

What's fair?

Collecting historical debts

An investigation into the ACT Revenue Office
and its collection of historic land tax debt

May 2025



Acknowledgement of Country

We acknowledge the Traditional Custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

Contents

Executive summary	4
Recommendations	7
Background	9
Why did we investigate?.....	9
The land tax process.....	9
Issues raised in complaints.....	11
What did we investigate?	11
What did we find?	12
Agency Response	26

Executive summary

Quote

'A clear double standard appears to be in play which puts finite limitations on potential complainants but puts no obligation on the ACTRO to act in a timely and reasonable manner in response'

- Complainant quote

Land tax applies to ACT properties that are not the owner's principal place of residence. This includes both rented properties and vacant properties. People are required to notify the ACT Revenue Office (ACTRO) if a property becomes liable for land tax, such as if a property is rented. The onus is on an individual to be aware of their ongoing tax obligations. Land tax is not subject to any limitation periods: if it is due, whether or not an assessment has been issued, it will remain due until paid, with interest accruing, and it can be recovered by ACTRO at any time.

In 2023, ACTRO commenced a new phase of its land tax compliance program which involved issuing assessment notices for historical land tax, surprising many people who received the assessments. The land tax involved ranged from 6 to 17 years ago. Enhanced data matching techniques have been used to identify potential land tax non-compliance, replacing a previously manual process.

In itself, this is not unusual. With improvements in data matching processes, including through using Artificial Intelligence (AI), previously unknown debts are being identified and pursued by government agencies years and even decades later. Until they receive notice from the government, the people who owe the debts may be unaware of the amounts owing, which can include years of accrued interest and penalties.

At the same time, the rule of law requires that the decisions of government agencies can be challenged by those affected by the decisions - which means that agencies must provide sufficient information about the decisions and how to seek a review. Agencies should also always behave fairly in administering laws and processes.

In September 2024, my Office commenced investigating ACTRO as a result of complaints we received about the ACTRO's processes for identifying and collecting

historical land tax debts.¹ We investigated the individual complaints and provided specific explanations and resolutions to the individuals. We also separately made confidential recommendations (3) and suggestions (5) to ACTRO with respect to particular individual complainants, about matters such as refunding interest, apologising for errors and having the Minister consider waivers of land tax.

We were also concerned however about whether ACTRO's debt collection processes were systemically fair and reasonable.

During this investigation, we sought to understand:

- why land tax debts were being raised years after a property had been sold
- what processes ACTRO was following in raising a debt assessment
- what assistance was being provided to people to understand the process and their rights to seek review, and
- was ACTRO's process reasonable when making decisions and conducting reviews.

Although land tax is self-assessed, and the law requires people to notify ACTRO when their property is liable for land tax, we found that ACTRO is not doing enough to ensure it is raising and collecting historical land tax debts reasonably and fairly. We also found ACTRO has undertaken its land tax compliance program in such a way as to place a high burden on individuals, without giving reasonable consideration to individual circumstances prior to issuing debt assessments. Not surprisingly, ACTRO received a high volume of objections, and we found they are not providing timely responses to those objections.

I note the importance of ACTRO's compliance activity in ensuring that ACT taxpayers are treated equitably and that some are not disadvantaged by others disregarding or evading their tax obligations. I also acknowledge the assistance from ACTRO throughout this investigation, including providing records and responding in a timely manner to our inquiries.

I make 4 recommendations aimed at influencing systemic improvement in fairness, accountability, transparency and communication in ACTRO's raising and collection of historical land tax debts.

¹ For the purposes of this investigation, we considered a debt over 5 years old to be a historic debt.

These recommendations should apply to any historical debt collection process undertaken by ACTRO. I would also encourage other government agencies intending to raise and collect any debt to consider if the implementation of these recommendations would promote greater fairness and transparency in their activities.

Iain Anderson

ACT Ombudsman

Recommendations

In light of our findings the Office makes the following **4 key recommendations**:



Recommendation 1 – Improve processes when raising historical debts

ACTRO should:

- Engage with individuals upfront to ensure the most complete and accurate information is available to staff before issuing an assessment.
- Ensure staff record detailed reasons for their determinations that show due consideration of the factors relevant to reducing penalty tax and interest.
- Review and update the Revenue Circulars with a focus on defining key factors relevant to penalty tax and interest.
- Provide further training and practical internal procedures to support staff to engage more fairly with individuals prior to issuing an assessment.



