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IGTO Investigation on Identification and management of financial abuse within the tax system – Submission of UNSW Tax and Business Advisory Clinic

Thank you for the opportunity to make a submission in relation to the Inspector-General of Taxation Investigation on Identification and management of financial abuse within the tax system.

Executive Summary

Our recommendations to assist people experiencing financial abuse are:

1. Raising awareness of financial abuse amongst the tax profession and improving the processes of the tax profession to reduce the impact of financial abuse.
2. Updating ATO practice on the issuance of DPNs.
3. Improving transparency of ATO processes and tax debt recovery processes.
4. Legislative reform overriding the general rule requiring the offsetting of tax refunds against outstanding tax liabilities in situations of financial hardship.
5. Modernising the serious hardship relief provisions by legislating for ATO discretion for tax relief for victim-survivors of financial abuse experiencing serious financial hardship.
6. Accepting the testimony of a victim-survivor as evidence.
7. Using a system flag to detect financial abuse at its earliest stages.
8. Training ATO staff to reduce the impact of financial abuse.

Each of the above recommendations are set out in further detail in the **Recommendations** section of this submission.

Background

Established as part of the National Tax Clinics Pilot Program in 2019, the UNSW Tax and Business Advisory Clinic provides independent, free and confidential tax advice to individuals and small business owners in severe financial distress. Our aim is to bridge the gap between client casework and tax research to identify systemic issues, catalyse positive social change, reduce inequalities and improve outcomes for the most in need.

This submission is guided by a combination of our clinical observations and research findings. Our latest research¹ presents a detailed comparative analysis of the tax collection practices and grounds for relief from tax debts available in Australia and the United States to victim-survivors of financial abuse. This research has also been the subject of multiple media articles, including by the ABC² and The Guardian,³ and has featured on ABC's The Business.⁴

We strongly support the IGTO's focus on supporting people experiencing financial abuse. This aligns with our research and advocacy to date, and the support of the IGTO would be invaluable in affecting positive change across these areas.

The IGTO's current investigation is particularly well timed given the recent developments:

- The Federal Government-initiated Rapid Review of Prevention Approaches to End Gender-Based Violence, with the Final Report⁵ including Recommendation 16:



Recommendation 16

The Commonwealth and state and territory governments to undertake an immediate audit of how DFSV perpetrators are weaponising government systems, and to respond to these findings. This audit and subsequent plans for reform should be informed by Safety by Design principles.

The Commonwealth Government should build on work that is already underway and prioritise systems where significant harm is occurring, such as: family law, child support, immigration, and taxation.

- The Parliamentary Joint Committee Hearing on Corporations and Financial Services Inquiry into financial services regulatory framework in relation to financial abuse (the 'Financial Abuse Inquiry'), in its Report⁶ made 61 Recommendations, of which 15 are relevant to the field of taxation (extracted in **Annexure A** below). Many of these recommendations are directly relevant to the ATO's administration of the tax system, ranging from the need for increased accessibility for culturally and linguistically diverse taxpayers (Recommendation 45), greater time periods for victim-survivors to respond to DPNs (Recommendation 56), the misuse of trusts (Recommendation 57), embedding Safety by Design principles (Recommendation 59), training frontline staff on the identification of financial abuse and engage in mandatory

¹ Kayis-Kumar, A., Speidel, C. and Book, L., 'Squeezing blood from stones? A comparative analysis of tax relief for victim-survivors in Australia and the United States' (2024) 39(2) *Australian Tax Forum* 191-220.

² Khadem, N., 'The ATO is reviving old tax debts totalling billions, threatening some taxpayers with bankruptcy' (ABC, 14 March 2024); available at: <https://www.abc.net.au/news/2024-03-14/ato-reignites-old-debts-individuals-businesses-struggle/103578746>.

