

Insights from Tax Ombudsman complaints

This report outlines Tax Ombudsman complaints data and trends. It includes who is lodging complaints with us and the main issues they are raising. It also explains the impact our involvement can make.

October 2026

Reporting period:

April 2026 – September 2026

Executive summary

This report provides a snapshot of the complaints received about the Australian Tax Office (ATO) and Tax Practitioners Board (TPB) by the Tax Ombudsman during the period **April to September 2026**. Complaints provide valuable insight into how individuals and businesses experience the tax system and help identify opportunities to improve administration, communication and decision-making.

Demand for our service has continued to increase significantly. We received 2,376 complaints in the past 6 months, 74% more than the same period last year and 180% more than in FY25. Most people approaching us continue to do so without professional representation, with 82% of complainants coming from unrepresented individuals.

This snapshot is based on a relatively small sample of investigated complaints. While the data provides useful insight into complainant experiences, percentage movements should be interpreted with caution, as relatively small changes in complaint volumes can result in large percentage movements. The report is intended to identify emerging issues and themes, rather than draw definitive conclusions about the experience of all taxpayers.

What people are complaining about

Of the complaints we go on to investigate, three issues stand out:

- **Debt collection** remains one of our most common complaint themes, accounting for 19% of investigations. We are seeing increased concerns about different aspects of the ATO's approach to debt collection. These include taxpayers experiencing serious financial hardship seeking release from their debt, complaints about the calculation of tax debts and the re-raising of debts previously not pursued, as well as concerns about the ATO's communication with taxpayers who owe tax. Separately, we have seen a sizeable increase in taxpayers expressing dissatisfaction with the operation of the law rather than how the ATO had administered the law. This includes taxpayers who consider outcomes unfair because of their individual circumstances, but where the law requires a particular outcome or gives the ATO limited discretion to help.
- **Penalties and interest** complaints have increased, accounting for 18% of investigations, up from 13% this time last year. General interest charges remains the dominant issue within this category, accounting for 77% of these complaints. Complaints about interest charges are very closely related to debt collection and can often overlap with debt related complaints. Quite often we see complaints where the interest charge is greater than the tax owed and taxpayers are seeking some relief (remission) of interest to enable them to meet their original obligations.

We continue to monitor the ATO's response to our review of GIC remission decision-making and expect to see further action to address the issue and recommendations identified.

- **Payments due to taxpayers** account for 19% of investigations, with superannuation becoming an increasingly prominent issue. Superannuation complaints account for 56% of payment related complaints, while more than 30% relate to the status of tax refunds. Although complaints about delays in repayments have decreased compared to last year, they continue to affect some taxpayers.

The impact of our work

We are an independent agency overseeing the work of the ATO and TPB. Our role is to resolve complaints and achieve the right outcome that delivers fairness and integrity in tax administration. Our role is not always to change an agency decision. In many cases, we provide independent assurance that the ATO or TPB have acted reasonably and within the law, while also helping taxpayers better understand what happened and why. 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. Most notably, 14% of payment complaints resulted in agency action being expedited, up from 4% last year, including probate processing, funds transfers and retrieving money held by the Reserve Bank.

Why this matters

The changing complaint picture highlights where taxpayers are experiencing friction in the tax system, particularly around debt, financial hardship, accessing or tracing superannuation, and delayed payments.

Where we see complaints about the ATO's communications, we see that even where a decision is reasonable, people may need clearer explanations and support to understand and navigate the system.

The economic context for taxpayers and small businesses is very relevant. In a period of significant cost of living (and doing business) pressures, many Australians are facing financial distress. Tax may be just one of several debts they owe, or they may have been relying on a tax refund to maintain liquidity or pay other bills. This is likely to partially explain why we have seen an increase in complaints, alongside the fact that the ATO has had to ramp up its debt collection activity to reduce the size of its collectable debt book. Our work in the last year to raise awareness of our services, including media and communications activities and participation in over 90 stakeholder engagement activities, is also likely to have contributed to the increase in complaints received.

Looking for patterns across complaints data allows the Tax Ombudsman to move beyond individual disputes and identify emerging and systemic issues in the tax system. These complaint insights can inform improvements to administration, decision-making and policy settings, supporting a fairer and more accessible tax system for the whole community.

More people are coming to us

 **Complaints increased by***
+74%

* compared with the same period last year.

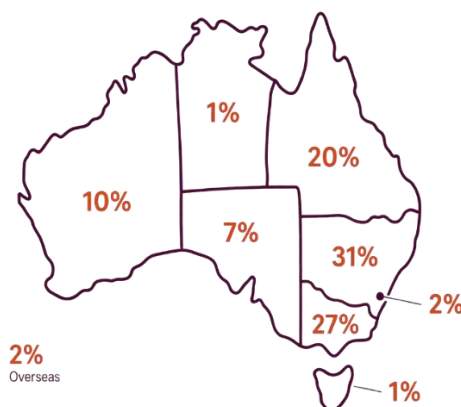
Significantly more people are contacting the Tax Ombudsman this year, compared with the same period last year. We received 2,376 complaints across all categories, compared to 1,362 complaints in the corresponding period last year, seeing an overall increase of 74%. For the same period two years ago, the increase has been 180%. Not all complaints we receive proceed to a formal investigation. Each complaint is assessed against our jurisdiction and investigation criteria. Complaints where we go on to investigate have increased over 28%.