Recommendation 2 – Review and update processes for historical debt collection

ACTRO should review its processes and seek to ensure greater administrative fairness when recovering historical debts, including:

- Reasonable timeframes for payments to be made.
- The appropriateness of accruing interest during objection reviews and payment plans.
- When it is appropriate to waive interest charges and penalty tax.
- Fairer calculations for end dates on interest charges.



Recommendation 3 – Increase communication and transparency about the process of recovering historical debt

Promote effective and timely communication and greater transparency around decision-making and review processes, including:

- Introducing key performance indicators for responding to enquiries about assessments or objections.
- Creating accessible website information about ongoing and future compliance programs, outlining key phases, timelines and links to relevant information.
- Including a link to [historical interest rates](#) and attach an individual's Land Tax Calculator Schedule Report within the assessment notices.
- Where a debt is raised retrospectively due to ACTRO's error, that is directly acknowledged and an apology is provided to the individual at the start of any engagements, or as soon as possible after the error becomes evident.



Recommendation 4 – Improve timeliness for objection decisions

Prioritise new approaches to reduce the average 6 to 12-month timeframe for responding to objections.

ACTRO accepted all **4 recommendations**. We will continue to discuss anticipated timeframes for implementation of the recommendations with ACTRO.

Background

Why did we investigate?

During 2024 our Office received 10 complaints about assessments issued for historical land tax debts from over 6–17 years ago, which at times included backdated interest and penalty tax. The complaints raised several concerns with the processes ACTRO engaged in prior to issuing the assessments notices, as well as the process afterwards, which left people confused, upset and distressed.

This investigation was initiated in response to those complaints – which raised concerns about the transparency, timeliness and reasonableness of ACTRO's actions – and our concerns about the fairness of ACTRO's processes for identifying and collecting historical land tax debts.

In light of our Office's 2024 publication '[How to tell people they owe the government money](#)', we considered it particularly important to investigate ACTRO's processes for raising historical land tax debts and make recommendations to improve the transparency and fairness of those processes.

The land tax process

The ACT Revenue Office (ACTRO) is part of the Chief Minister, Treasury and Economic Development Directorate. ACTRO is responsible for monitoring and ensuring the integrity, fairness and effectiveness of the ACT's taxation system and plays a key role in enforcing revenue laws.

Land tax funds local government services, including essential services such as schools, hospitals, public transport and community facilities for the ACT community. ACTRO recently identified extensive land tax evasion which had deprived the government of tens of millions of dollars in land tax revenue.

ACTRO has an active land tax compliance program which up until 2017 involved staff manually reviewing data to determine if a tax debt existed. In 2022, ACTRO began using enhanced data matching techniques through a new algorithm which improved the way it approached compliance activities. This new process was driven by business intelligence (BI) and trend analysis which presented data to delegated officers to assist in the information gathering process. The BI replicated what officers were previously

doing through manually matching data, but at a much larger scale and quicker. The 'BI cell' ranked cases in order of likelihood that a debt existed and the value of the debt.

The case lists from the BI cell were provided to officers with delegated powers to determine which cases are selected for further action. For each case selected, a 'land tax request for information' email was sent to the property owner which invited the recipient to fill out an online questionnaire form. ACTRO used the information submitted in the form and other data it held (including registration searches, utilities data, rental bonds data, ATO data and electoral roll registers) to determine whether a land tax debt existed. If so, a Notice of Land Tax Assessment (assessment notice) was issued to individuals advising of their debt, which at times included backdated interest and penalty tax. Higher penalty tax and interest rates were often applied to assessments where individuals provided incomplete information or did not respond to the request for information questionnaire.

Individuals who disagree with the assessment notice can request a review by providing an objection submission to ACTRO. This must be lodged within 60 days from the date the assessment notice is received. During the objection process, the land tax debt is not paused and interest on any unpaid debt accrues monthly. ACTRO's website² cautions people who pursue an objection as follows:

Keep in mind that despite your objection, you're still responsible for paying all charges; if you don't pay them while your objection is being considered, the charges will accrue interest.