³ Barrett, J., 'Financial abuse can follow victims long after relationships end. Australian experts are calling for reform' (The Guardian, 29 March 2024); available at: <https://www.theguardian.com/society/2024/mar/29/financial-abuse-can-follow-victims-long-after-relationships-end-australian-experts-are-calling-for-reform>.

⁴ Ziffer, D., 'Australia's tax system is an unwitting 'weapon' family violence offenders use against their victims. These people want to stop it.' (ABC, 19 June 2024); available at: <https://www.abc.net.au/news/2024-06-19/abusive-partners-using-tax-system-as-weapon/103990186>.

⁵ Report of the Rapid Review of Prevention Approaches, 'Unlocking the Prevention Potential: Accelerating action to end domestic, family and sexual violence' (24 August 2024); available at: <https://www.pmc.gov.au/sites/default/files/resource/download/unlocking-the-prevention-potential-4.pdf>.

⁶ Parliamentary Joint Committee on Corporations and Financial Services, 'Financial abuse: an insidious form of domestic violence' (December 2024); available at: https://parlinfo.aph.gov.au/parlInfo/download/committees/reportjnt/RB000471/toc_pdf/Financialabuseaninsidiousformofdomesticviolence.pdf.

reporting (Recommendation 60), and establishing a dedicated frontline team offering financial abuse specialist support (Recommendation 61).

The weaponisation of the tax system by perpetrators of intimate partner financial abuse

Unfortunately, since our inception in 2019 most of our female clients have been victim-survivors of financial abuse. Worryingly, over 80% of our female clients this year have self-reported experiencing domestic violence – up from an average of 58% in our 4-year study of this issue.⁷

It is commonplace for perpetrators to create business structures and place tax debts solely in the victim-survivor's name, thereby weaponising existing tax law and administration.⁸ These 'sexually transmitted tax debts' arise from business structures and have severe ramifications, leaving victim-survivors with debilitating financial burdens, reduced assets, insecure housing and prolonged economic instability, long after leaving abusive relationships.

Existing tax law and administration requires the victim-survivor to repay these debts – even if these debts are not rightfully theirs. Existing tax laws compel the Australian Taxation Office ('ATO') to pursue victim-survivors for these tax debts through payment plans (requiring payment within 2 or 3 years), offsetting of future tax refunds, engaging external debt collectors, or initiating bankruptcy proceedings.⁹

Each of these pathways are financially debilitating for victim-survivors (for client stories from UNSW Tax and Business Advisory Clinic, please see **Annexure B** below).

In particular, ATO-initiated bankruptcy as a result of 'sexually transmitted tax debts' presents a perverse outcome with far-reaching unintended consequences and profound implications. In addition to the financial challenge, it also gives rise to adverse mental health outcomes, restricts access to housing, restricts ability to obtain credit, results in higher interest rates, an inability to travel abroad, and an inability to establish a business.

Further, ATO-initiated bankruptcy impacts standing in family court which, in turn, can result in the victim-survivor losing child custody.

These systems-level deficiencies enable and exacerbate the cycle of abuse and underscore the urgent need for legislative, regulatory and administrative change to disrupt perpetrators and support victim-survivors.

The remainder of this submission outlines our 8-fold Recommendations. These recommendations are designed to attain better outcomes for survivors of financial abuse while also maintaining trust and confidence in the ATO among the wider community.

⁷ Kayis-Kumar, A., Lim, Y., Noone, J., Walpole, M., Breckenridge, J., & Book, L., 'Identifying and supporting financially vulnerable women experiencing economic abuse: a grounded theory approach' (2023) 21(2) *eJournal of Tax Research* 173-202,

⁸ Chen, V., 'Hidden Risks of Economic Abuse through Company Directorships' (2024) 47(1) *University of New South Wales Law Journal*.

⁹ Kayis-Kumar, A., Lim, Y., Noone, J., Walpole, M., Breckenridge, J., & Book, L., 'Identifying and supporting financially vulnerable women experiencing economic abuse: a grounded theory approach' (2023) 21(2) *eJournal of Tax Research* 173-202,

Recommendations

Our recommendations to assist people experiencing financial abuse are set out below.

