

# Guideline

## Debt Management

### Preamble

This guideline sets out the State Revenue Office (SRO) approach to debt management. Periodically, our policy may vary to take account of an individual's circumstances. If that happens, we will tell you what is changing and why.

### Taxation revenue

State Taxation is part of Tasmania's own source revenue, which accounted for 38 per cent of total estimated revenue for the State in 2019-20. (2019-20 Budget Paper No 1 - Chapter 5)

Paying taxation assessments by the due date is an important part of the taxpayer's civic responsibility. It allows the State Government to provide timely infrastructure and services including:

- Health care;
- Housing;
- Education; and
- Emergency services.

The majority of taxpayers take this responsibility seriously. In the 2019-20 financial year, 80 per cent of taxpayers paid their tax assessments by the due date.

### Notices and reminders

In addition to your initial Notice of Assessment, the SRO sends two further notices, successively, to remind you that your debt is due for payment. Interest maybe imposed on debt that remains outstanding after your initial Notice of Assessment due date expires. Where we have your mobile telephone number and you have not opted out of SMS reminders, we will also send you an SMS where:

- you had an overdue notice in a previous year; and/or
- your Notice of Assessment remains unpaid after the 'pay by' date.

### Payment arrangements

We know there are genuine reasons for a taxpayer not paying a tax bill by the due date. For example, they may have:

- lost their job;
- made a genuine mistake about the level of their tax liability; or
- had no success getting a personal or debt consolidation loan to pay off their tax and other bills.

For assistance, you may apply to pay your tax debt by:

- a series of instalments for a set period; or
- a one-off payment by a set date.

See next page for more details about payment arrangements.

## **Payment arrangements cont'd.**

An application for a payment arrangement will be considered using a number of factors including:

- your financial ability to meet the payment;
- whether your proposal is reasonable, taking into account your level of income and expenditure;
- whether other debts are being paid in preference to your tax liability;
- your previous history of meeting other payment arrangements on time;
- whether the proposed arrangement will ensure the debt will be paid off such that your liability will not increase over time; and
- what other financial options are open to you to pay your debt - for example, refinancing.

Payment arrangements are subject to conditions that the Commissioner of State Revenue (the Commissioner) determines on a case-by-case basis. All arrangements are subject to the following conditions:

- the payment of interest from the original due date of the tax bill to the date the final payment is received; and
- the taxpayer agreeing to a direct debit arrangement with the SRO for the time of the arrangement. The individual must ensure that sufficient funds are available in their nominated account to cover payments on the due dates.

Where a taxpayer does not comply with a condition of a payment arrangement, the arrangement may be withdrawn and the full amount of tax will become immediately payable.

To apply, complete an [Application to Pay by Instalments](#). The SRO will contact you should more information be needed.

## **Interest and penalty tax on overdue amounts**

Interest may be imposed on debt that remains outstanding after your initial Notice of Assessment due date expires.

Please read the [Interest and Penalty Tax Ruling](#), also available in the Rulings Index at [www.sro.tas.gov.au/resources/rulings](http://www.sro.tas.gov.au/resources/rulings).

## **Recovery action by the SRO**

The expectation is that taxpayers will pay taxes when they are due. Where this does not happen, planning begins on a course of action to recover the debt. The SRO does this in a firm, measured and fair manner.

Where your debt remains unpaid after the due date on your Final Notice, your debt will be referred to a debt collection agency. Fees incurred in that process are added to your outstanding debt.

Other actions we may take include:

- imposing a garnishee on your bank, employer, real estate agent or solicitor;
- imposing penalties and/or interest on overdue tax bills;
- placing a caveat on a taxpayer's property – a caveat would prevent certain transactions with the property such as its sale or raising a second mortgage over that property. It may also result in your financier taking action such as freezing your bank accounts;
- seeking a judgement from a Court; and/or

- impounding (retaining) your property transfer document until your property transfer duty is paid.

## Objections, reviews and appeals

Under section 87 of the [Taxation Administration Act 1997](#) (the Act), the Commissioner can recover outstanding tax even though an objection has been lodged.

Before your objection is determined, you can either:

- **Pay the outstanding tax.** If your objection is successful, you will receive a refund of the amount overpaid pursuant to section 94 of the Act, plus daily interest at the market rate under section 95 of the Act; or
- **Not pay the outstanding tax.** If your objection is unsuccessful, interest and penalty tax will be charged on the outstanding amount in accordance with the [Interest and Penalty Tax Ruling](#). Interest will be charged from the due date until the outstanding amount is paid.

**Important:** Please refer to the [Objections, Reviews and Appeals guideline](#) for all details. Simply disagreeing with the amount or fairness of tax or duty is not a valid ground for objection.

Outstanding debt must be paid prior to appealing a disallowed objection.

## Contact the SRO

**Phone** (03) 6166 4400 weekdays, 9:00am to 5:00pm  
1800 001 388

**Email** [taxhelp@treasury.tas.gov.au](mailto:taxhelp@treasury.tas.gov.au)

**Website** [www.sro.tas.gov.au](http://www.sro.tas.gov.au)

**Post** The Commissioner of State Revenue  
GPO Box 1374  
HOBART TAS 7001