Individuals can also apply for a 12-month payment plan; however, interest also accumulates during the plan. ACTRO estimates a 6-month timeframe to provide a decision to an objection, but it may take longer. If an individual is dissatisfied with the objection decision, they may have further review options with the ACT Civil and Administrative Tribunal (ACAT).



Did you know?

You have **30 days** to notify ACTRO if a property is or becomes liable for land tax in the ACT? Since 1 July 2018, land tax has been imposed on residential land that is not the owner's principal place of residence.

² ACTRO – Website "[Objecting to an assessment or a decision](#)".

Issues raised in complaints

The complaints we received about ACTRO raised the following issues:

- Length of time (6–17 years) ACTRO has taken to investigate and raise the land tax debt.
- Burden placed on individuals to find and provide historical records or information about previously owned properties.
- Lack of assistance and delayed responses when contacting ACTRO about the request for information form or assessment notice.
- Short length of time to pay the debt.
- During the review process, individuals were still required to pay the full amount and any interest or penalties by the due date, otherwise interest continues to accumulate monthly.
- Waiting over 6 months, and at times over 12 months, to receive a decision to an objection to an assessment notice.

What did we investigate?

Between September 2024 and March 2025, we investigated the following key issues:

 Raising historical debts We reviewed documents relating to the steps ACTRO took before issuing historical land tax assessments.	 Record keeping We inquired into ACTRO's record keeping practices and about ACTRO's expectations for people to keep old records	 ACTRO's communication We investigated how ACTRO communicated with people via the request for information emails and objection process.
Penalty tax and interest  We investigated how and when ACTRO determined the rate of penalty tax and interest, including considering individual circumstances.	Review delays  We investigated the lengthy delays for providing decisions to objections.	Artificial Intelligence (AI)  We investigated the use of AI and automation in ACTRO's processes for raising the historical land tax.

What did we find?

Quote

'I feel 13 years is far too long for any Govt agency to seek money where I cannot provide any evidence.'

- Complainant quote

1. The law does not set a time limit for raising land tax debts

The complaints we received raised concerns around the lawfulness of the pursuit of historical debt and expectations for keeping old records. It's important to highlight that ACTRO can issue assessment notices for land tax from any time: the relevant laws do not prescribe a time limit to raising historical land tax.³ This is common for taxes: people should not have an incentive to avoid disclosing potential liability in the hope of going undetected.

While the law also states that individuals must keep records for a minimum of 5 years, ACTRO has the authority to impose land tax after the 5-year period has lapsed.⁴

We examined whether ACTRO was using Artificial Intelligence (AI) and automation appropriately. ACTRO confirmed automation is used only for sorting, grouping and identifying potential land tax debts and is not used for decision making. We found these approaches to be consistent with our [Better Practice Guide](#) on automated systems.

However, we note that between September 2022 and April 2024, ACTRO sent 5,300 request for information emails which only resulted in 1,300 assessment notices. Therefore, ACTRO's data matching algorithm may be causing avoidable stress for individuals who do not have a land tax debt but were required to comply with information-gathering.

³ Section 7(2)(a) of the *Limitations Act 1985* (ACT).

⁴ Section 57 and 64 of the *Taxation Administration Act 1999* (ACT).

2. ACTRO's approach to recovering historical debts is not customer-centric

While there is no statutory time limit for raising land tax debts, we found that **ACTRO had no procedural guidance for its staff to address the sensitivities of recouping historical debt**. As a result, we found ACTRO's communication with individuals to be at times insensitive and lacking a customer-centric approach.

The oldest land tax debt identified in the complaints to our Office dated back to 2006. This person's experience and concerns are outlined below.⁵

Case study

In 2023, Tara received a land tax assessment for 2006–07 and 2009–10, which indicated she owed over \$5,000 in land tax, and over \$1,800 in penalty tax and interest. Tara was asked to confirm records dating back to 2006 but had not retained records from more than 15 years ago – having sold the relevant property 5 years after purchase. As Tara no longer kept the relevant records, she contacted the property agency, but they also had not kept records from so far back.

Tara paid the full amount owing to avoid further interest charges and raised an objection on the basis that she had made every effort to discharge her responsibilities to pay land tax. ACTRO decided to waive the penalty tax and interest imposed in full, and Tara was refunded over \$1,800, 6 months after requesting a review.

The above case study demonstrates the difficulties and pressure placed on individuals to recall past actions and retrieve historical records that go beyond the legislatively required minimum period of 5 years.