Recommendation 1: Raising awareness of financial abuse amongst the tax profession and improving the processes of the tax profession to reduce the impact of financial abuse

It is highly problematic for tax professionals to be unwittingly (at best) or willingly (at worst) establishing and maintaining structures that enable financial abuse. Appropriate responses include:

- (a) Attending domestic violence and coercive control awareness training.¹⁰
- (b) Placing an onus on the accountant or tax agent to only conduct meetings with both clients.
- (c) Ensuring that the accountant or tax agent makes each client aware of their rights, obligations and responsibilities before setting up structures or lodging tax returns.
- (c) Mandating that any financial, tax or accounting advice is to be sent to both partners to the relationship.

Additionally, in the event of relationship breakdown, accountants and tax agents could be required to:

- (a) withdraw from acting for either party once they are aware of a relationship breakdown; and
- (b) provide a copy of all financial and tax records to the other party's new accountant or tax agent (or the individual themselves if they are self-represented).

Whilst this is the important first step the next step is to equip agents with tools to act and to discourage those enabling financial abuse. There is also a role for professional associations to develop protocols and guidelines on what practitioners should do if they suspect financial abuse. The Tax Practitioner Board should also be empowered to act against those willingly advising or enabling perpetrators.

Recommendation 2: Updating ATO practice on the issuance of DPNs

This submission respectfully suggests that the ATO adopt safeguards to ensure that victim-survivors are not adversely affected by a DPN issued to them for a company that they did not genuinely control. It is well-established that abusive partners coerce victim-survivors into becoming a co-director or sole director of companies controlled by the abuser, while denying them decision-making power and access to financial records, bank accounts and information.

The ATO should consider a policy response that allows them to pursue the perpetrator only (in their capacity as a director or shadow/*de facto* director), provided there is sufficient evidence of the perpetrator's control over the company.

This could be achieved by revoking:

- (a) assessments that have resulted from financial abuse and issuing assessments to the perpetrator using item 5 (fraud) of the table in 170(1) of

¹⁰This would be akin to the Deakin Business School's "Counting on U" workplace mental health first aid training offered to client-facing accounting professionals across Australia and New Zealand: Deakin Business School, *Deakin University* (Web Page); available at: <https://blogs.deakin.edu.au/counting-on-u/>; see further: InTheBlack, "Mental Health First Aid Training Essential for Accountants" (Blog Post, 1 October 2021); available at: <https://intheblack.cpaaustralia.com.au/work-life/mental-health-first-aid-training-essential-for-accountants>.

- the *Income Tax Assessment Act 1936* (Cth) (**ITAA**)). The ATO is currently in the process of rewriting PS LA 2008/11 which governs suspected fraud by a third party or tax practitioner. The scope of this PS LA should be broadened to include fraud by a former spouse; and
- (b) the DPN issued to the victim-survivor and issuing a DPN to other directors of the company (including the perpetrator).

Either of the above options are beneficial to the ATO as the perpetrator or other directors of the company are likely to have a higher capacity to pay the debt.

Where a victim-survivor receives a DPN, the ATO should accept that domestic violence, coercive control and financial abuse meet the “good reasons” defence.

The ATO should also include a statement in DPN letters that domestic violence and coercive control meet the “good reasons” defence. The statement could be to the following effect “If you are a victim-survivor of domestic violence or coercive control you may be able to rely on the good reasons defence. We recommend you contact your local tax clinic, financial counselling service or community legal centre for assistance.”

This still leaves the victim at risk of being pursued if the ATO is unable to gather sufficient evidence. Consideration should be given to developing a defence to a notice on the grounds that the victim survivor was coerced and did not have genuine control. Careful thought will need to be given to what standard of proof is required.

In order to minimise the potential for further distress on the victim-survivor, it is recommended that the ATO accept third party accounts of abuse, such as police, financial counsellors and other witnesses.

