

Progress of implementation of recommendations arising from IGTO's review into the ATO's administration of deceased estates as at 17th August 2022.

Rec #	Recommendation	Expected Due Date	Status
1	<p>a. the ATO provides clear guidance on the rules for engaging with representatives of the deceased taxpayer, including the Legal Personal Representative (LPR) (particularly those who are not required to seek grants of probate or letters of administration),</p> <p>b. the ATO provide binding advice on the circumstances when:</p> <p>i. prior year income tax returns need not be lodged;</p> <p>ii. a TFN for a deceased estate is not required;</p> <p>iii. A date of death tax return and/or deceased estate trust returns is not required to be lodged – for example, in the year of death or in each of the subsequent three financial years where the taxable income does not exceed the tax free threshold</p> <p>c. the ATO to clarify which parts of the trust return are mandatory and which can be ignored;</p> <p>d. the ATO consolidate the above and leverage end-of-life processes to distribute the Information Guide or otherwise make the Guide available to individuals who directly notify the ATO of the death of a taxpayer.</p>	<p>31/10/2021</p> <p>1/07/2022</p>	<p>Completed and closed December 2021</p> <p>Disagree</p> <p>Completed and closed June 2022</p> <p>Recommendations 1c requested that the ATO improve its ATO guidance on how to prepare a deceased estate trust return. Appendix 8 of the trust tax return instructions 2022 was updated based on feedback received from consultation with external stakeholders which was then reviewed by ATO technical areas. Updates were published 26 May 2022 and included in the 2022 Trust Tax Return instructions.</p> <p>Recommendation 1d requested that the ATO consolidate its deceased estate guidance in an easy to understand and easily accessible guide and leverage end of</p>

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			<p>life processes to distribute it.</p> <p>Based on feedback received (as per 1a consultation process) the ATO developed and updated a Checklist, which summarises what next of kin need to understand and do from a tax perspective in the event of a death. This guide was published as part of the recommendation 1a updates and was then disseminated to funerary industry representatives and state public trustee and Births Deaths and Marriages offices around Australia on 17 May 2022.</p> <p>The Australian Funeral Directors Association (AFDA) has since linked their website to this content and to help further spread this information. The ATO has also prepared a 700 word article for inclusion in the AFDA's Sept 2022 quarterly magazine which is distributed to their 500+ members.</p>
2	<p>a. Better integrate notification of death across whole of government</p> <p>b. Liaise with key stakeholders on end of life such as Serv Australia, funeral homes, religious inst. to further enhance notification of death processes.</p>	31/03/2022	<p>Completed and closed March 2022</p> <p>The ATO actively collaborated in two 'tell us once' national digital death notification initiatives.</p> <ul style="list-style-type: none"> • Australian Death Notification Service (ADNS). The ATO provided feedback to the ADNS. The ATO position is that documents, including a last will and testimony, grant of probate or letters of administration are required to evidence the authorisation of the person to manage the deceased estate. • Digital Transformation Agency (DTA). The ATO has engaged in multiple consultations regarding their 'death of a loved one' life event and ATO notification of death requirements. <p>The ATO will continue to monitor whole of government death notifications.</p> <p>The ATO consulted with Services Australia and other key stakeholders to explore potential options to enhance the notification of deceased process, including NSW Registry of Births, Deaths & Marriages, QLD Department of Justice and Attorney-General (QLD RBDM, DOJ AG), tax agents, Department of Home Affairs, and end of life services.</p> <p>Update on action taken since closure:</p> <p>Since the closure of this recommendation, the ATO has continued to explore additional enhancements to death data.</p>

