

# Guideline

## Debt Management

### Preamble

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

### How the SRO manages a taxpayer's debt

Paying tax by the due date is an important feature of an individual's civic responsibility. State taxes provide the State Government with revenue for infrastructure and services.

The SRO expects taxpayers to pay their taxes when they are due. Where this doesn't happen, we will start planning a course of action to recover the debt. We do this in a firm, measured and fair manner.

We are aware that 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 their tax liability; or
- had no success getting a personal or debt consolidation loan to pay off their tax and other bills.

Regardless of the situation, the SRO must ensure debts are dealt with as quickly as possible and to the satisfaction of the Commissioner of State Revenue.

We take these matters seriously to ensure debts are properly managed and paid. In some circumstances the SRO may agree to certain taxpayer **payment arrangements** – see page 2.

### Action by the SRO

There are times where we will take other deliberate action, such as:

- 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 the property;
- impounding your property transfer document until your conveyance duty is paid;
- imposing a garnishee on your bank, employer, real estate agent or solicitor;
- referring the debt to a debt collection agency;
- referring the debt to the Director of Public Prosecutions;
- seeking a judgement from a Court.

In all cases, costs and charges for recovering outstanding debt are passed to the taxpayer.

# Payment arrangements

## Instalments

---

### What is meant by instalments?

We recognise that some taxpayers experience difficulties that might prevent them from paying their tax bill when it is due.

Where the taxpayer would experience serious financial hardship by paying their tax bill on time, the Commissioner may agree to the payment being made by a series of instalments for a set period.

Instalment arrangements are considered a one-off arrangement to assist taxpayers. It is expected that taxpayers use the arrangement as an opportunity to budget for their tax liability on an on-going basis.

### Situations where the Commissioner may exercise discretion to allow a payment arrangement

- Job loss;
- Unexpected bills that weren't budgeted for;
- Inability to pay for normal living expenses as a result of meeting a tax liability; or
- Unexpected situations that prevent the taxpayer from paying their liability in full.

### Factors considered by the Commissioner

The Commissioner takes into account an individual's circumstances such as:

- the taxpayer must show that were the SRO to not approve a payment arrangement, they will face serious financial hardship;
- whether the proposed arrangement will ensure the debt can be paid off in time without it becoming worse;
- whether other debts are being paid in preference to the taxpayer's tax liability;
- taxpayer's history of meeting other payment arrangements on time;
- the willingness of the taxpayer to enter into a direct debit arrangement to pay the bill; and
- what other financial options are open to the taxpayer to fund their debt.

### Conditions of payment arrangements

Payment arrangements are subject to conditions that the Commissioner determines on a case-by-case basis.

However, **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, it may be withdrawn and the full amount of tax will become immediately payable.

### How to apply

Complete an [Application to Pay by Instalments](#). The SRO will contact you if more information is needed.

## Deferments

---

### What is meant by deferment?

There may be situations that justify us approving a taxpayer's request to defer the payment of their tax bill to a later date.

This would happen where the situation is beyond the taxpayer's control, and where they have taken reasonable steps to try to pay their tax bill by the due date.

### Situations where a deferment might be offered

- Natural disasters (flood, fire, drought, earthquake);
- Taxpayer's serious illness; or
- A legal impediment

### How to apply

In some situations, the Commissioner will apply a blanket deferral. Where this occurs information will be published on SRO website.

Individuals seeking a one-off deferral should write to the Commissioner of State Revenue setting out the reasons for your request.

## How is Interest and Penalty Tax applied?

Please read the [Public Ruling](#) or go to the Rulings Index at [www.sro.tas.gov.au/rulings](http://www.sro.tas.gov.au/rulings).

## Objections

I've formally objected to my tax assessment. Do I still have to pay?

Under section 87 of the *Taxation Administration Act 1997* (the Act), the Commissioner of State Revenue 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 [Public Ruling on Interest and Penalty Tax](#). Interest will be charged from the due date until the outstanding amount is paid.

**Important:** Simply disagreeing with the amount or fairness of tax or duty is not a valid ground for objection.

You must pay your outstanding debt prior to appealing a disallowed objection.

Can I object to a decision by the Commissioner not to approve a payment arrangement?

Under section 80 of the Act, you have a right to lodge an objection.

An objection must be lodged within sixty (60) days from the date of the Commissioner's written advice to you that your application has been declined.

How to lodge an objection

Please read the Guideline, [Objections, reviews and appeals](#).

## Contact the SRO

**Phone** (03) 6166 4400 weekdays, 9:00am to 5:00pm  
1800 001 388 Tas callers outside the 62 area

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

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

**In person** Ground floor  
Salamanca Building Parliament Square  
4 Salamanca Place HOBART TAS 7000  
weekdays, 9:00am to 5:00pm

**Fax** (03) 6234 3357

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