Recommendation 3: Improving the transparency of ATO processes and debt recovery processes

Practice Statement *PS LA 2011/17 Debt relief, waiver and non-pursuit* is the only guidance a taxpayer has in relation to debt relief or release. There is no mention of financial abuse being used as a factor in determining whether to grant relief from tax debts. While financial abuse may be accepted as an indicator of vulnerability and is likely part of the ATO’s internal processes when dealing with vulnerable taxpayers, there is currently no clear statement, recognition or process outlining that this group of taxpayers is deserving of special protections.

This contrasts with the IRS’s approach, publicly detailing its use of the Victims of Domestic Violence (VODV) on taxpayer accounts and its consideration of financial abuse in spousal relief determinations. This submission recommends amending ATO guidance to recognise financial abuse as an indicator of financial vulnerability and a factor to be considered when granting relief from tax debts.

The ATO could improve tax debt recovery processes for victim-survivors by:

- (a) not pursuing the debts of victim-survivors; and
- (b) providing more flexible and longer payment plans for victim-survivors (including removing the requirement to pay 10% of the tax debt upfront and expanding the use of payment plans to tax debts of victim-survivors that they have incurred post-separation due to reduced financial means).

The revision also needs to give practical guidance on what is sufficient proof for the ATO to conclude the taxpayer is a victim-survivor of financial abuse.

In circumstances where the ATO decision is to disallow a full grant of release for victims, financial abuse should also be recognised as grounds for remission of

penalties general interest charges within the guidance of Practice Statements PS LA 2011/19 and PS LA 2011/12.

Recommendation 4: Legislative reform overriding the general rule requiring the offsetting of tax refunds against outstanding tax liabilities in situations of financial hardship

There is much to be gleaned from the US treatment of taxpayers struggling with financial hardship, including the offset bypass refund (OBR) mechanism.¹¹ Even if the ATO have determined a victim-survivor's tax debt is non-economical to pursue and therefore put it "on hold", any future tax refunds received by the victim-survivor will be used to offset the old tax debt. This hinders the ability of victim-survivors to save funds for their future, thereby exacerbating ongoing, long-term financial instability. This presents a particularly perverse outcome that requires legislative reform to address through a systemic waiver, as proposed by Fogg/ABA.¹²

To address this issue, we submit that urgent legislative reform is required to override offsetting tax refunds against outstanding tax liabilities in cases where the taxpayer is a victim-survivor of financial abuse experiencing serious financial hardship. This reform could be modelled on the US OBR mechanism, allowing victim-survivors to receive their full tax refunds without offsets, provided they meet certain criteria demonstrating financial hardship and financial abuse. This would be a significant first step however if the victim-survivor overcomes their serious financial hardship then future tax refunds could be offset against any remaining debts. The ideal outcome is if a victim-survivor is determined to be the victim of financial abuse then they are not liable for any tax debts resulting from that coercion.

Recommendation 5: Modernising the serious hardship relief provisions by legislating for ATO discretion for tax relief for victim-survivors of financial abuse experiencing serious financial hardship

Inspired by a combination of both the innocent spouse relief provisions and the IRS discretion for relief on grounds of public policy, Australian policymakers would be able to adapt either or both mechanisms to provide relief for this cohort of financially vulnerable taxpayers.¹³ Academic research in the US has put a spotlight on issues faced by vulnerable taxpayers, which has in turn led to the design and implementation of legislative and administrative provisions giving the IRS more flexibility in the exercise of its discretion to relieve financially vulnerable taxpayers from their debts. Notably, a critique that remains of the IRS approach is that while it has appropriate provisions in place, these are not always operationalised in practice.¹⁴

This highlights the need for any similar reform in the Australian context to be accompanied by adequate implementation and oversight frameworks, and regular,

¹¹There is even greater potential for use of the economic hardship data than the IRS currently employs.

