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Australian Government
Department of Social Services

Submission to the consultation paper *Evidence to action: informing direction for the Second Action Plan Consultation Paper in support of the National Plan to End Violence against Women and Children*

Submitted by:
UNSW Tax and Business Advisory Clinic

Executive summary

The UNSW Tax and Business Advisory Clinic (the Clinic) welcomes the opportunity to provide a submission to the consultation process for the Second Action Plan under the National Plan to End Violence against Women and Children.

This submission responds to Priority Area 1 of the consultation paper and focuses on the misuse of taxation and government systems to create financial harm for victim-survivors.

The Clinic's frontline experience demonstrates that perpetrators often exploit the tax system to register business structures and create tax debts in the name of a victim-survivor. This abuse undermines the ongoing economic independence of the victim-survivor and enables the perpetrator to continue patterns of coercive control after separation.

To address these issues, the Clinic recommends that the Government amend the tax law to:

1. give the Commissioner of Taxation the power to grant a waiver of a tax debt resulting from intimate partner abuse,
2. make the perpetrator of such abuse solely liable for the amount of the tax debt,
3. increase the time period required to respond to a Director Penalty Notice (DPN) to 12 months in circumstances where the director is a victim-survivor of financial abuse, and
4. ensure that financial abuse can be considered as a defence to a DPN.

We also recommend that the Government considers funding a national organisation to provide legal, financial and tax advice to victim-survivors of financial abuse.

The Clinic considers that these reforms would make a significant contribution to victim-survivors' safety, wellbeing, healing and recovery by addressing financial harms that may continue long after separation from an abusive relationship.

About us

The National Tax Clinic program is an Australian Government funded service which provides free tax advice to clients that would otherwise be unable to access such advice due to financial hardship or other vulnerabilities. The UNSW Tax and Business Advisory Clinic was established as part of this program by the University of New South Wales in 2019.

The Clinic exclusively serves clients experiencing serious financial hardship who have been referred to the Clinic by community service partners including financial counsellors and pro bono legal clinics. This referral system is a unique feature of the UNSW Clinic and means that the Clinic is highly experienced in serving vulnerable clients. Relevantly, more than 80% of our female clients report experiencing domestic violence and financial abuse. Further, approximately 33% of the victim-survivors supported by the Clinic are bankrupt or at risk of bankruptcy. We are therefore very well positioned to provide insight into the exploitation of the taxation system by perpetrators of intimate partner abuse to cause harm to victim-survivors.

Part 1: Current and emerging issues

Part 1 of our submission focuses on the Priority Area 1 consultation question:

What current or emerging issues should the Second Action Plan address, including in relation to coercive control and technology-facilitated abuse?

In this Part we will outline our observations regarding the exploitation of the tax system by perpetrators to cause financial harm to victim-survivors. We will also set out our comments regarding the need for a coordinated national service to provide assistance to victim-survivors of financial abuse.

Coerced business structures and tax debts

Many victim-survivor clients of the Clinic have experienced circumstances where they have been recorded in Government systems as being responsible for conducting a business as a company director, sole trader or partner despite lacking meaningful control over or involvement in the relevant business activity. This may occur when a perpetrator of financial abuse accesses a victim-survivor's myGov account or creates business registrations in a victim-survivor's name. The perpetrator then may use digital signatures or authorisations without the consent of the victim-survivor as well as controlling communications with accountants, tax agents or Government agencies. We refer to such businesses as 'coerced business structures'.

Frequently, taxation liabilities are created by perpetrators through coerced business structures, resulting in tax debts, penalties and enforcement action being directed against the victim-survivor. We refer to such liabilities as 'coerced tax debts'. The

average amount of coerced tax debts for clients of the Clinic is approximately \$68,000¹.

Currently, the Commissioner of Taxation will pursue payment for coerced tax debts from victim-survivors because the law presumes that the victim-survivor is responsible for such a debt. In circumstances where the debt cannot immediately be paid, the Commissioner may recover the debt through use of payment plans, offsetting future tax refunds or using external debt collectors. As a result, the victim-survivor may be left with substantial financial burdens, reduced assets and prolonged economic uncertainty, long after leaving an abusive relationship.

Further, if the debt cannot be collected, the victim-survivor may be forced into either ATO-initiated or self-initiated bankruptcy.

Bankruptcy for taxation matters is widespread. While the Commissioner does not publish data on his use of creditor's petitions in bankruptcy proceedings, one study found that he was the most prolific user of the system². Further, ATO-initiated bankruptcies are likely to be dwarfed by bankruptcies initiated by victim-survivors. This is because for every three creditor's bankruptcy petitions (such as those initiated by the Commissioner) there are 97 debtor's petitions³.

The effects of bankruptcy on victim-survivors are often severe. Bankruptcy may result in restricted access to housing and credit, which are important resources for persons leaving abusive relationships. Bankruptcy also prevents victim-survivors from establishing a business through a corporate structure, which limits their options to recover financially. Further, when a trustee in bankruptcy has been appointed, the victim-survivor loses standing in certain legal matters. Significantly, a bankrupt victim-survivor does not have the ability to commence legal proceedings relating to family law property settlements or spousal maintenance. This loss of standing compromises victim-survivors' access to justice for these critical matters.

