

Insights from Tax Ombudsman complaints

This report shares what we are seeing in complaints to the Tax Ombudsman. This includes who is lodging complaints with us and the main issues they are raising. It also explains what difference our involvement can make.

May 2026

Reporting period:

June 2025 – April 2026

Executive summary

Complaints provide an important window into how the tax system is working for people in practice. They highlight where agencies are getting it right, where individuals are experiencing difficulty, and where laws or processes may be causing unintended harm. In FY26, complaints to the Tax Ombudsman have increased significantly.

What people are complaining about

- **Debt collection** is the most common complaint raised. Complaints are most often about refunds being offset against existing debts, including debts that had not been actively pursued. Complaints about hardship and debt release have increased and now make up a larger share of debt related complaints. In some cases, we have seen how failing to consider individual circumstances can lead to unfair outcomes.
- **Payment** related complaints have remained steady in number but now represent a smaller share of overall complaints. Issues with tax refunds and unpaid superannuation feature most prominently. While many complaints confirm that the ATO's action was reasonable, we continue to see unclear communication and avoidable delays, particularly where manual intervention is required to resolve processing errors.
- **Penalties and interest** complaints have increased sharply over recent years. While many decisions are found to be reasonable, a significant proportion of complaints result in reduced or remitted penalties/interest, particularly where individual circumstances were not fully considered when decisions were made.

The impact of our work

In many cases, our role is to provide independent assurance that the ATO have acted fairly and within the law. Where appropriate, we also help resolve matters by clarifying decisions, suggesting alternative options, facilitating reconsideration, and achieving tangible outcomes such as remitted interest, reduced debts or expedited payments.

Why this matters

These insights show that complaints are not just about individual disputes. They reveal where people struggle to navigate the tax system, where communication breaks down, and where rigid application of the law can cause real hardship.

Understanding these patterns helps inform improvements to administration, decision making and policy settings, supporting a fairer and more accessible tax system for all.

Who is using our service

More people are contacting the Tax Ombudsman this year, compared to previous years. Complaints received so far in FY26 are **127% higher** than at the same point last year. This increase might reflect improved access to our service and greater public awareness of the Tax Ombudsman's role. It is also likely that the ATO's greater focus on debt collection has also driven the increase.

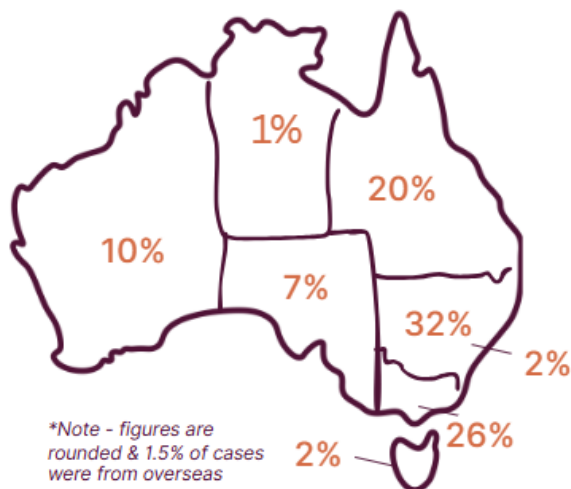
Received FYTD
2,989
▲ 127%

Complaints have increased across all contact channels, with phone enquires rising the most. While complaints may be escalated to the Tax Ombudsman, not all proceed to a formal investigation, as each complaint is assessed against our jurisdiction and investigation criteria.

Most people who contact us do so on their own behalf:

- **80%** of complaints come from unrepresented individuals.
- **17%** of complaints relate to small businesses.
- **12%** of complaints come from organisations, but these make up **28%** of our more complex cases.
- **11%** of complaints are lodged by representatives (split evenly between professionals and family or friends). These complaints account for **36%** of complex matters.