¹²The Fogg/ABA proposal creates a systemic waiver by income and/or for welfare payments delivered through the tax system: see further: Fogg, K., "Requesting an Offset Bypass Refund and Tracing Offsets to Non-IRS Sources", *Procedurally Taxing* (Article Post, 9 December 2015); available at: <https://www.taxnotes.com/procedurally-taxing/requesting-offset-bypass-refund-and-tracing-offsets-non-irs-sources/2015/12/09/7h5dh?pt=1>.

¹³It may also be a viable proposal for the US to add economic abuse to the ETA criteria for non-income tax debts caused by abuse, such as TFRP, and make ETA a viable path for offers.

¹⁴For completeness, there remain ongoing calls for greater transparency in the implementation of the VODV indicator as well as the IRS's use of its compromise authority.

iterative and trauma-informed training of ATO decision makers to ensure the provisions are widely utilised in meritorious cases in practice.

Recommendation 6: Accepting the testimony of a victim-survivor as evidence

In many financial abuse cases, there is no documentary evidence, or it is very difficult for the victim-survivor to compile such evidence. Where physical abuse does not occur, there may not be grounds for an Apprehended Domestic Violence Order or intervention order and people from First Nations or Culturally and Linguistically Diverse communities may avoid police intervention. These factors, coupled with low rates of false reporting demonstrate that the ATO should accept a victim's testimony (in the form of a written statement or statutory declaration) in most cases

Requiring other forms of documentary evidence can delay resolving the issue, place stress on the victim-survivor and may result in disclosure of personal information (which can increase the risk of vicarious trauma amongst ATO staff).

Recommendation 7: Using a system flag to detect financial abuse at its earliest stages

The ATO could enhance detection of fraud using a flag in ATO systems that:

- (a) alerts ATO staff that further investigation may be required when income tax returns and BAS are lodged for multiple periods in quick succession; and
- (b) is placed on the TFNs of individuals who have:
 - (i) received an escaping family violence payment; or
 - (ii) received a Victim's Certificate; or
 - (iii) been issued an Apprehended Domestic Violence Order or equivalent.

The purpose of this flag is to indicate that they may be a vulnerable taxpayer. Further, this information could be utilised to flag the perpetrator and related entities. This will enable compliance and debt collection staff to disrupt perpetrators, thereby helping to stop the cycle of escalating abuse, associated tax debts and the weaponisation of tax administration.

Recommendation 8: Training ATO staff to reduce the impact of financial abuse

The ATO can reduce the impact of financial abuse by:

- (a) mandating financial abuse and family violence training for all customer-facing staff in order to identify and assist victim-survivors;
- (b) establishing a specialised team who receive trauma-informed training to identify and assist victim-survivors (victim-survivors could have their own ATO liaison so that they do not need to constantly explain their circumstances to frontline staff); and
- (c) simplify working with victim-survivors to update their records (particularly postal address and email address) to ensure that all ATO correspondence is received in a timely manner and via safe contact methods nominated by the victim-survivor.

Further, we endorse the submission of the Economic Abuse Reference Group.

If you have any questions about this submission, please contact A/Professor Ann Kayis-Kumar at a.kayis@unsw.edu.au.

Yours faithfully,

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ANNEXURE A

Extract of Recommendations from the Financial Abuse Inquiry

Recommendation 36

3.217 That the Australian Government consider the implementation of minimum operating standards, with a view to moving to best practice standards through continuous improvement over time, to mitigate the risk of elder abuse in relation to superannuation.

Recommendation 37

3.220 That accounting bodies, financial advice and planning peak bodies, and victim-survivor advocate organisations co-design education resources for service providers to enable increased identification of financial abuse and timely reporting of suspected abuse to financial institutions and law enforcement bodies.

Recommendation 38

3.221 That accounting, financial planning and financial advice industry bodies develop and review ethical obligations of their profession in relation to receipt of instructions which may have a financial abuse motive and institute accompanying penalties for members who actively enable or facilitate financial abuse on behalf of their clients where there is no other reasonable basis underlying the instructions given by the client.

