

New Reporting Laws for the Disclosure of Business Tax Debts

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Under new reporting laws that were passed in late 2019, the ATO now has the ability to disclose tax debt information of businesses to registered credit reporting bureaus (CRBs) if certain criteria are met. The new law comes into effect from the 21st of February 2020.

It is important to note that businesses that have entered into a payment arrangement or that are actively communicating and engaged with the ATO in respect of their outstanding debt will not have their debt information reported.

The ATO will report a business's tax debt to CRBs under the following circumstances:

- The business has an Australian Business Number (ABN)
- The business has one or more tax debts, of which at least \$100,000 is overdue by more than 90 days
- The business is not effectively engaging with the ATO to manage its tax debt
- There is no ongoing complaint about the proposed reporting of the entity's tax debt information

In the event of the above occurring, the ATO will first notify the business in writing and allow 28 days to engage with the ATO before the debt information is disclosed.

The purpose of these reporting laws from the ATO's perspective is to:

- Encourage businesses to engage with the ATO earlier to manage their tax debts
- Increase visibility of large tax debts in the business community
- Reduce any unfair advantage obtained by businesses that do not pay their tax on time

Businesses that have their tax debt reported by the ATO may run into significant difficulties in obtaining financing from lenders and credit from key suppliers as the tax debts become visible. It may also be the case that existing finance or credit arrangements are suddenly withdrawn.

If you currently have a tax debt with the ATO that is not under an arrangement, please contact our office immediately so that we can effectively engage with the ATO and ensure your debt is not publicly reported.

If you have any questions or would like more information, please contact our office:

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