

ATO ON WARPATH FOR YOUR MONEY

Remy Varga

The Australian Taxation Office is on a billion dollar fining spree as it launches a compliance blitz, triggering warnings for individuals and businesses to lodge their tax returns on time and keep their books up to date.

The tax office issued \$4.6bn in penalties in the last financial year, more than double the previous period, driven in part by an increasing number of failure to lodge fines.

Accounting firm Rosenfeld Kant partner Gary Williams said the ATO was issuing more fines and threatening letters than usual and it was getting harder to get penalties remitted.

“There’s certainly a crackdown on people who are late or who haven’t lodged,” he said.

“See a tax agent because we get extensions of time and usually we’ve got our own hotline to the tax office with extenuating circumstances so we can explain the situation and get better outcomes for our clients.”

City Tax Accountants principal accountant Elina Naumenko said the ATO had significantly increased compliance activities over the past 12 to 18 months.

“Based on our experience, the ATO appears to be taking a much firmer approach than during the pandemic and immediate post-pandemic years, when penalties were often remitted or not issued,” she said.

“While the ATO publishes annual data on penalties and compliance activities, the key trend we are seeing is increased enforcement and less leniency for taxpayers who repeatedly fail to lodge on

time.”

The maximum penalty for the late lodgement of tax returns is \$1650 for individuals, contractors and small businesses with the penalty doubling for medium enterprises.

National Tax & Accountants’ Association spokesman Warren Gardiner said the ATO had received a large funding boost to fund compliance activities.

“There are grave concerns within the corridors of the ATO about the lack of tax and GST compliance, particularly in the shadow economy,” he said.

Mr Gardiner said the ATO was focusing on small business over concerns about income tax and GST compliance, saying it was vital businesses kept their books up to date.

“Many businesses are doing the right thing, however record keeping has proven to be a major challenge for businesses,” he said.

“It is therefore vital businesses understand what their record keeping obligations are and to make sure they disclose all of their income for both GST and income tax purposes.”

An ATO spokesman said the tax office did not have forecast data for the number of penalties it expected to issue this tax period.

“The ATO may apply a penalty for a range of reasons relating to taxpayers failing to meet their tax obligations, including failure to lodge penalties,” said the spokesman.

remy.varga@news.com.au