

Your Tax Activity 6

Years 7-12

FIXING A TAX PROBLEM

Fact sheet

Taxpayers have a responsibility to lodge their tax return by 31 October. Failure to lodge a return on time may result in a penalty for late lodgment and may cause a delay in receiving a tax refund if it is owed to you. After 31 October, tax returns can only be lodged by a registered tax agent. If you fail to pay any tax that is owed, you will accrue a general interest charge (GIC) on outstanding money. The GIC is reviewed quarterly and reflects changes to the reserve bank interest rate. Some years, the GIC has been high, such as 14.75% in July to September 2008.

MAKING AN AMENDMENT

You can request an **amendment** to correct a straightforward error in a return or assessment. Typical reasons for requesting an amendment would be forgetting to report income such as bank interest or omitting to claim an allowable deduction when lodging a tax return. Individuals and sole-traders can request an amendment through ATO online services on myGov. For guidelines on making a change to an income tax return or assessment, see Correct a mistake or amend a return on the ATO website.

MAKING AN OBJECTION

Objections usually result from a disagreement between the ATO and the taxpayer about an interpretation of the taxation laws. If you disagree with a notice of assessment, you can lodge an

objection and ask to have the decision reviewed.

The ATO review is carried out by a person not involved in the original decision and must, by law, be carried out in an impartial manner. It is recommended that you contact the ATO to discuss the situation before lodging an objection – many misunderstandings can be resolved in this early stage.

MAKING A COMPLAINT

The **Taxpayers' Charter** outlines your rights. It explains what you can expect from the ATO when dealing with your tax and super matter. The Charter also lets you know what to do if you are not satisfied. The Charter states that the ATO respects the taxpayer's right to make a complaint.

The ATO is committed to treating complaints seriously, dealing with them quickly and learning from them. The steps you should take are:

- ▶ try to sort the problem out with the tax officer you have been dealing with
- ▶ talk to that officer's manager if not satisfied
- ▶ contact ATO Complaints if you are still not satisfied after those first two steps.

If you are unable to resolve your difficulty, or you are dissatisfied with the way the complaint has been handled, the Inspector-General of Taxation may be able to help you. For details on how to make a complaint, see the Inspector-General of Taxation website - <https://igt.gov.au>.

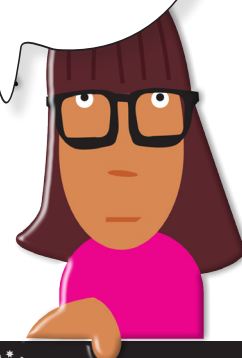
UNABLE TO MEET YOUR TAX OBLIGATIONS ON TIME

If you have difficulty in meeting your tax obligations, including lodgment and payment, contact the ATO as soon as possible to work out alternative arrangements. The ATO has a number of different options available in this situation. Which option is agreed to will depend on negotiations between the ATO and you, taking account of the specific circumstances of your situation.

Some of the possibilities include:

- ▶ additional time to lodge
- ▶ more time to pay tax debts without interest charge
- ▶ tax debts to be paid by instalment arrangements
- ▶ remission of general interest charges
- ▶ release from payment of certain taxes or penalties.

Did you know that you have options if you have a tax concern?



Your Tax Activity 6: Fixing a tax problem

Years 7-10

DESIGN AN
INFOGRAPHIC

Worksheet

YOU WILL:

- ▶ identify common problems experienced by young people in relation to tax
- ▶ calculate penalties for late lodgment of tax
- ▶ analyse the purpose and design features of infographics
- ▶ design and create an infographic that informs young people about solutions to common tax problems
- ▶ justify design and text choices for an infographic

YOU WILL NEED:

- ▶ Activity 6: Fact sheet - Fixing a tax problem
- ▶ Answer sheet: Design an infographic

EXPLORE INFOGRAPHICS

1. **Think, pair, share:** What is an infographic? Where have you come upon them? What is the purpose of an infographic? What are the text features of an infographic?
2. **Compare** your answer to this definition: An infographic makes complex information easily understood through a visual representation of data and images that is concise, eye-catching and easily shared. Infographics use images, brief text and often statistics.
3. **Locate** and **compare** an infographic with some found by your peers.

Discuss:

- ▶ Through what media is the infographic communicated?
- ▶ Who is the intended audience?
- ▶ What are the key messages?
- ▶ What features promote the key messages?
- ▶ Does the infographic share complex information in a concise, easily understood, eye-catching way?
- ▶ How effective is the infographic in your opinion?

