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ATO's \$56B Tax Chase Hurts Fraud Victims

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Victims of financial abuse, like Laura, face crippling tax debts as the Australian Taxation Office pursues \$56 billion in unpaid taxes, prompting calls for legal reforms to protect survivors.

Laura, a victim of domestic abuse, escaped a violent relationship in January 2020, only to face a new ordeal: a hefty tax debt she never knew existed. As reported by ABC News on July 31, 2025, the Australian Taxation Office (ATO) is intensifying efforts to recover \$56 billion in unpaid taxes, with \$36.6 billion owed by small businesses. However, this aggressive pursuit is ensnaring victims of financial abuse, who are often unaware of

fraudulent tax obligations incurred by their abusers. Laura's former partner, for instance, used her name to rack up company tax debts, leaving her liable after their separation, according to ABC News.

The ATO's use of Director Penalty Notices (DPNs), which hold individuals personally accountable for company tax debts, has surged, with garnishee notices also rising to seize funds directly from bank accounts. Julie Dal Pra, a financial counselor, told ABC News that many women are unknowingly appointed as company directors by abusive partners, resulting in "sexually transmitted tax debts." She criticized the ATO's lack of understanding of financial abuse, noting that victims' stories are often dismissed. Ann Kayis-Kumar, founding director of the University of New South Wales Tax and Business Advisory Clinic, echoed this, stating that DPNs unfairly target abuse survivors due to inadequate safeguards.

Laura's plea to waive her debt was rejected by the ATO, which she said has left her unable to secure a home for her child. "The real culprit should be pursued, not the victim," she told ABC News, highlighting the financial ruin caused by debts she didn't incur. The ATO's limited authority to waive debts in such cases has sparked calls for legal changes. The Inspector-General of Taxation and Taxation Ombudsman (IGTO) recommends enhanced ATO training in trauma-informed practices and better collaboration with agencies like Services Australia to detect abuse early, per a 2025 report.

As the ATO ramps up debt collection, critics argue it risks pushing vulnerable Australians into financial despair. The agency encourages affected taxpayers to discuss payment plans, but without legislative reform, victims like Laura remain trapped by their abusers' actions.