

## Ten things to know from this report

1. Between 2019 and 2025, the increase in the balance of GIC owed to the ATO (185%) has outpaced the increase in uncontested tax debt (94%). Of the \$55 billion uncontested tax owed, 18% is made up of GIC (up from 13% in 2019). See Appendix C.
2. In late 2023, the ATO tightened its approach to remitting interest charges from its previously more generous approach, without clear communication to the community. This left taxpayers and tax practitioners confused and frustrated. See pages 19-22.
3. Last year, large businesses had more of their GIC remission requests approved, compared to individuals or small businesses. Although they made fewer requests, this creates a perception that the rules are applied more stringently for those who can least afford it. See page 39.
4. Interest compounds daily, even while taxpayers make repayments under approved plans. This can make small debts grow to unaffordable levels very quickly and, for some taxpayers, the interest can become greater than the original debt, making full repayment near impossible. See pages 29-30.
5. One of the main concerns raised in this review is inconsistency of the ATO's GIC remission decisions. This is due, in large, to the ATO's guidance to taxpayers and its staff which has been too vague. This has led to unfair outcomes with some genuine and deserving applications rejected and others that should rightly be declined being approved. See page 40.
6. The law requires GIC to be applied to any overdue tax. The ATO does not have the power to stop GIC from accruing, but it can decide when to remit it, if circumstances warrant. However, the ATO's recent considerations of remission requests have not always met community expectations. For example, our case studies show that, in some cases, GIC has compounded to amounts grossly disproportionate to the underlying debt, raising concerns about whether remission decisions are being made fairly. See pages 27-30.



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7. Once the ATO makes a decision on GIC remission, taxpayers cannot seek a 'merit review' through the Administrative Review Tribunal or the courts. Prior to this review, the ATO would only consider a new GIC remission request if a taxpayer could provide new or additional information to support their request. However, now the ATO may also reconsider its GIC remission decision when taxpayers or their representatives submit a request detailing circumstances where they think the ATO has made an error. This is not well known. See pages 45-46.
8. GIC is intended to encourage taxpayers to pay on time, but this is only achieved if the GIC rate is higher than other sources of credit. When it is lower than other credit, it may actually incentivise non-payment. See pages 14 & 21.
9. The ATO's GIC remission decision letters are often generic, unhelpful and (in some cases) lack empathy. These letters often lack detail, do not explain how decisions were made and whether evidence was missing or incomplete, and do not outline what options the taxpayer has. See pages 46-47.
10. The ATO has made recent improvements to its administration of GIC remission, which we strongly support. This includes: the creation of a dedicated function to make remission decisions (reducing inconsistency); publishing improved guidance including examples of how the decision-making criteria will apply; a standardised application form; and extending the circumstances in which it will reconsider its remission decisions. These changes address many of the findings of our review. See page 21.