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3	<ul style="list-style-type: none"> a. Digital notification of death b. Digital notification of death by tax agent 	31/03/2022	<p>Completed and closed March 2022</p> <p>The ATO explored the implementation of a digital official notification of death channel and will continue to monitor the progress of potential tell us once solutions, as referenced in Recommendation 2.</p> <p>The ATO consulted with tax agents through the Tax Practitioner Stewardship Group (TPSG) to better understand their role in the deceased client process. Outcomes of the consultation determined tax agents do not require a digital notification of death channel.</p>
4	<ul style="list-style-type: none"> a. Promote the digital channel for obtaining a Trust TFN. b. In the longer term, implement options to enable easier applying for a (deceased)Trust TFN. 	1/04/2021	<p>Completed and closed March 2021</p>
5	<ul style="list-style-type: none"> a. Simplify lodgment of deceased tax returns b. Consider options for hiding unnecessary labels and expand prefill c. Develop a bright line test for simple returns 	1/07/2025	<p>Completed and closed July 2025</p> <p>The ATO completed a review of options to simplify tax filing requirements for deceased taxpayers, including a deceased estate specific return, expanded pre-fill, hiding unnecessary labels and a clearer test for simple returns.</p> <p>The review included analysis of ATO-held data, lodgment trends, stakeholder feedback, system costs, legislative options and competing priorities.</p> <p>The ATO concluded that while a simplified digitised product may have benefits, it is not currently viable to pursue due to cost effectiveness, the small affected population, data limitations for pre-fill and label concealment, and existing improvements already delivered through related work.</p>
6	<ul style="list-style-type: none"> a. Explore with externals the issue of applying trust principles with deceased estates 	7/07/2022	<p>Completed and closed June 2022</p> <ul style="list-style-type: none"> • Consultation undertaken with external stakeholders on the consequences and challenges associated with applying general taxation of trust principles to deceased estates. • Written submissions requested from external stakeholders in October and

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	b. Where appropriate make submissions to Treasury etc about potential law changes		<p>November 2020. 16 submissions received in total.</p> <ul style="list-style-type: none"> • Face-to-face consultation held in April 2021. Attendees from seven stakeholder groups with expertise in deceased estates. • PAL determined it was appropriate to make submission for further enquiry to Treasury. • Minute sent to Treasury on 5 July 2022 outlining results of consultation and potential for law change, subject to Government priorities. • Board of Tax updated at meetings in February 2022, April 2022 and July 2022.
7	<p>a. Confirm legal positions in relation to state law and the requirement to obtain probate</p> <p>b. Review options with stakeholders and advocate a suggested law change if needed.</p>	1/07/2023	<p>Completed</p> <p>Recommendation 7a requests that the ATO confirm its legal position in relation to that of state law about the requirement to obtain probate. Research has been undertaken into the various state law requirements and ATO is confirming their position with a view to determine if changes to administrative process and practice may be possible.</p> <p>Recommendation 7b is to review options for change with stakeholders and to advocate for change is appropriate. The ATO will consult with external stakeholder groups when they have established what options for change may be available in line with the confirmed ATO view.</p>
8	The IGTO recommends that the ATO provide registered tax practitioners (appointed by LPRs with whom the ATO is authorised to engage with a grant of probate or letters of administration) with access to any correspondence sent to the deceased taxpayer's MyGov that is not otherwise accessible through Online Services for Agents.	1/07/2023	<p>Completed and closed June 2023</p> <p>A new field was added to the Correspondence Template table to control the display of correspondence in the Client Communication List.</p> <p>Correspondence templates have been updated so these communications can be viewed in a client's communication history in ATO Online on an ongoing basis. Agents can now view a greater range of communications in ATO Online that were sent to clients before their passing.</p>

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9	<p>The IGTO recommends that the ATO:</p> <ul style="list-style-type: none"> a. engage with external stakeholders, especially tax practitioners, solicitors and barristers with expertise in succession law, wills and estates to identify the key enquiries that may require escalation; b. develop escalation channels to dedicated areas within the ATO who are trained to provide specialist advice on deceased estate issues; and c. recognise and acknowledge the needs of bereaving family members – so that advice is delivered with empathy and sensitivity. 	1/07/2021	Completed and closed June 2021
10	<p>The IGTO recommends that the ATO conduct a post implementation review, in consultation with external stakeholders, within five years to assess the effectiveness of:</p> <ul style="list-style-type: none"> a. improvements to the administration of deceased estates including the measures recommended in this report that aim to deliver greater certainty for representatives of deceased estates; b. PCG 2018/4 in providing sufficient certainty for LPRs to finalise an estate, as necessary. 	31/12/2024	<p>Completed and closed June 2025</p> <p>An independent post implementation review was conducted by ATO Internal Audit across all 10 recommendations, with input from internal and external stakeholders. Internal Audit was engaged to provide independence from the business areas responsible for implementation.</p> <p>The Final Audit Report was published on 4 April 2025 and found the ATO's implementation of the Tax Ombudsman recommendations to be satisfactory. A copy of the report has been provided to the Tax Ombudsman.</p> <p>External consultation on PCG 2018/4 was completed with professional bodies, state public trustees, law societies, tax and legal professionals and TPSG members. Feedback informed updates to the PCG, including broadening its scope to estates up to \$10 million in market value and clarifying when LPRs are acting reasonably. The final PCG was published on 14 April 2024, with a compendium of stakeholder feedback available on the ATO website.</p>