

Mr Chris Jordan
Australian Tax Commissioner
Australian Taxation Office
GPO Box 9845
SYDNEY NSW 2001, AUSTRALIA
Fax: 1800 060 063

Dear Mr Jordan,

Non-Lodgement of Tax Returns

The National Council of Single Mothers and Their Children Inc (NCSMC) were prompted to write this correspondence after reading the interview, [“ATO's 2018 hit list targets smaller tax avoiders”](#).

It remains a deep concern that Australians who are customers of the child-support scheme purposely do not lodge a tax return to minimise and or avoid child support payments. The deliberate action is tax evasion and NCSMC are at a loss as to why this practice has been able to flourish for decades despite continuous evidence regarding the affect.

NCSMC is not alone with our concerns and believe that it's time for action. The Child Support Inquiry (2014) found that there were 435,425 customers with outstanding tax returns¹. After an extensive inquiry the committee recommended (Recommendation 7),

The Committee recommends the Australian Government amend current policy to ensure that the penalties applicable to the non-lodgement or late lodgement of tax returns are enforced for all clients of the Child Support Program. The penalty should allow for defences where the individual has a reasonable excuse for non-lodgement, such as circumstances outside their control. Consideration should also be given to the annual indexation of the penalty. A working group comprising representatives of the Australian Taxation Office, the Department of Social Services and Department of Human Services should be established to recommend the size of the penalty.

The Government responded; they 'agree in-principle with this recommendation'.

The Government will investigate the best ways to ensure the lodgement of tax returns as part of the support of the Child Support Program. This will include an examination of the way in which the current penalty regime is enforced and how it could be improved, including the regularity of enforcement,

¹ Department of Human Services, 28 August 2014, Submission 99 - 99.1 Supplementary Submission, *Lodgement Enforcement with the ATO, Question reference number: 10*



National Council for Single Mothers and their Children Inc.

Eliminate and respond to violence, hardship and inequality for single mothers and their children

✉ PO Box 2238, Hilton, 5033

P 08 8354 3856

E ncsmc@ncsmc.org.au

www.ncsmc.org.au



and the nature and size of the penalty. ²The Government will also examine other measures aside from penalties that may encourage compliance¹.

NCMSC is keen to assist the Government to action this response and believe that the ATO is not only a key stakeholder in this process but could positively influence. The non-lodgement of an annual tax return is tax evasion, it's used to minimise child-support, it reduces the private support and increases the public support to children, it erodes the efficacy of the scheme which is premised on an accurate and timely income. Furthermore, it can produce debts to the State and Payees resulting in hardship for payees, mostly low-income mothers who head-up the family. It's not unusual for a Payer to lodge a tax return after years of non-lodgement, it's then discovered that that the 'estimated amount' set by the Child Support Agency is inaccurate and an underestimation resultant in an immediate payee debt to the state as family payments are determined by the stated child-support. To illustrate this point, I would like to introduce you to Helen and Gordon.

Helen

Helen has a debt of approximately \$7000 to the State. Gordon, the child's father, had not lodged a tax return in six years. Shortly after the child turned 19 years, Gordon lodged six tax returns at once. It was discovered that Gordon's estimated income as determined by the Child Support Agency was a significant underestimate for five of the six years. Consequently, Helen had received, on paper, 'too much family payments' for five years and was required to repay that debt. Helen has a low income and due to hardship, she entered a repayment plan, which has increased her financial distress. The tax returns confirmed that Gordon had five years of high income whilst the final tax return was low income as he had 'left his work'. The child-support debt owed to Helen which is in excess of \$35,000, has not been collected and Helen is sceptical her child will benefit, and she believes that there will not be any collection or transfer of that child-support.

The Department of Human Services in its 2016–17 Annual [Report](#) stated that they had transfer of \$3.5 billion to support approximately 1.2 million children. This signals the importance of a scheme as it touches close to a quarter of Australian children (under 18 years). We have an obligation to do much better.

Although we may have a differing reason as to why we want action on the non-lodgement of tax returns I am sure that there is a common goal and that action is well overdue, it should not be that complicated to enforce an annual tax returns. NCSMC points out that the government has strategies for Australians in receipts of income support regarding tax return. These Australians must either lodge or complete a process as determined by DHS otherwise their benefits can be reduced/ceased. NCSMC believes that a practical way forward would be to confirm that all customers that have a current child support liability must lodge an annual tax return as per the prescribed dates. Clear penalties, that promote compliance, and strategies should be part of this process. The lodgement of a tax return should not be negotiable and have no legal recourse. The perennial issue of not having an accurate and timely assessment of income corrodes the overall effectiveness of the Child Support Scheme and it invites tax invasion.

