?

One or more of the following actions:

- issuing a notice to a third party (for example a bank) who owes you money or holds money on your behalf requiring them to pay all or part of that money to the ATO (known as a garnishee)
- initiating bankruptcy or wind-up proceedings, beginning with the issuing of a summons/statutory demand
- pursuing company directors personally for the PAYGW component of the debt (director penalties)
- issuing a writ/warrant of execution authorising the seizure and sale of your property to pay a judgment debt plus costs
- in rare circumstances requiring you to pay a bond or provide security in respect of any tax-related liability that we think may be at risk of not being paid.

WHAT CAN YOU DO IF FIRMER ACTION IS BEING TAKEN?

- pay in full, or
- we will consider deferring firmer action if you make an agreed lump sum payment towards your outstanding tax debt and enter into a direct debit payment arrangement for the balance of the debt
- for businesses with a debt greater than \$100,000, you will need to demonstrate that your business is viable before firmer action is deferred. We will explain to you the information required to assess the viability of your business.

➔ MORE INFORMATION

- visit www.ato.gov.au/debt
- phone **13 11 42** from 8.00am – 6.00pm, Monday to Friday

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service on **13 14 50**.



OUR COMMITMENT TO YOU

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations. If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at www.ato.gov.au or contact us.

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