As people are less likely to have retained records beyond 5 years, ACTRO should consider taking a different approach to requesting information about historical debts.

⁵ All case studies have been de-identified to protect privacy.

3. Insufficient information considered before issuing an assessment notice

ACTRO, at times, did not give individuals an adequate opportunity to provide all information relevant to a land tax debt prior to issuing an assessment notice.

The case study above shows that had ACTRO enquired further about Tara's circumstances, it is likely the assessment notice would not have included penalty tax and interest. In Rex's case (see case study on page 16), although he had sought clarification from ACTRO about the request for information form and was awaiting a response before completing the form, he was instead sent his assessment.

We believe ACTRO should communicate more clearly with individuals prior to issuing an assessment notice, to help people understand the factors that may affect the application of penalty tax or interest. This is particularly important as ACTRO's review process can take more than 6 months, during which interest on outstanding debts accrues monthly if an individual does not pay by the due date.

Of the 10 complaints we formally investigated, ACTRO reduced penalty tax and interest on the original assessment for 4 individuals, after receiving further information through objection submissions. While ACTRO then refunded the individuals, this process placed an unnecessary financial burden on the individual to pay additional charges that ACTRO subsequently decided did not have to be imposed. This also meant individuals lost money on interest they could have received from their banks, particularly if they were refunded many months later.

In response to one of our investigation questions, ACTRO responded that it *"... Considers investigating officers are consistently administering land tax compliance assessments within the legislative provisions and giving due regard to the circumstances of each case."* However, the complaints we received showed that, at times, delegated officers neglected to sufficiently investigate an individual's relevant circumstances prior to issuing an assessment notice, and instead the only factor considered in internal decision making was whether information provided matched ACTRO's records.

Delegated officers should be empowered to seek additional, clarifying information, rather than assume evasiveness on the part of the individual.

The below case study highlights why ACTRO should undertake further investigation,

beyond initial information requests, to understand complex background details which could result in penalty tax and interest being waived before issuing an assessment notice.

Case study

Roman is a pensioner and received a land tax assessment in 2023 for land tax owed between 2017–2019. The amount due included over \$8,000 in land tax, and over **\$4,000** in penalty tax and tax. The circumstances surrounding the property were complex, including consideration to a Will and review of trustee ownership. However, ACTRO had applied a 25% penalty tax and full interest, based on the view that Roman had not disclosed all complete information in his first responding email. Roman waited over 9 months for a decision, which ultimately waived the **\$4,000** penalty tax and interest in full.

ACTRO outlined that the application of penalty tax and interest is assessed on a case-by-case basis. In deciding to waive/reduce penalty tax before issuing an assessment, ACTRO will take into account any mitigating factors such as:

- Whether the person took steps to mitigate, or to mitigate the effects of, the circumstances that resulted in the liability for penalty tax
- Whether the circumstances that resulted in the liability for penalty tax were complex or exceptional
- The compliance history of the taxpayer
- Whether the ACT Revenue Office contributed to any delays, errors or omissions in assessing the tax default.⁶

Likewise, ACTRO may have regard to the following when considering whether to waive/reduce interest:

- Where no penalty tax is payable, or penalty tax has been reduced or remitted in whole under the TAA [*Taxation Administration Act 1999*]
- Circumstances where the ACT Revenue Office may have contributed to any delays, errors or omissions in assessing the tax default.⁷

⁶ [ACTRO Revenue Circular "Penalty tax"](#) – Current – Effective 1 July 2019.

⁷ [ACTRO Revenue Circular "Interest"](#) – Current – Effective 10 December 2019.

We consider it fair and necessary for ACTRO to investigate more robustly to ensure all relevant factors are considered prior to issuing an historical debt notice, to avoid unnecessary financial burdens on individuals.

We found that ACTRO's internal decision making for calculating penalty tax and interest did not always consider the above factors prior to issuing an assessment notice. ACTRO considered the above factors in its objection decisions, but did not always consider them prior to that. The case study immediately below demonstrates another instance where ACTRO reduced penalty tax and interest after issuing a land tax assessment.

During our investigation we also found that submitting a rental bond from the date the Rental Bonds Office became part of ACTRO (from July 2017) was also a consideration in whether a lower rate of interest and penalty tax would be applied. This is not outlined as a factor for consideration in any internal documents, but ACTRO advised that staff receive training and awareness around this consideration and are guided to undertake rental bond searches.