² Australian Government response to the House of Representatives Standing Committee on Social Policy and Legal Affairs report: August 2016, *From conflict to cooperation – Inquiry into the Child Support Program*

I would be most keen to meet to discuss this in person with the appropriate personnel in the Australian Taxation Office. I am based in Adelaide and willing to meet interstate or engage in a teleconference. In addition to Helen's example I have lifted comments, primarily from a *Child-Support Debt* [website](#) to providing insight into how this form of tax evasion affects families.

I trust that this is the start of dialogue and I look forward to progressing this matter.

Warm Regards,

A handwritten signature in grey ink, appearing to read 'Terese Edwards', written in a cursive style.

Terese Edwards

Chief Executive Officer

Copy

The Hon Dan Tehan MP Minister for Social Services

The Hon Jane Prentice MP Assistant Minister for Social Services and Disability Services

The Hon Dr David Gillespie MP Assistant Minister for Children and Families

Tell it like it is: Non-lodgement of Tax Returns

CSA 6-9 months to investigate and they come up with around \$160k pa. Big difference!! He owns 2 properties worth \$2-3 million each, BMW, boat and goes on overseas holidays every year. Does not contribute a cent to costs. This is abuse!!! Waste of time, broken system.

Currently the Child Support Agency has no real enforcement penalties and a parent can practically ignore payments requirements from the Child Support Agency with a good accountant advise as my ex has done with re marrying and not working. Being single parent is a selfless act when you only want the best for your children and you are faced with real financial burdens because the government fails to act, and your ex is manipulative and spiteful and has no real love for his children's wellbeing.

Non lodgement of tax returns for years? Zero repercussions!

Paying parent can't pay child support, but can go on elaborate 4x4 holidays, BUY own house. Hasn't done a tax return in god knows how many years

My ex works and I haven't seen a cent in child support. They don't do tax returns and they get away I don't have a debt recorded because the kids father hasn't lodged a tax return in 6 years and previously declared his income at 30k. This year he hasn't declared it and it sits at some provisional amount of \$13k. So I see no child support payments and he has no debt recorded with it and CSA let them know this.

I have been chasing csa for 18 years i do their job give them details of where he works they set up payments he leaves and then works cash in hand. He doesnt do his Tax returns. Iv given csa details ,contacts they never chase him up. The debt owing they reckon in 18 years is \$25'000 its so low its disgusting

My ex currently owes over \$3000. He earns cash, runs a small business and hasn't done a tax in years.

My ex owes \$18,000 in unpaid child support. I have no doubt he will continue to evade tax and it will go to me to grow!

They should be forced to pay their child support & forced to do their tax returns no matter what.

I am currently owed over \$7,500 & that's only 2 years worth of child support.

Im owed over \$23000 for two kids. He hasnt done a tax return on over 4 years! Was also working for cash and not declaring it and his boss refused to garnish his wages!

Over \$39,000. He never lodges tax returns. The one time he did, his returns were garnished and we were paid a considerable amount against the debt (which at that point was around \$25,000). After that 'lesson', he will never file again and the debt continues to grow. Why does the ATO not have more power to chase tax evaders?

I'm owed \$60.000 from 2 dads. Both never done taxes return n work for cash.

They have evidence of not only work, cash in hand and newly acquired assets such as harley davidson, and 3 other motor vehicles, and both overseas and interstate travel and still nothing is done. I wish I knew how to achieve all this on \$0 income.

\$49,000 and counting. Haven't heard from him in years. He doesn't lodge tax returns. I can only hope it catches up with him.

my sons dad hasn't done a Tax return in over 10 years.

I'm owed approximately \$10 000 and counting. My ex husband hasn't submitted tax returns for the past 2 years.

ears ago I reported my ex husband to the ATO and supplied them with his ABN. He was working in the building industry (of course, this sector harbors many offenders) and the ATO were just not interested.

I'd like to know how this issue is consistently ignored?

92/93 was the last time my eldest sons father lodged his return.