Recommendation 45

4.93 That financial institutions, government and relevant stakeholders all provide appropriate support to culturally and linguistically diverse consumers through:

- culturally appropriate financial literacy programs and plain language product descriptions or ways of talking about financial abuse to promote financial awareness and help-seeking; and**
- where a language barrier is identified, the provision of interpreters and employees trained in providing interpreting services in the family violence context.**

Recommendation 49

- 5.102 That the Australian Government make the necessary legislative and regulatory changes to enable the Australian Taxation Office to assume responsibility for government child support collections, replacing the Agency Collect program currently managed by Services Australia.

Recommendation 50

- 5.107 That the Australian Government mandate annual payer and payee declarations to the Australian Tax Office for individuals in private child support payment arrangements; and require appropriate acquittal documentation, including but not limited to bank statements, to substantiate all declarations.

Recommendation 51

- 5.108 That, where an annual payer declaration shows that child support payments are not reasonably aligned with payee child support entitlements, or where an annual payer declaration is not made, Private Collect child support payment arrangements automatically convert to Agency (Australian Tax Office) Collect child support arrangements.

Recommendation 52

- 5.111 That, at the end of each financial year, the Australian Government provide child support payees with refundable tax credits equal to any shortfall in child support payments for the preceding year; and raise a corresponding tax debt against the relevant child support payer, collectable by the Australian Tax Office as a debt owed to the Commonwealth.

Recommendation 54

- 5.117 That the Australian Government develop a tax relief model for victim-survivors of financial abuse similar to the United States IRS 'innocent spouse relief' provisions.

Recommendation 55

- 5.120 That the Australian Government amend the *Corporations Act 2001* to ensure that the company director provisions appropriately recognise family and domestic violence, including financial abuse, as a reason why a director may be regarded as not in fact managing a company.

Recommendation 56

- 5.121 That the Australian Government extend the time period allowed to respond to a Director Penalty Notice in cases of reasonable claims of financial abuse.

Recommendation 57

- 5.123 That the Australian Government undertake a review of current legislative and regulatory settings relating to trusts, with a view to addressing the abuse and misuse of trusts as a mechanism for financial abuse and coercive control.

Recommendation 59

5.130 That the Australian Government establish a standing inter-departmental taskforce to oversee the implementation of safety-by-design principles into all government services.

Recommendation 60

5.132 That all relevant government agencies provide training to frontline staff on the identification of domestic and family violence, including financial abuse, and require mandatory reporting of suspected financial abuse

Recommendation 61

5.134 That all relevant government entities providing frontline services establish dedicated teams with specialised training in domestic and family violence, including financial abuse.

ANNEXURE B

Client Stories

Please note: All names have been changed.

Angela and her ex-husband, Brad, had a family partnership. Brad was involved with running the business while Angela was a stay-at-home mum with four children. Angela was not involved in the business. Brad was physically and financially abusive to Angela. Angela left the marriage with no assets. She couldn't afford to hire a family lawyer to assist her. She was left with a tax debt of approximately \$32,000 (as the income from the partnership was split 50/50 in the tax return) and a Centrelink debt of approximately \$18,000 due to the repayment of family tax benefit which she was unable to pay. Further, during the process of separation, one of Angela's children was diagnosed with a major illness which added to the financial strain for Angela. Angela's tax debt is currently 'on hold' and any refunds she receives will be used to offset the debt. Given Angela's annual income is \$48,000, she is now likely to be caught in a debt cycle.

Angela's only interaction with the tax office was to query what her next steps were. As this was during the Covid period, the ATO were understanding that she could not make a payment plan as she was on JobKeeper and they were not actively pursuing her for the debt at this time. It was her previous accountant who suggested she go bankrupt which upset her more.