Case study

Meera received a land tax assessment in 2023 for land tax owed between 2007 and 2009. The amount due included over \$1,700 in land tax, over \$400 in penalty tax and over **\$6,600** in interest. After receiving Meera's objection, ACTRO emailed an adjusted assessment which reduced the interest from \$6,600 to **under \$2,000**. The interest amount was only revised down once an objection was made.

ACTRO advised it is now raising a land tax assessment when a rental bond is lodged, and interrogating data at the time a property is sold, to determine if the owner of the property might have been liable for land tax.

We believe **ACTRO should be making fairer decisions in calculating penalty tax and interest which shows better consideration of the factors outlined in the Revenue Circulars prior to issuing an assessment.**

We also found **ACTRO staff require better guidance about circumstances that warrant a reduced penalty tax and interest rate.** Improved and updated guidance will help delegated officers identify relevant information but will also help improve communication with taxpayers regarding what relevant information may be considered before an assessment is issued.

In the context of historical land tax debts, **ACTRO needs to ensure it is giving a reasonable opportunity for people to provide relevant information before issuing an assessment for a historic debt, beyond a single potentially unclear opportunity through the request for information form.**

4. Impersonal communications and insufficient responsiveness to enquiries during the request for information stage

Quote

'I still have not received an indication as to how I should have completed a form under threat of criminal punishment for inaccuracy for an historical claim of great age'

– Complainant quote

When individuals suspected of owing land tax were contacted by ACTRO and invited to fill out a request for information form about their potential land tax debt the form stated:

By providing information through this on-line form, any land tax liabilities found to exist will attract a 5 per cent level of penalty tax and a lower level of interest. If you do not respond through this process and are later found to have an undischarged liability, it is likely a higher level of penalty tax, of between 25 and 90 per cent, and a higher level of interest, will be imposed...

At the end of the form, individuals had to declare:

... I/we declare that the information in this land tax request for information is true, correct and complete. Providing false or misleading information may constitute an offence under section 388 of the *Criminal Code 2002* (ACT) and is punishable by a fine or imprisonment of up to maximum 12 months.

Penalty tax is reduced by 80% where an individual voluntarily discloses, in writing, sufficient information to enable the nature and extent of a tax default to be

determined.⁸ We found that despite some individuals responding to the form to the best of their recollection, they still received high penalties. ACTRO clarified that where information is omitted, incorrect or misleading a reduction of penalty tax does not apply. **Individuals felt they did not know how to respond, especially given the risk of incorrectly recalling historical details and committing an offence.** When individuals sought help by contacting ACTRO, they didn't receive timely responses, and the form was not clear enough for many to be sure of what they needed to provide.

ACTRO requires better communication before raising a historic debt. ACTRO's current processes have left people feeling confused, uncertain and frustrated with the lack of communication.

The below case study shows that an individual waited over 6 months for ACTRO to respond to his email where he requested assistance to respond to the request for information form.

Case study

When Rex received the request for information email, he sought clarification from ACTRO. Six months later, Rex received a response to his email which requested Rex confirm data from the Australia Taxation Office (ATO) and a utilities company.

Rex raised with ACTRO that the information did not match his records, and he believed the data was inconsistent. As there would be repercussions for providing false or misleading information, he asked ACTRO how to address this. Rex did not receive a response and instead ACTRO issued the land tax assessment 2 weeks later.

ACTRO needs to be more responsive to enquiries and requests for assistance from people trying to complete the request for information or understand what information might be useful and appropriate to provide. This is important given individuals are unlikely to have access to relevant records many years later, particularly after selling a property. During our investigation, ACTRO confirmed it does not have targets or KPIs for

⁸ Section 32 of the *Taxation Administration Act 1999* (ACT).

responding to enquiries by email or phone, but endeavours to provide a high level of customer service and respond in a timely manner.

ACTRO also confirmed it does not have specific guidelines on responding to enquires, but that its staff members are experienced in land tax, the request for information form and the land tax compliance program.

We found ACTRO lacked internal guidance to inform delegated officers of its expectations for responding to enquiries about record keeping, including what ACTRO may do if someone no longer holds records.

