



Dispute interest or penalties

You can ask us to remit (reduce) interest charges or remit (reduce) or cancel penalties on unpaid tax liabilities.

Remission of interest charges

Find out how we apply interest and how to ask us to remit (reduce) your interest charges.

Remission of penalties

Find out why we apply penalties, how to ask us to remit (reduce) or cancel a penalty, and how we assess requests.

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Remission of interest charges

Find out how we apply interest and how to ask us to remit (reduce) your interest charges.

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Why we apply interest

We apply a general interest charge (GIC) on unpaid tax liabilities and shortfall interest charge (SIC) on shortfall amounts. We apply interest to:

- encourage timely payment of tax
- ensure taxpayers who pay late don't have an unfair financial advantage over taxpayers who pay on time
- compensate the community for the cost of late payment.

General interest charge

We may apply GIC if an amount of tax or some other liability is still unpaid after the date it should have been paid. This includes where:

- there is a tax shortfall because of an amendment or correction
- an instalment of tax is underestimated
- a return is lodged late.

Shortfall interest charge

The SIC has a lower rate than the GIC. This is because taxpayers are usually unaware of a shortfall amount until we tell them. When we tell you of a shortfall in your tax, we also include an interest charge on the shortfall amount.

The shortfall is the difference between the amount of tax originally assessed (refunds you claimed) and the amount of tax you were eventually assessed for (credits you were entitled to).

The due date to pay the additional tax and SIC is **21 days** after the day we give you notice of the additional tax.

Once the due date has passed, GIC applies to any unpaid tax and SIC.

How we assess a request for GIC remission

In deciding whether to remit GIC, we consider things like:

- the circumstances that caused the delayed payment resulting in GIC
- how these circumstances prevented you from paying by the due date
- what steps you've taken to reduce the delay.

We look at whether you were responsible for the delay in payment or if it was outside your control. For example, if it was due to a natural disaster, industrial action, the unforeseen collapse of a major debtor or the sudden ill health of key staff.

If you were responsible for the delay, we will also consider whether it is fair and reasonable to remit the GIC.

We may ask you to provide documents to support your request.

Example: natural disaster

Charlie is a sole trader who runs their business from their home. Charlie's home was damaged during a flood, so they relocated their business to earn an income while repairs were made. Due to business relocation costs, Charlie was unable to pay their BAS debts from June to December 2023.

Once Charlie had their business situation under control, they supplied documentation detailing their circumstances and requested remission of GIC that accrued for these periods.

We remitted the GIC in full as Charlie took a reasonable amount of time to deal with circumstances impacting their ability to pay.

Example: economic downturn

ABC Co has unpaid BAS debt from June to December 2023. The pandemic impacted the business' cash flow, and while it was able to continue trading, it has since been impacted by rising supply costs and interest rates.

ABC Co supplied documents detailing their circumstances and requested a remission of GIC that accrued for these periods.

We declined ABC Co's request, as the general economic downturn also impacted the broader business community, most of whom still paid on time.

For more information, see *PS LA 2011/12 Remission of General Interest Charge*.

How we assess a request for SIC remission

We use the information you provide as well as other information available to us, to consider your request. We may remit all, some, or none of the interest charge.

We also initiate remission if it's appropriate to do so, for example if:

- we delay the start of an examination into your tax affairs
- we cause periods of unreasonable delay during an examination
- either of us experience a delay in obtaining information from a third party during the examination, which is not otherwise available to you
- we delay processing your amendment request
- the expected time to complete an examination is delayed due to our actions.

For more information, see *PS LA 2006/8 Remission of shortfall interest charge and general interest charge for shortfall periods*.

How to request a remission of interest

You generally need to write to us to request a remission of GIC and SIC.

For GIC requests, you need to explain in detail the circumstances, including relevant dates that led to the delay in payment and any steps you've taken to reduce the delay.

Contact us

You can contact us:

- through [Online services – for business and agents](#)
- by [fax or mail](#).

Make sure to include:


- your full name
- your contact details
- your tax file number (TFN) or Australian business number (ABN)
- the reference number from any letter or notice advising you of our decision
- an explanation of why you think it is fair and reasonable for us to remit your interest charges
- details of interest amounts (\$) and dates interest was imposed (if known).

Online services – for business and agents

Businesses can use **Secure mail** in Online services for business, and tax professionals can request a remission of an interest charge for their clients in Online services for agents using **Practice mail**.

To request a reduction of an interest charge:

1. Select the topic that your interest charge is related to (for example, activity statements, debt and lodgment, fringe benefits tax, income tax, refunds/remissions, superannuation or statement requests/account details).
2. let us know whether you are requesting a 'remission of general interest charge' or 'remission of shortfall interest charge'.

For GIC, download and complete the [ATO GIC Remission Application form \(XLSX, 68.5KB\)](#) . Submit the completed form with your mail message.

