

Tax Repayment Plans

If you currently have a tax debt, the worst thing you can do is ignore the debt and hope it goes away. The best thing to do is to contact the Tax Office as soon as possible, and discuss an arrangement to pay the debt over a period of time.

The Tax Office may accept a Tax Repayment Plan depending on the amount of the debt, the repayment amounts being proposed, and your payment history.

When considering your payment proposal to the Tax Office, do not over extend yourself. Remember you need to pay the outstanding debt, as well as save for your current year taxes.

The Tax Office has introduced new conditions in relation to Tax Repayment Plans which include an upfront payment of at least 20% of the current debt. Following this payment, weekly, fortnightly or monthly payments may be made for a period of three, six or twelve months.

The Tax Office will charge interest of approximately 12% p.a on any outstanding amounts. With this in mind, we recommend contributing any excess cash towards the debt to pay it off as soon as possible. Note, interest charged by the Tax Office is tax deductible and will be included in your personal tax return in the year the interest is incurred.

The easiest way to make payments in your Tax Repayment Plan is via Direct Debt or B-pay. Please note, your account with the Tax Office has a unique B-pay reference number which must be used to ensure your payments are recorded to the correct account.

In addition, any credits or refunds due to you will be withheld by the Tax Office and offset against the debt owing.

Please also note, one of the most important terms of a Tax Repayment Plan is that **ALL future taxes must be lodged and paid on time**. Failure to lodge or pay any future obligations on time will **Default** (cancel) the current arrangement. Be careful, should your plan default, you may have difficulty arranging a new plan.

If you have trouble making the required payment in your Tax Repayment Plan, call the Tax Office immediately. This may avoid the plan defaulting.

Please call McDonald Ross on 02 9262 5566 if you have any questions.