5. Inadequate response for managing increased objections

Quote

'We were given just over 6 weeks from the date of the notice to pay the charges listed on the notice of assessment, yet ACT Revenue Office has 6 months to reply to us. There was no option to suspend the debt, including any additional interest, until a response to the objection was received'

- Complainant quote

With AI and automation, ACTRO has generated an extremely high demand for objections which are not being responded to in a timely manner. We received complaints about individuals waiting over 6 months and at times over 12 months for a review decision.

ACTRO outlined that from September 2022, it commenced new triage processes and increased the number of objection officers. However, despite undertaking action to anticipate increased objections, the below statistics show that **ACTRO is falling below its targets**, with fewer than half of the objections being decided within 6 months.

In the period 2023 to 2024:

- **45% of objections were completed within 6 months, (against a target of 85%)**
- **97% of objections were completed within 12 months, (against a target of 100%)**

We found that ACTRO needs to improve how it manages objections before using AI and automation to generate lists for staff to send thousands of request for information emails to individuals.

As discussed above, we consider earlier consideration of individual circumstances before applying penalty tax and interest might have gone some way to reducing the influx of objections. Similarly, more timely assistance with enquiries about the information required to be provided upfront may have avoided the need for people to seek a review after receiving their notice of assessment.

We consider ACTRO should prioritise further strategies to reduce the average objection review wait times and reach out to people more regularly to provide updates on their review.

Ultimately, as ACTRO is using AI and automation for large scale data matching, greater consideration is required before contacting large volumes of people simultaneously about potential historic land tax debts. ACTRO should revise its procedures and invest in further resources to prepare for increased objections. That way people who wish to object to assessments are not further disadvantaged.

The case study below highlights the disadvantages an individual faced with the land tax collection process, including waiting over 12 months for an objection decision.

Case study

Kai received a land tax assessment from 2008-09 and 2012-13, advising he owed over \$14,000 in land tax. No penalty tax or back interest applied as Kai provided proof that he had notified ACTRO in 2008 that he was renting his property. ACTRO received the notification in 2008 but did not raise the land tax at the time.

Kai believed ACTRO had acted unfairly and unreasonably. Kai indicated he was denied the opportunity to claim the land tax as a deduction in his annual tax returns. Kai felt a heavy burden to search for old records to provide evidence that he had correctly notified ACTRO. Kai felt if he had not cooperated by providing information and evidence, he could have received high penalties and interest charges.

Kai lodged an objection in February 2024, at which time he paid the assessment amount in full to avoid being charged accruing interest. Kai waited for a decision to his objection for over 12 months.

6. Lack of consistency and fairness in ACTRO's processes for determining dates for payment and accruing interest

Quote

'The ACT Revenue Office has not acted ethically or transparently as they have waited so long to attempt to recover this alleged debt that taxpayers have no way of defending themselves.'

– Complainant quote

We found that due dates on land tax assessments are being inconsistently applied.

The law outlines that due dates for payment must not be earlier than 4 weeks after the date of the assessment notice.⁹ ACTRO outlined that an assessment notice will provide a payment period with an additional week for an upfront payment. Due dates are extended by delegated officers prior to issuing a land tax assessment if they view the circumstances warrant an extension.

Despite ACTRO raising that individuals can request an extension to the due date, we found there is no clear information on the ACTRO website or assessment notices to inform individuals of this option. We also discovered that some people were given shorter time frames, such as 5 weeks, while others had been given significantly longer time such as 14 weeks. **We found ACTRO does not have a formal process outlining how to address requests for extensions of time to pay or how to determine due dates on assessment notices.**

ACTRO outlined that extenuating circumstances are considered for extending the time to pay a land tax debt. In one case, ACTRO extended the due date as the individual had provided notification over 10 years ago that their property had been rented, but this had not been actioned by ACTRO. Our investigation revealed varying due dates based on what a delegated officer had prescribed, with minimal internal guidance to assist in consistent decision-making for due dates.

⁹ Section 17(5) of the *Land Tax Act 2004* (ACT).

If the land tax and the associated penalties cannot be paid in full by the due date, ACTRO offers individuals an option to apply for a [payment plan](#). However, interest will be compounded monthly during the term of the payment plan (which is usually 12 months). ACTRO confirmed that they have previously waived interest during a payment plan, but this is assessed on a case-by-case basis according to ACTRO's interest provisions under tax laws.¹⁰

We consider the due date set for an assessment notice is important and requires better internal guidance – as interest is compounded monthly (currently at 12.42%) if a land tax debt is not paid on time.