Fax or mail

For requests relating to income tax liabilities and GST, you can:

- fax **1300 139 045**
- send a letter to
Australian Taxation Office
PO Box 327
ALBURY NSW 2640

For requests relating to fuel schemes and non-BAS claimants of wine equalisation tax and fuel tax credits, you can send your letter to:

Australian Taxation Office
PO Box 3007
PENRITH NSW 2740

Phone us

You may be able to request a reduction of SIC **by phone** if:

- SIC was calculated on an amount larger than your amendment assessment (for example, if your pay as you go withholding credits weren't included to reduce the shortfall)
- SIC was calculated after you paid your tax
- we took longer than the service standard time to issue your amendment and SIC has accrued.

Our decision

If we decide not to remit the interest charge in full, we will send you a letter to explain our decision.

If you disagree with our decision to not remit, for:

- GIC – you won't be able to lodge an objection with us or have the decision reviewed by the Administrative Review Tribunal (ART), but you may appeal our decision in the **Federal Court** under *the Administrative Decisions (Judicial Review) Act 1977*
- SIC – if the amount you still have to pay is more than 20% of the shortfall itself, you can **object to our decision**. Otherwise, you can **request a review** of the decision.

For more information, see **Decisions you can't dispute via an objection**.

Remission of penalties

Find out why we apply penalties, how to ask us to remit (reduce) or cancel a penalty, and how we assess requests.

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How penalties work

Tax laws authorise us to impose administrative **penalties** when you don't meet your tax obligations. For example, we can impose a penalty if you make a false or misleading statement.

The purpose of penalties is to encourage taxpayers to take reasonable care to comply with their obligations.

The law specifies the conditions under which we can apply a penalty and the amount of the penalty. However, we have discretion to remit all or part of the penalty or cancel it, according to individual circumstances.

How to request remission or cancellation of a penalty

If you disagree with a penalty, you can dispute it.

Some types of penalties you can only dispute by lodging an objection. For all other types of penalties, you can ask us to remit or cancel the penalty.

Penalties you can only dispute through an objection

You need to lodge an objection if you're disputing a penalty for:

- a tax shortfall
- false or misleading statements in a
 - tax return
 - business activity statement
 - fuel scheme claim form
 - super statement, including member contribution statement, lost member statement and departing Australia superannuation payment report
- failing to provide a document we request, such as a tax return.

Penalties you can ask us to remit or cancel

If the penalty is not one that requires an objection, you can ask us to remit it, in full or part, or cancel it. This applies to most penalties, including penalties for failing to lodge documents on time and failing to withhold pay as you go withholding amounts.

You can write to us either:

- through Online services – for **business or agents**
- by sending a letter to

Australian Taxation Office
PO Box 327
ALBURY NSW 2640

Make sure to include:

- your full name
- your contact details
- your tax file number (TFN) or Australian business number (ABN)
- the reference number from the letter advising you of our decision

- the reasons you think it is fair and reasonable for us to remit or cancel the penalty in your situation
- details of the penalty amounts (\$) and dates the penalties were imposed (if known).

For small penalties and simple cases, you can make your request by phone.

How we assess a request

One of our key principles is that taxpayers who under-report their income, overclaim their credits, or delay paying their tax should not gain an advantage over taxpayers who do the right thing.

In deciding whether to remit a penalty, we also consider things like:

- your compliance history and your attitude toward complying with the tax laws
- your tax debt
- the reasons for the increased tax (or reduced credits) that led us to impose penalties
- whether we became aware of the shortfall as a result of your voluntary disclosure or because of our compliance efforts.

Compliance history

We treat taxpayers with a good compliance history more leniently than those who aren't compliant. The weight we give to compliance history varies depending on the circumstances.

A good compliance history is generally one where you:

- have met all your lodgment obligations on time (including lodging activity statements and tax returns)
- have paid all non-disputed debt (or have a payment arrangement)
- haven't recently been liable for a penalty.

Your tax debt

We may remit or cancel the penalty if your tax debt was paid late (deferred) rather than permanently avoided. Whether we reduce your

penalty in part or in full may be influenced by:

- how long your tax debt was deferred for
- the amount of tax avoided as a result of the deferral.

For example, a penalty may be remitted in full if you accounted for your GST on the wrong activity statement (that is, in the wrong period) or claimed a deduction or credit in the wrong return or activity statement, but there is no overall shortfall amount after the assessment. However, a penalty may only be remitted in part if the amount of tax you avoided as a result of the deferral was high.

Our decision

If we decide not to remit the penalty amount in full or cancel the penalty, we will send you a letter to explain our decision.

If you've objected to a penalty and are dissatisfied with our decision on your objection, you can **seek an external review** through the Administrative Review Tribunal, or appeal our decision to the Federal Court.

QC 33796

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional

advice.

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