Display your sample infographics around the room for future inspiration.

CALCULATE THE PENALTIES

4. **Study** the scenarios below. Refer to the *Fact sheet: Fixing a tax problem* and the tables below to calculate the consequences for the taxpayer.

(a) Harry failed to lodge his income tax return for the year. He submits his form on 17 December. Use the table below to **calculate** the penalty for failure to lodge.

Days Overdue	Penalty Amount*
28 days or less	\$180
29 to 56 days	\$360
57 to 84 days	\$540
85 to 112 days	\$720
113 days or more	\$900

* sample amounts

Answer: _____

(b) After Harry submitted his tax return, he learned that he owed the ATO \$1,000. Harry pays his outstanding tax 47 days after the due date. **Calculate** how much General interest charge (GIC) will be owed by Harry if the GIC rate is 8%. Use the scenario below to assist you to calculate the GIC.

Example of how to calculate General Interest Charge (GIC)*
Outstanding Tax = \$4000, Days overdue = 64, GIC rate = 8% (0.08)
GIC = Outstanding tax x (GIC rate ÷ 365 x days overdue)
GIC = \$4,000 x (0.08 ÷ 365 x 64)
GIC = \$4,000 x 0.014
GIC = \$56.00

* While GIC is calculated at a simple rate of interest in this scenario, GIC is calculated daily and the rate is reviewed quarterly.

Answer:

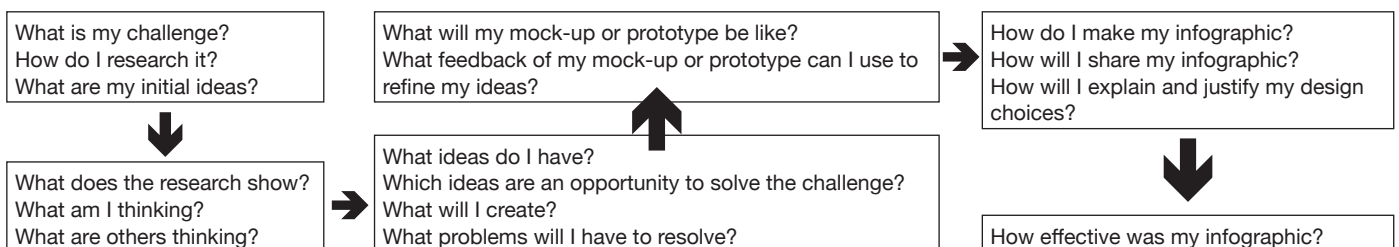
(c) What has been the total financial cost for failing to lodge his tax return? Answer: _____

5. **Explore** options available to a taxpayer who has tax problems.
- ▶ Identify what Harry could have done to avoid the consequences.
 - ▶ Due to personal circumstances, it was not possible for Harry to lodge his tax return on time. What could Harry have done to avoid penalty and interest charges?
 - ▶ However, noting that Harry failed to act on time, what can he now do to fix his tax problem?

CREATE AN INFOGRAPHIC

Your task is to use a design process to create an infographic, using a scenario as your guide.

6. **Study the scenario below:**
- The ATO is concerned that young taxpayers seem unaware of what to do when they have a problem in completing and lodging a tax return or meeting their other tax obligations. A common reaction to tax problems is to ignore them. This is not the best response as the problems remain. The ATO would like to increase awareness of the options available for young taxpayers when they are not able to meet their tax obligations.*
- The aim of the information campaign is to make young people aware of the options they have to fix a tax problem. Given the age of the target group, the campaign is to deliver this information through an infographic designed for social media commonly used by young people.*
7. You have been contracted to design an infographic to convey the ATO's key messages to assist taxpayers with problems. In the scenario above, **highlight** text that identifies:
- your client's problem
 - your client's campaign aim
 - your client's target audience
 - your clients' solution.
8. **Follow the design process** below to create your infographic, ideally using digital resources.
9. **Present and share** designs. Justify your design choices. Seek and offer feedback using the criteria list.



Criteria

Your infographic:

- ▶ uses a social medium that suits the intended audience and purpose
- ▶ communicates complex messages in a concise, eye-grabbing, easy to understand way
- ▶ clearly identifies common tax problems
- ▶ clearly outlines solutions to common tax problems.