ACTRO outlined interest will be waived where ACTRO is at fault, or where the legislation has produced an unforeseen outcome. However, this conflicted with communication to an individual where ACTRO stated that that “there are no mechanisms to stop interest from accruing”.

ACTRO confirmed that individuals could apply for a payment plan beyond 12 months but are encouraged to clear their debts as quickly as possible to limit interest accruing.

The case study immediately below highlights an individual's experience and concerns about the payment plan process.

Case study

Charlotte received a land tax assessment in 2023 with over \$5,000 in land tax owed from 2011 to 2014, and over \$7,000 owed in interest and penalty tax. Charlotte is on a pension and was experiencing financial hardship when she was required to pay over **\$12,000 within 5 weeks**. She was unable to pay this debt and asked to pay off the debt through a 12-month payment plan.

Charlotte believed it was wrong to continue to financially penalise people who are trying to pay off the debts. She objected to the accruing interest on her payment plan, but ACTRO rejected this. In addition, the lengthy delay in completing her objection review made her feel distressed about the increasing financial penalties.

¹⁰ [ACTRO Revenue Circular “Interest”](#) – Current – Effective 10 December 2019.

Charlotte's experience highlights various setbacks and financial burdens encountered when one does not have capacity to pay the debt by the due date. Charlotte was required to pay a significant amount of money in a short period of time, faced further interest penalties for entering into a payment plan, then waited 6 months for a review decision – which resulted in a recalculation of the penalty tax and interest.

Our Office acknowledges the importance of paying land tax on time, and the responsibility for individuals to honestly engage with ACTRO about a land tax debt. However, **we found that ACTRO has room to improve, to ensure the way it levies historic debts is not further exacerbating stresses that come with delayed objection reviews.**

Since 2022, ACTRO has raised over \$24.1 million through recouping unpaid land tax. ACTRO has issued over 4,367 assessment notices and currently has around 6,600 remaining individuals to investigate with a potential undeclared liability.

The above statistics show a significant number of individuals remain to be investigated, which will increase the volume of objections, resulting in longer wait times. **It's important that ACTRO carefully considers our Office's findings in assessing the remaining individuals with historical debt.**

Despite ACTRO advising individuals of the appropriate review options for its assessment notices, such as lodging an objection and applying to ACAT, **we found there is a lack of information and procedural guidance about the use of section 35 of the *Land Tax Act 2004 (ACT)*.** This allows the Minister to consider reducing or waiving the land tax if they consider it "fair and reasonable in the circumstances". We consider ACTRO should be appropriately escalating complex and exceptional cases and informing people of this option.

During our investigation, we also asked whether ACTRO had considered pausing the accumulating interest while a review is undertaken. ACTRO responded "not on a general basis". ACTRO advised that interest is applied under the relevant tax laws from the point of default, while at the same time affording rights of review, but without allowance for interest charges. ACTRO's website also states:

Keep in mind that despite your objection, you're still responsible for paying all charges; if you don't pay them while your objection is being considered, the charges will accrue interest.

We acknowledge the importance of accruing interest, so that people pay their land tax debt in a timely manner. We note the discretion of the ACTRO Commissioner to extend the time for payment tax and accept payment tax by instalments,¹¹ and the ability to waive interest in relation to land tax by any amount.¹²

In light of the current review delays we highlight the following customer-centric practices of RevenueWA which, in our view, promotes greater administrative fairness.

- The ability for individuals to make an application for both an instalment plan and an extension of time for land tax debt.¹³
- When a person lodges an objection and applies for a payment arrangement, approval will be given to extend the time for payment of the amount in dispute until the objection is determined, unless it is considered the objection was lodged to defer time for payment.¹⁴
- RevenueWA prioritises transparency and accountability by monitoring its own performance against key services standards monthly and annually, such as reporting on whether they are meeting a 65% target of determining objections within the minimum 90-day decision making period.¹⁵

Ultimately, we found ACTRO **lacks a fair and reasonable approach to addressing historical land tax**, which has resulted in a significant volume of objections that cannot be resolved in a timely manner. ACTRO's current processes have been challenging for individuals to request extensions for payment, or to understand they may be able to ask for interest to be waived during a payment plan.