Carol was in a financially dependent relationship with her partner, Greg. Greg asked Carol to sign paperwork otherwise he would not provide her with money. Unbeknownst to Carol, she was made a director of the company. Carol was not involved with running the company and she didn't know she was a director. Carol ended the relationship with Greg due to the domestic abuse. The ATO issued Carol a director's penalty notice, in the amount of approximately \$175,000, which she needs to pay within 21 days. Carol is currently in the process of defending the DPN, however, if this is unsuccessful, she will need to declare bankruptcy for a debt she was not aware of – nor responsible for creating.

Carol had called the ATO numerous times to seek advice on what she should do. She had to tell her story each time which was not only frustrating but also upsetting as she had to recount her story numerous times. She was advised to write to the ATO about her situation, but felt the ATO wasn't listening as she was sent debt reminder letters.

Tanya and Sam were married with four children and ran a business together as a partnership. Sam had an addiction problem and, unknown to Tanya, spent their money on his addiction. Tanya was not as involved in the business as all the children were under 6. Tanya and Sam separated due to his addiction. Sam was then incarcerated. Tanya was left with the children and had to declare bankruptcy as she was unable to pay the tax and business debts which totalled approximately \$160,000. She will carry this label for the rest of her life, and it will limit her ability to obtain finance and will likely adversely impact her future employment opportunities.

Tanya and her husband had hired an accountant who was also performing bookkeeper services for them. As she could no longer afford the accountant, she had to prepare the accounts herself. However, spoke to the ATO about her predicament and did not find them to be helpful. They only gave her 28 days to prepare the BAS and lodge the outstanding tax returns. They suggested to her that after she has lodged the BAS and tax return, that she enter into a payment plan. However, as the debt was a very large amount, she could not enter into a payment plan.

Ruby was in a financially dependent relationship with her ex-husband, John. John made Ruby set up an ABN in her name, even though they were both involved in the business. Ruby relied on John to prepare the business activity statements and tax returns due to his background as an accountant. Ruby was audited by the ATO however, Ruby asked the ATO to liaise with John as he prepared the documents. At this time Ruby and John were separated due to domestic abuse and her concerns for her children's safety. Ruby was penalised by the ATO for failing to take reasonable care. She is working seven days a week to make ends meet, and is now left with the GST debt of approximately \$9,500 due to the audit. She is unable to pay this amount over the current payment plan period of 24 months – although she is willing to pay an amount each month.

Ruby found the audit process daunting as she did not prepare the BAS and her former husband took care of the finances. She was penalised for failing to take reasonable care. She felt the ATO didn't take into account her circumstances with the domestic violence and her ex-husband controlling the BAS lodgements. The ATO sent numerous letters following up the debt and requesting she enter into a payment plan which she could not afford. The Clinic assist Ruby with the request for remission of the penalty and also negotiate a temporary payment plan which allowed her to pay a lower amount each month.

Lisa has experienced past and recent domestic violence (including financial abuse) from her husband. They have recently separated. As a single mother of 8 children, Lisa relies on Centrelink payments to cover essential expenses. She has recently moved into temporary accommodation after having to leave her previous rental. Part of the financial abuse perpetrated by Lisa's abusive partner was to open a business under her name with an ABN created in 2017. Lisa has never been involved with the business, had no control over it, and did not receive financial benefit. The matter has been reported to the police. Lisa now has a large tax debt of around \$100,000 in her name related to this activity. There is also a significant Centrelink debt connected to this, due to overpayments of Family Tax Benefit based on the business income of her abuse ex-partner.

The Clinic lodged an objection with ATO which was not actioned for many months. Three months later the Clinic sent a complaint form to the ATO in relation to the delay in progressing the objection. Two months later a case officer was assigned, who asked if any further documentation was available in regards to the legal action with the client's ex-partner. The Clinic had not heard back in over 2 weeks since responding to this request. Excessive delays associated with the objection process heightened Lisa's distress and exacerbated her economic instability in what was already a difficult time.