The ATO has also seen an increase in complaints during this period and we are seeing the flow on impact of its greater focus on debt collection.

Most people come to us without representation.

- **82%** of complaints are from unrepresented individuals, including people operating as a business. **20%** of complaints relate to small businesses and make up almost a third of our investigation complaints.
- **12%** of complaints come from organisations, but small businesses account for **29%** of our more complex cases.
- **9%** of complaints are lodged by representatives (split evenly between professionals and family or friends). These complaints account for **35%** of complex matters.

Unrepresented individuals
82%



Note: Percentages are rounded to the nearest whole number and may not total 100%.

The number of complaints we received during April to September 2026 broadly reflects where people live across Australia.

Note: Percentages have been rounded to the nearest whole number and may not total 100%.

Complaint themes

More than half of complaints we go on to investigate relate to just three issues.

This concentration helps us identify where taxpayers are experiencing recurring friction within the tax system, and where systemic improvements by the ATO could have the greatest impact for the community.

Top 3 issues raised

Out of **501** complaints we go on to investigate



501
complaints we go on
to investigate



Debt collection

Debt collection remains one of the most common complaint themes raised with the Tax Ombudsman, accounting for 19% of investigations received during the six-monthly period. While debt collection complaints were lower than the same period last year (by 6%), they continue to represent one of the most consistent issues raised.

What is driving debt collection complaints?

- Director Penalty Notices is still the most common debt complaint (20%, which remains stable from the same period year). [We are currently undertaking a review of how the ATO administers Director Penalty Notices](#), due to be published next year.
- We have seen an **increase** in complaints relating to:
 - serious financial hardship and applications for release from tax debt (18%, up 5% from last year).
 - concerns about how debt amounts are calculated (16%, up 3% from last year).
 - re-raising debt previously not pursued (10%, up 7% from last year).
- We have seen a **decrease** in complaints relating to:
 - offsetting refunds against tax debts account (8%, down 7% from last year).
 - payment arrangements (5%, down 8% from last year).

 Debt release

18% +5pp

 Debt calculation

16% +3pp

 Dissatisfaction with the law

13% +5pp

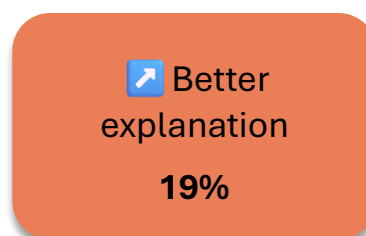
What are we seeing?

- We have seen a notable decline in complaints in which we are confirming the ATO's actions were reasonable in the circumstances (**63%**, down 9% from last year).
- Concerns have increased about the ATO communications (15%, up 9% from last year).
- In comparison to the same period last year, we have seen increased dissatisfaction (13%, up 5%) arising from the operation of the law itself, rather than agency (ATO or TPB) action. These

types of complaints include taxpayers who consider outcomes unfair because of their individual circumstances, but where the law requires a particular outcome or gives the ATO limited discretion to offer any help. In these cases, we can provide independent assurance and help taxpayers understand why the outcome occurred and what other options may be available.

Outcomes

- In just over half of complaints (56%), our role is to independently assure that the ATO acted reasonably. While this was slightly lower than the same period last year (58%), it continued to be the main outcome.
- Complaints resulting in a better explanation from the Tax Ombudsman remained at 19%, highlighting the importance of helping taxpayers understand debt-related decisions and processes.
- Outcomes involving expedited action and matters where complainants were advised to pursue alternative avenues accounted for 12% of complaints.



Case study: Selena's* story – When serious hardship changes the picture

Following a life-changing accident in April 2023, Selena was left with paraplegia, reduced earning capacity and substantial disability-related expenses after an extended period in hospital. At the same time, they were dealing with an outstanding tax debt and had been unsuccessful in seeking debt release and remission of a general interest charge.

Selena approached the Tax Ombudsman because they believed the full impact of their circumstances had not been adequately considered. They were concerned about how their catastrophic injury, permanent disability, resulting financial hardship and broader history of tax compliance had been taken into account.

Our investigation considered whether the ATO had appropriately considered the Selena's request for release from their tax debt. We identified the action that should have been taken had not been taken. Following our investigation and enquiries with the ATO, Selena made a subsequent application for release from the tax debt.

On 4 August 2026, that application was approved and Selena's entire outstanding tax debt of over \$160,000 was released, achieving their preferred outcome and resolving the primary issues raised in their complaint.

Outcome: Selena's entire outstanding tax debt was released, immediately relieving the financial pressure and uncertainty associated with the debt.

**Name changed to protect privacy.*

Penalties and interest

Penalties and interest complaints were the third most common complaint theme during April to September 2026, accounting for 18% of all areas of focus received. This represents an increase from 13% in the same period last year, highlighting the growing prominence of concerns notably relating to interest charges on tax debts.