The above information outlining RevenueWA's practices, which have existed since 2019, is an example of a government agency raising debts and applying interest and penalties to ensure equity, but at the same time engaging in fair and reasonable practices so that individuals are not further disadvantaged due to their financial position or by delays in reviews.

¹¹ Section 52 of the *Taxation Administration Act 1999* (ACT).

¹² Section 36 of the *Land Tax Act 2004* (ACT).

¹³ RevenueWA – Website [“Application for Instalments and Extensions of Time for Land Tax Liability”](#).

¹⁴ RevenueWA – Revenue Ruling [“Payment Arrangements”](#), refer to paragraph 27(a).

¹⁵ Revenue WA – [“Customer Service Charter Report”](#).

We believe **ACTRO should reconsider its processes regarding the further accrual of interest when an objection is lodged or when a payment plan is entered into.**

The goal of our recommendations outlined at the beginning of this report is to help ACTRO address ways it can improve the debt collection process. These recommendations should also be considered by any other government agency intending to raise historical debts.



Best Practice principles for notifying people about debts

Our Office published a guideline in March 2024 which encourages agencies to consider the key principles in raising and collecting debts. More information can be found [here](#).



ACT
Government

ACT Revenue Office
ABN: 45 096 207 205

Telephone: 6207 0028

Email: [REDACTED]

Iain Anderson
ACT Ombudsman

[REDACTED]
Senior Assistant Ombudsman - Investigations Branch

[REDACTED]
Head of Service

[REDACTED]
A/g Under Treasurer

Dear Mr Anderson

RE: Collecting Historical Debts: What is Fair? – Request for comment on investigation report prior to publication

Thank you for your letter of 17 April 2025 (your ref: IOI-2024-800007) seeking comment on your draft report on investigations into ACT Revenue Office compliance actions involving historic land tax.

I note that in the report you recognise the need for ACTRO to undertake a comprehensive land tax compliance program to ensure that the tax system is fair and that some people are not avoiding their tax obligations. I also note your findings that:

- the land tax compliance program undertaken by ACTRO is lawful;
- penalties and interest are being applied within the legal framework; and
- the use of data and data matching within the program is consistent with best practice AI guidelines.

As you may appreciate, ACTRO is committed to ensuring a customer focus with fairness and transparency in its processes, and while your examination of the 10 case studies has highlighted some useful aspects of future work for ACTRO, it is in the context of 4,300 land tax compliance assessments issued by ACTRO since 2022.

We need to ensure our staff are operating in a fair and balanced manner, while still ensuring that we identify and deter tax fraud, and recover revenue owed to the Territory in its land tax compliance program. In these circumstances and in the case of the treatment of particular taxpayers, it may be that ACTRO and yourself come to slightly different conclusions.

That said, the recommendations are helpful and provide an opportunity for ACTRO to reflect on its operations. All the recommendations are agreed and I look forward to working with your office as we contemplate changes to our processes. I plan to have considered these issues and implemented the recommendations, to the extent reasonably possible, within the next 12 months.

Yours sincerely



Kim Salisbury
Commissioner for ACT Revenue
12 May 2025

Disclaimer

The Commonwealth owns the copyright in all material produced by the Ombudsman. With the exception of the Commonwealth Coat of Arms, the Office of the Commonwealth Ombudsman's logo, any material protected by a trade mark, and where otherwise noted, all material presented in this publication is provided under a Creative Commons Attribution 4.0 licence.

The details of the relevant licence conditions are available on the Creative Commons website (creativecommons.org/licenses/by/4.0/deed.en) as is the full legal code for the CC BY 4.0 licence.

The Commonwealth's preference is that you attribute this report and any material sourced from it using the following wording:

Source: Licensed from the Commonwealth Ombudsman under a Creative Commons 4.0 licence. This report is available from the Commonwealth Ombudsman website at www.ombudsman.gov.au.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website www.pmc.gov.au/government/its-honour

Contact us

Inquiries regarding the licence and any use of this report are welcome at:

Commonwealth Ombudsman

Level 5, 7 London Cct

Canberra ACT 2601

Tel: 1300 362 072

Email: ombudsman@ombudsman.gov.au