

Don't risk
5 years of bad
credit due to an
ATO debt.

Engage with the ATO on Outstanding Debt or Risk 5 years of Bad Credit

The Federal Government announced that from 1 July 2017 the Australian Taxation Office (ATO) can disclose to Credit Reporting Bureaus the tax debt information of businesses (including sole traders) that have not effectively engaged with the ATO to manage those debts.

This will be a new and unprecedented power for the ATO.

This measure is part of the Government's strategy to reign in overdue tax and improve transparency of taxation debts, and will initially only apply to businesses and individuals with an Australian Business Number and tax debt of more than \$10,000 that is at least 90 days overdue.

The issue the ATO is currently facing is that ATO debt is often pushed to the back of the queue by businesses and in some circumstances businesses are only engaging with the ATO when the ATO commences legal proceedings.

All is about to change as defaults being recorded on a taxpayer's commercial credit file will have immediate and lasting consequences for defaulting businesses and individuals.

A credit default is a black mark that lasts for five years, and creates an environment where support from financiers may be withdrawn, supplier credit stopped and future finance applications compromised.

Given the potential ramifications for small businesses in particular, it is evident that this new ATO policy must be carefully considered and managed to avoid potentially imposing irreversible damage on thousands of small businesses from 1 July 2017.

This is a new policy and it remains to be seen how the ATO will wield this new power.

It is important that any unpaid tax debt is managed, all tax lodgements are up to date and engagement with the ATO is critical. Simply burying your head in the sand is becoming increasingly a thing of the past.

We have experience communicating with and reaching agreements with the ATO so we can assist with the negotiation process.

From our experience it is important to be on the front foot with the ATO.

Should you wish to discuss the above issues in further detail, please do not hesitate to contact HW One on 07 3360 9600 or connect@hwone.com.au