



Statement on debts on hold program

ATO statement on debts on hold program.

Last updated 21 February 2024

DISCLAIMER: Please note, since the media statement was issued on 21 February 2024, the government has announced proposed changes in the 2024–25 Budget. For more information on the proposed changes, view [Debts on hold](#).

The ATO has heard the concerns raised by the community. The ATO is not taking any action to recover or offset debts that were placed on hold prior to 2017.

The ATO has paused all action in relation to debts placed on hold prior to 2017 whilst we review and develop a pragmatic and sensible way forward that takes into account concerns raised by the community.

It was never our intention to cause frustration or concern. It's important to us that taxpayers have trust in our tax system and our records.

We encourage taxpayers who have any questions about a tax debt on hold to reach out to the ATO for assistance.

Background

When the ATO considers a debt 'uneconomical to pursue' we place those debts 'on hold'. When taxpayers who have a debt on hold are subsequently due a credit or refund, we are obliged to use those amounts to reduce the debt owing.

The ATO has no discretion under the law to waive these amounts and must use any future refund to reduce these debts. In the past, the ATO has excluded some debts from being recovered from taxpayer refunds

in this way through long-standing exclusionary criteria, such as for taxpayers on low incomes. However, the Australian Government Solicitor advised this was not in line with the law and so the ATO cannot continue this practice.

The debts on hold program didn't create new liabilities and was not the result of compliance audits or data matching activities.

To ensure taxpayers were informed of the change in approach, the ATO took a phased approach to removing the exclusion criteria which included writing to impacted taxpayers to make them aware of the changes that would be happening. The community has raised concerns about the removal of the last exclusionary criteria, which related to debts placed on hold prior to 2017. The ATO recognises these concerns and is not taking action to recover debts placed on hold prior to 2017 whilst we review and develop a pragmatic approach taking into account community concerns.

QC 101236

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