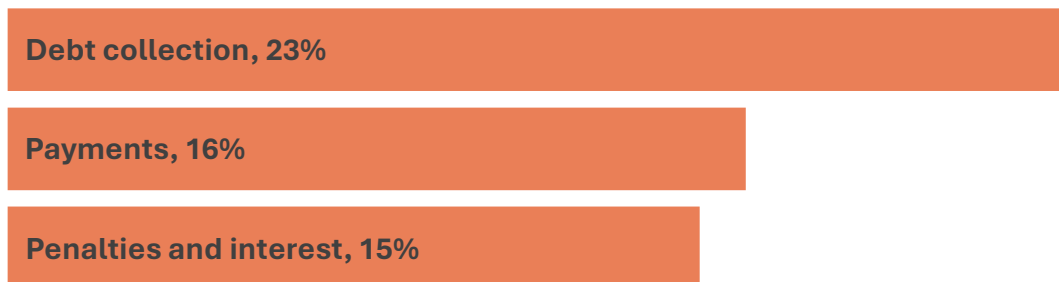
Unrepresented individuals
80%
+ 4pp



The number of complaints we receive broadly reflects where people live across Australia.

Complaint themes FY26

Top 3 issues raised



Debt collection

Debt issues remain the most common reason people come to us, making up **23%** of our total complaints. While the number of debt related complaints have increased, their share of total complaints is similar to previous years.

What is driving debt collection complaints?

- Director Penalty Notices is the most common debt complaint (**19%**, up 2 percentage points).
- Offsetting refunds against tax debts account for **16%** (up **5 percentage points**) of debt complaints. In many cases, these debts had not been actively pursued for some time or have been “on hold”.
- Complaints about how hardship and debt release requests are handled now make up **3% of all complaints** and **12% of debt complaints**, which is more than double last year.

➤ Offsetting
16% +5pp

➤ Debt release
12% +5pp

➤ Issue with the law itself
13% +10pp

What are we seeing?

- In most cases (**67%**), we find the ATO’s actions were reasonable.
- Some dissatisfaction (**13%**) arises from the law itself, such as rules that require refunds to be automatically offset against Commonwealth debts.
- Smaller numbers of complaints involve delays (6%), poor communication (9%) or policy / process issues (6%).

Outcomes

- In just over half of cases (**53%**), our role is to independently assure that the ATO acted reasonably.
- In **17%** of cases, we suggest alternative options, such as seeking a debt waiver from the Department of Finance.
- In **7%** of cases, we achieve more direct outcomes, such as debts being reduced or released, or decisions being changed.
- In the remaining complaints, we provide further explanation to the complainant about the issued raised, why it occurred and the ATO/TPB issues an apology.

 Suggest alternative

17% +8pp

Change outcomes

7% -4pp

Case study: Jenny has a refund taken without warning

Jenny was issued a Director Penalty Notice (DPN) for \$41,000, even though she had no connection to the company involved. She first became aware of the issue when lodging her tax return, after credits were automatically offset against the alleged debt.

Jenny promptly lodged a DPN defence. She was able to show that she was unrelated to the entity and that the issue arose because her tax file number matched the company's ACN, which was an ATO error.

The ATO withdrew the DPN. However, the withdrawal letter stated that a new DPN could still be issued in the future, which caused Jenny significant anxiety. At the same time, the offset credit was not returned and the DPN accounts continued to appear in her ATO Online account.

Jenny made an initial complaint to the ATO. While this resolved the credit issue, it did not address the ongoing visibility of the DPN accounts or the wording of the withdrawal letter. Jenny then escalated the matter to the Tax Ombudsman, seeking assurance that a new DPN would not be raised and that the DPN roles would be removed from her account.

The ATO initially declined, citing recordkeeping requirements. We argued that it was unfair for Jenny to continue to be affected by an ATO error. The ATO agreed, applied a Closed Account Accounting Treatment to remove the accounts from view, and issued an apology confirming that a DPN would not be raised again.

Payments

Payment related complaints have stayed at similar levels to last year but now make up a smaller share of total complaints.

What is driving payment related complaints?


- Nearly half (**46%**) relate to the status of tax refunds.
- Complaints about unpaid superannuation have increased (**23%**) and super now accounts for **47%** of all payment complaints.

Refund status

46% -3pp

 Super

45% +9pp

 Acted
incorrectly


18% +9pp

What are we seeing?

