

Addressing the weaponisation of the tax profession by perpetrators of intimate partner financial abuse



UNSW
SYDNEY

Professional advisors are a critical – and overlooked – cohort utilised by perpetrators. Although deliberate actions among professionals to facilitate financial abuse are likely rare, inadvertent acts, perhaps even in compliance with ethical principles (e.g., confidentiality) may be more common.

Given the ethical obligations of these professions, an examination of, and potential revisions to, the ethical standards guiding professional behaviour represents an important avenue through which a multifaceted solution may be facilitated. The UNSW Clinic team is currently conducting research on the appropriate regulatory responses to this complex and insidious problem. In the meantime, the following case studies reflect the Clinic frontline team's experience of frequently occurring cases of financial abuse within the tax system. Each scenario then cross-references the relevant TPB Code obligations engaged, as well as practical suggestions for prevention, detection and disruption.

	<p>Sally, a disability support pensioner, was coerced by her ex-partner into becoming a "partner" in his business. She had no access to records and was not actively involved in decision making. She was forced to sign documents under coercion. The partnership ended in 2022, but Sally is still dealing with an ATO debt of \$18,000 which includes PAYG instalments and GIC interest. Her ex-partner's accountant had registered her as a partner and lodged partnership tax returns as well as individual returns in her name without independently verifying her consent, effectively enabling the financial abuse. This is a clear example of the weaponisation of business/tax systems to create liabilities onto a victim survivor, with coercion and concealment of financial information central to the harm.</p> <p>TPB Code obligations engaged: Honesty & integrity; independence: act lawfully in the client's best interests; don't obstruct proper administration. Competence & reasonable care: ascertain the client's state of affairs; verify consent/authority; apply tax law correctly. Confidentiality & client communications (2025 Determination): protect information; keep clients informed; maintain proper records; uphold ethical standards.</p>
	<p>Mary, a 72-year-old pensioner and former director of her ex-partner's private company, was personally pursued by the ATO with the issue of a Director Penalty Notice (DPN) for \$87,000 in unpaid PAYG withholding. While she knew she was a director, she was not involved in the day-to-day operations of the business and had no access to the company's financial situation. Effectively, Mary was serving as a powerless (shadow) director. The company continued operations while insolvent for many years. In 2024, the ATO issued a Statement of Claim, initiating court proceedings. The company's accountant continued acting for the ex-partner and the company, even after Mary's departure, without ensuring that as director she had a right to be informed of the situation. Corporate structures and tax obligations were weaponised: control of information, insolvent trading, and non-compliance pushed personal liability onto a vulnerable and powerless director.</p> <p>TPB Code obligations engaged: Honesty & integrity; independence: refuse instructions that perpetuate non-compliance or insolvent trading; act in the client's best interests. Competence & reasonable care: verify directors' instructions and awareness; ensure correct application of tax law (PAYG/WHT, DPN context). Confidentiality & keeping clients informed: share material information with all directors; maintain records; uphold ethical standards; supervise staff appropriately.</p>

	<p>Dassa, a creative industry worker, was referred to the UNSW Tax Clinic by a charity after years of coercive control and financial abuse by his ex-partner. During the relationship, his partner controlled all their tax affairs, leaving Dassa with no insight into his obligations. When his long-standing tax agent passed away, Dassa discovered multiple outstanding tax returns and faced extreme financial stress.</p> <p>With support from a psychologist and NDIS worker, the clinic arranged an in-person meeting to safely gather information and lodge overdue returns. Within a week, all returns were lodged, resulting in a \$5,000 refund to Dassa. This case demonstrates how tax practitioners can play a critical role in restoring financial independence and preventing further harm.</p> <p>The <i>EARG report on weaponisation of business and tax systems</i>¹ highlights how perpetrators exploit complexity and authority in tax processes to isolate victims and maintain control. In Dassa's case, withholding tax information and asserting control over compliance obligations are textbook examples of this weaponisation. The report stresses that tax professionals are often the first line of defence against such abuse, and failure to verify authority or detect red flags can perpetuate harm.</p> <p>TPB Code obligations engaged:</p> <p>Competence & Reasonable Care: Confirm client authority and ensure accurate lodgement.</p> <p>Confidentiality & Client Communication: Maintain safe, direct contact; avoid third-party influence.</p> <p>2025 Determination: Uphold ethical standards; maintain accurate records; keep clients informed.</p>
	<p>Anna was a shareholder and director of several companies connected to her ex-partner. Over five years, she held various formal roles with no direct involvement, and she was entirely directed by him. After separating from her partner following a history of domestic and financial abuse, Anna discovered she had been removed as a director from several companies in February 2024 without her knowledge. She was unaware of the full extent of her directorships and the financial dealings of those entities.</p> <p>Her partner's accountant prepared tax returns allocating dividends and liabilities and acted for both Anna and her ex-partner. The accountant submitted information on her behalf and filed company documents and director changes without ensuring Anna's informed consent or understanding. Anna had no control over her tax affairs and could not determine how payments were made before separation. This case demonstrates how business structures and tax systems can be weaponised to entangle victims in liabilities without genuine involvement, and how professionals facilitate abuse by failing to verify authority.</p> <p>TPB Code obligations engaged:</p> <p>Honesty & Integrity: Ensure transparency and informed consent for all actions.</p> <p>Independence & Conflicts: Manage or decline engagements where conflicts exist (e.g., acting for both parties in a domestic violence context).</p> <p>Competence & Reasonable Care: Verify instructions, confirm authority, and document consent.</p> <p>2025 Determination: Uphold ethical standards; maintain accurate records; keep clients informed.</p>

