

Tax Facts - Tax Payer Penalties

Taxpayers who do not meet their tax obligations may face penalty or interest charges. To avoid these charges, ensure you pay the full amount of tax you owe by the due date.

The main charges for failing to meet tax obligations are the:

- **General interest charge (GIC)** - applies to a variety of situations, whenever amounts owing to the Australian Taxation Office (ATO) are paid after the due date.
- **Shortfall interest charge (SIC)** - applies to a variety of situations where a tax liability is increased in an amended assessment
- **Failure to lodge on time penalty (FTL)** - administrative penalty which may be applied if a taxpayer fails to lodge a return, statement, notice, or another document with the ATO by the due date.

Additional penalties include failing to:

- Keep or retain required records
- Retain or produce required declarations
- Provide access and reasonable facilities to an authorised tax officer
- Apply for or cancel GST registration when required
- Issue a required tax invoice or adjustment note
- Register as a PAYG withholder when required
- Lodge a required activity statement electronically
- Pay a required amount electronically

If a taxpayer is audited and an amended assessment is raised, further penalties of up to 75% of the additional tax levied may be applied, depending on the severity of the offence. Examples include making a false or misleading statement, not taking reasonable care, or taking a position that is not reasonably arguable in a tax return or other document.