

HOW TO MAKE A PAYMENT ARRANGEMENT

Whilst we offer the service of making payment arrangements on your behalf with the Australian Taxation Office (ATO), we find that many business owners want to, and are able to make these arrangements themselves.

This fact sheet will provide you with information on how to prepare for and make the arrangement.

Before you contact the ATO

Preparation

Before you contact the ATO, it is important to have information that answers the following questions. If you are unsure at this stage, please contact your accountant for advice.

- What is your Tax File Number (TFN) or ABN?
- How much are the repayments you would like?
- How often would you like to make the repayments – weekly, fortnightly, monthly, other lump sum? If you are unsure, you are able to request the ATO to make a suggestion if your debt is less than \$25,000.
- Are you able to make an upfront payment?
- What will be your first payment date?
- How long would you like the payment arrangement to go for?
- What is your total turnover (total sales) for your business? If your turnover is less than \$2 million and you are looking for a payment arrangement for an activity statement debt (not an income tax debt), you may be eligible for a 12 month general interest charge (GIC) free arrangement. Note that if you have other businesses that are run in other entities, you will need to total the sales for the group to determine if you are under the \$2 million limit.
- What is your total debt?
 - If it is lower than \$25,000 you will be able to contact an automated payment arrangement service at the ATO.
 - If your debt is higher than \$25,000 you will be required to follow additional instructions on the telephone to speak with an ATO team member. They may also require answers to the following:
 - Why you haven't been able to pay?
 - How you can avoid these circumstances in the future.

Once you have answered these questions, review against your forecasts once more to ensure that you will be able to meet the repayments that you will propose. Once an arrangement has been accepted it is important to make all repayments and pay ongoing liabilities on time and in full. Not meeting these conditions will cause the arrangement to default, resulting in further interest penalties and making it more difficult to make further payment arrangements in the future.

ATO Calculator

If your total debt is under \$25,000, the ATO has a payment arrangement calculator that can assist you with some of the above answers. It is located here: <http://www.ato.gov.au/corporate/content.asp?doc=/content/00196933.htm>.

Contacting the ATO – making the arrangement

If your debt is under \$25,000

- Ring the ATO on 13 72 26 (Businesses – Activity Statements and Income Tax) or 13 28 65 (Individuals – Personal Income Tax). This is an automated self-help service 24 hours a day, 7 days a week.
- With the information that you have previously prepared, answer their questions.
- Within 15 days the ATO will forward to you confirmation of the payment arrangement with payment slips. Please contact our office once these are received (if forwarded directly to you from the ATO) so that we are aware of your arrangement details.

If your debt is over \$25,000

- Ring the ATO on 13 11 42 to discuss your payment arrangement with an ATO team member.
- Within 15 days the ATO will forward to you confirmation of the payment arrangement with payment slips. Please contact our office once these are received (if forwarded directly to you from the ATO) so that we are aware of your arrangement details.

What if you cannot make a repayment on time?

If you cannot make a repayment on time, contact the ATO immediately on **13 11 42** to discuss your circumstances. Please also give us a call to ensure that we can assist you with your cash flow management and assist with the ATO if you require.

Further assistance

Should you require assistance with any aspect of your payment arrangement with the ATO, please contact our office on (07) 4639 1957 to speak with your accountant.