Recommendations

The key 'lesson learnt' from each of these case studies ought to be that tax professionals should always independently verify client authority and consent. Particularly in engagements involved intimate partners it can be commonplace to rely on one spouse for communications and decision-making. This makes the professional involved at risk of unwittingly being used to further perpetrate abuse.

We recognise that it is difficult to prevent, detect and disrupt financial abuse. The following table cross-references the above case studies with practical suggestions to achieve safer practice.

¹ [EARG-The-weaponisation-of-business-tax-systems-as-a-tool-of-financial-abuse-1.pdf](https://www.earg.org.au/the-weaponisation-of-business-tax-systems-as-a-tool-of-financial-abuse-1.pdf)



	<p>Prevention</p> <ul style="list-style-type: none"> Verify identity and consent privately before registering or lodging; issue separate engagement letters; ensure Sally understands obligations and has secure access to myGov/ABR/ATO. <p>Detection</p> <ul style="list-style-type: none"> Treat lack of involvement and third party control as red flags; review signatures/authorisations directly with Sally; check for inconsistent contact details or unusual bank instructions. <p>Disruption</p> <ul style="list-style-type: none"> Pause lodgements until informed consent is confirmed; refuse instructions that breach professional standards; consider false/misleading statement pathways and notify ATO/TPB where appropriate; signpost to support services.
	<p>Prevention</p> <ul style="list-style-type: none"> Establish multi-director communication protocols; circulate financial statements and ATO correspondence to all directors; document advice about DPN risks and insolvency indicators. <p>Detection</p> <ul style="list-style-type: none"> Monitor persistent non-payment (PAYG/GST), ATO demands, and control imbalances; verify that each director authorises filings/payments; confirm access to portals and bank accounts. <p>Disruption</p> <ul style="list-style-type: none"> Refuse unethical instructions; recommend independent insolvency advice; consider TPB/ATO notification channels (false/misleading statements, significant breaches); manage conflicts and disengage if independence is compromised.
	<p>Prevention</p> <ul style="list-style-type: none"> Encourage clients to maintain independent financial accounts (MyGov, bank logins). Streamline client details and ensure only the client can make financial decisions. Use secure, client-controlled communication channels to limit external influence. <p>Detection</p> <ul style="list-style-type: none"> Increase awareness of red flags: prolonged non-lodgement, third-party dominance, distress during discussions. Ask intentional questions to confirm the client's input and control over decisions. <p>Disruption</p> <ul style="list-style-type: none"> Offer trauma-informed explanations of tax processes to rebuild confidence. Apply for penalty remission or hardship provisions where appropriate.
	<p>Prevention</p> <ul style="list-style-type: none"> Conduct formal client onboarding to identify the true client and scope of work. Confirm who authorises lodgements and signs return. Maintain separate engagements for related parties to avoid conflicts of interest. <p>Detection</p> <ul style="list-style-type: none"> Treat lack of understanding of directorships or dividends as a red flag. Verify supporting evidence for director resignations, dividend allocations, and company changes. <p>Disruption</p> <ul style="list-style-type: none"> Document verbal instructions and require written confirmation from the taxpayer. Question inconsistencies between client knowledge and records; escalate concerns where necessary. Provide referral pathways for financial counselling and domestic violence support.