What is driving penalties and interest complaints?

- General interest charge (GIC) remission requests are still a pain point for taxpayers, making up **77%** of these complaints. This is why we conducted a review into the Australian Taxation Office's (ATO) decision making in relation to GIC on tax debts. We continue to monitor the ATO's response and expect to see further action to address the issues and recommendations arising from our review. 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 penalties where a taxpayer has failed to lodge their tax return have also increased (11%, up 7% from last year).

Failure to lodge a tax return

 **11%** +7pp

Dissatisfaction with the law

 **13%** +13pp

What we are seeing?

- In most cases (**61%**), we found the ATO's actions were reasonable in the circumstances. This was lower than the same period last year (**65%**).
- Where concerns were identified, complaints most commonly related to communication, information or advice issues (13%), compared with 8% last year.
- A further 13% involved dissatisfaction with the law itself, rather than agency action. Even where the ATO has correctly applied the law, taxpayers can feel the resulting interest or penalty is unfair or disproportionate. For taxpayers, concerns about penalties and interest often arise where they feel the additional amount charged does not reflect their

individual circumstances. This includes taxpayers experiencing serious illness or financial hardship, those who relied on the advice of a tax agent, or those who believe circumstances outside their control contributed to late payment or lodgement.

- There was a notable decrease in relation to the agency taking action but that action was delayed (3%, down 8% from last year).

Outcomes

- In **5%** of cases, penalties or interest are reduced or remitted. This is down 17% from the same period last year, based on the ATO's tougher approach to reducing or remitting penalties and interest.
- In **22%** of cases, we provided or assisted with a clearer explanation of what happened and why.

Clearer
explanation
22%

Case study: Michael's* story – More than \$272,000 in interest remitted

Michael came to the Tax Ombudsman with concerns about the ATO's debt recovery action and its decision not to remit the general interest charge (GIC) on his tax debt. His concerns included recovery activity continuing while an objection was being processed, difficulties engaging with the ATO and the rejection of his request for GIC remission.

We investigated whether the ATO was correct in not remitting the GIC. Our investigation found that, while the ATO had considered Michael's request and ultimately applied substantial remissions, the appropriate action had been delayed. [

The ATO ultimately remitted \$272,889.93 in GIC, achieving Michael's preferred outcome. Only a minimal GIC balance remained, with an interim payment plan established.

Outcome: \$272,889.93 in GIC remitted, providing substantial relief and a manageable path forward.

**Name changed to protect privacy.*

Payments to taxpayers

Payments to taxpayers accounted for 19% of all complaints received during April to September 2026. While complaint numbers increased slightly compared with the same period last year, payment-related issues remained one of the most common reasons people contacted the Tax Ombudsman.

What is driving payment related complaints?

- Complaints about unpaid superannuation have increased (35%, up 8% from last year) and super now accounts for **56%** of all payment complaints.
- Over a third of complaints (37%) relate to the status of tax refunds.

 Super

56% +4pp

Refund status

37% +1pp

What are we seeing?

Dissatisfaction
with the law

 **10%** +8pp

- In a number of cases (64%), the ATO's actions were reasonable. This represents an increase from **58%** in the same period last year.
- A further 10% involved situations where taxpayers communicated dissatisfaction arising from the law itself rather than agency action, with superannuation law featuring prominently among these complaints.
- Delays decreased across this period, accounting for 11% (down 17% from last year) of observations, although delays in payments and processing continue to be raised by taxpayers.
- Communication and advice issues accounted for **9%** of complaints, a substantial decrease from **15%** in the same period last year.

Outcomes

- The most significant change was the increase in complaints where our involvement helped expedite agency action, rising from 4% over the same period last year to 14%. This included expediting probate processing, funds transfers and retrieving money held by the Reserve Bank, helping taxpayers progress matters that had been subject to delays.
- Outcomes involving a better explanation by the Tax Ombudsman accounted for 19% of complaints, while agency decisions were changed in 5% of matters.

 Payment expedited

14% +10pp

Better explanation

19% +6pp

Case study: Sarah's* story – \$385,000 refund recovered

Sarah came to the Tax Ombudsman after a \$385,834 tax refund was deposited into an incorrect bank account. Despite attempts by the ATO to recover the money, including escalation to the Reserve Bank of Australia, the refund had not been recovered.

The ATO advised Sarah that its attempts to retrieve the money had been unsuccessful and that it considered it had fulfilled its legal obligations by depositing the refund into the bank account she had nominated. Sarah was also concerned about the lack of transparency around what had been done to recover her money.

That's when Sarah came to us.

We investigated whether appropriate administrative action had been taken to retrieve the refund.

Following our intervention, the situation changed. The \$385,834 was subsequently returned to the ATO, processed and refunded to Sarah.

Outcome: Over \$385,000 recovered and returned to Sarah following the Tax Ombudsman's intervention.

**Name changed to protect privacy.*

Why complaints matter

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.