- In around half of cases (**53%**), the ATO's actions were reasonable, although this is lower than last year.
- In **18%** of cases, we found the ATO should have acted differently, usually because processes were not followed or matters were closed too early.
- Delays remain an issue, often where manual intervention is required to resolve processing errors.

Outcomes

- We help to expedite payments in **21%** of cases.
- In **10%** of cases, we achieve a change in outcome, such as overturning a decision to decline an early release of super or improving ATO systems.

 Payment expedited

21% +8pp

Change outcomes

10% +4pp

Case study: Koa needed clarity even if recovery

Koa contacted our office after spending several years trying to recover unpaid superannuation from a former employer. Over time, they became increasingly distressed by what they saw as slow progress, limited information, and a lack of clear updates about what action was being taken.

The employer was a corporate trustee with multiple directors and a long compliance history. Based on their own past involvement in the business, Koa believed assets were being concealed through related entities to avoid paying debts. While the ATO had taken recovery action over the years, including issuing Director Penalty Notices and a statutory demand, there had been no meaningful recovery of the unpaid super.

A key challenge in this case was the ATO's strict confidentiality obligations. Even where Koa felt they already understood what was happening behind the scenes, the ATO was legally limited in what it could confirm or disclose about its compliance and recovery activity with their employer. This contributed to frustration and a sense of being "kept in the dark", despite genuine efforts underway.

Our role focused on clarity, expectation setting and care. We worked with the ATO to explain, in plain language, what information could be shared, what could not, and why. We asked the ATO to outline the general recovery pathway, the circumstances that would trigger future updates, and what outcomes were realistically possible. We also acknowledged the emotional toll of a long running matter where progress is slow and outcomes are uncertain.

When public registers later showed the employer moving toward deregistration, we helped Koa understand what that development might mean, without overstating its significance or creating false expectations.

Although the superannuation remained unpaid when the complaint was closed, Koa told us they felt heard, better informed, and clearer about the limits of what could be achieved.

Penalties and interest

Complaints about penalties and interest have increased sharply. Since FY23, they have grown from 2% to 14% of all complaints.

What is driving penalties and interest complaints?

- General Interest Charge remission requests are the main issue, making up **78%** of these complaints. This is why the Tax Ombudsman conducted a review into the Australian Taxation Office's (ATO) decision making in relation to the general interest charges (GIC) on tax debts. To access the Tax Ombudsman's full report and recommendations, visit our website: [Review: ATO's management of remission of the general interest charge.](#)
- Complaints about shortfall interest charge and failure to lodge penalties have also increased, though from a small base.

General interest charge

78% +3pp

Acted incorrectly

 **29%** -18pp

What we are seeing?

- In just over half of cases (**54%**), the ATO's actions were reasonable.
- In **29%** of cases, we found the ATO should have acted differently, often where personal circumstances were not fully considered in remission decisions.
- Some complaints reflect dissatisfaction with the law itself, such as the additional tax on super contributions for high-income earners (Div. 293).

Outcomes

- In **31%** of cases, penalties or interest are reduced or remitted.
- In **22%** of cases, we provide a clearer explanation of what happened and why.

Penalty or
interest reduced

31%

Case study: Alex had a penalty decision made that didn't reflect the full picture

A tax agent requested remission of general interest charge (GIC) for Alex. The request was based on Alex's mental health challenges arising from pregnancy related complications.

The initial ATO officer supported remission but did not have the required delegation, so the matter was escalated to a senior officer. The senior officer declined the remission request. In doing so, the decision appeared to focus only on the circumstances of the business and did not adequately consider Alex's personal health issues, which were outside her control.

Although the agent had raised health matters, the ATO did not seek further information or request the missing medical evidence before making the decision.

After we raised these issues with the ATO, the remission decision was reconsidered and approved, meaning Alex's debt reduced from \$55,308.12 to nil.

Why complaints matters

Complaints provide impartial, real-world insight into how the tax system is experienced by people and businesses. They help us assess whether decisions are fair, processes are transparent, and people are treated with respect. Looking across complaints supports accountable decision making and helps identify improvements that strengthen trust and confidence in the system.