Additional issues may arise in circumstances where the coerced tax debt is associated with a corporate business structure. In this case, the Commissioner of Taxation may endeavour to collect the debt by issuing Director Penalty Notices (DPNs) to the company directors, including the victim-survivor. The effect of the issuance of DPN is that after 21 days, the director becomes personally liable to a penalty equal to the unpaid tax debts of the company. For clients of the Clinic, DPNs have been issued in relation to coerced corporate tax debts for amounts from \$5,000 to \$600,000.

Mounting a defence to a DPN within 21 days will present almost insurmountable hurdles for most victim-survivors. Many victim-survivors do not have access to financial and tax records of the associated company and will not have access to professional advice, which means that defending a DPN within 21 days is practically impossible. Further, the defences to DPNs are limited and may not apply to circumstances where a director was involved in the company through coercion by a perpetrator of intimate partner abuse.

¹ These figures are based on de-identified UNSW Tax and Business Advisory Clinic client data concerning coerced tax debts. They are not intended to estimate the prevalence of this issue across the broader community. Rather, they demonstrate the seriousness of the issue identified through frontline service delivery.

² Financial Counselling Australia, Consumer Action Law Centre, Financial Rights Legal Centre, Who is making Australians bankrupt? July 2019, 4. The data in the study was obtained by searching bankruptcies under the Commonwealth Courts Portal.

³ Financial Rights Legal Centre, Response to Attorney General's Department Personal Insolvency Discussion Paper, September 2023, 9.

Our recommendations for reforms to mitigate the impacts of coerced tax debts on victim-survivors are set out below in Part 2.

Lack of a national, multi-disciplinary financial abuse advice service

As mentioned earlier in this submission, most tax clinics are generalist organisations that provide tax assistance to a broad range of vulnerable people. Clients of these clinics will include people experiencing financial hardship, homelessness or disability and also include other vulnerable cohorts including migrants and remote communities. As a result, these clinics have less experience in providing specialist advice to victim-survivors of intimate partner abuse. The UNSW Tax and Business Advisory Clinic is therefore the only clinic offering dedicated, year-round specialist tax support to victim-survivors.

Similarly, Financial Abuse Service NSW is the only dedicated, specialist financial abuse legal service operating at a State or Territory level in Australia. It is unique in that its primary focus is financial abuse, particularly in the context of domestic and family violence.

The UNSW Tax and Business Advisory Clinic and Financial Abuse Service NSW enjoy an informal collaborative partnership where they share client referrals and work together on policy and advocacy. However, this model highlights the problem is that there is no dedicated national service that combines specialist tax, legal and financial expertise within a trauma-informed financial abuse practice. Nor is there a coordinated referral pathway between domestic and family violence services, financial counsellors, legal assistance providers and registered tax practitioners in any state other than New South Wales.

Our recommendation for reform to address this issue is set out in Part 2 below.

Part 2: Recommended responses

Part 2 of our submission focuses on the Priority Area 1 consultation question:

What service or system responses would make the biggest difference to victim-survivors' safety, wellbeing, healing and recovery?

In this Part, we will outline the three most critical reforms that we have identified to address the issues we have set out in Part 1.

Recommendation 1: Introduce tax relief legislation for coerced tax debts

We recommend that a statutory provision be introduced that enables victim-survivors to apply for a waiver of coerced tax debts. In addition, we recommend that a provision be introduced to make the perpetrator liable to pay an amount equal to the debt.

The
Clinic

recommends the establishment of a statutory taxpayer relief mechanism that recognises circumstances where victim-survivors should not be held responsible for tax liabilities arising beyond their knowledge or control. This mechanism should also operate to make the perpetrator of abuse responsible for these liabilities.

We recommend that the law be amended to give the Commissioner the power to waive a tax liability in circumstances where the taxpayer suffered abuse through an intimate partner relationship. The waiver should only apply if the tax debt is sufficiently connected with the abuse – for example, if the taxpayer signed business documents because of coercion, duress, fraud or undue influence by the intimate partner.

We further recommend that in circumstances where the Commissioner has agreed to waive the tax debts of a victim-survivor under the mechanism outlined above, then the perpetrator of the abuse should become liable to pay an amount equal to the waived debt.

The implementation of these recommendations would substantially assist in mitigating the impacts of financial abuse for victim-survivors in the context of the tax system and actively discourage perpetrators.

We note that these recommendations have previously been discussed in detail in our submission to the Commonwealth Treasury regarding financial abuse in August 2025. We have appended this document to this submission for your reference.

Recommendation 2: Improve DPN legislation for victim-survivors of financial abuse

We recommend that in circumstances of financial abuse, the period required to respond to the DPN be extended to 12 months (or any such further reasonable time). In addition, we recommend that the DPN legislation be amended to make clear that financial abuse can be considered as a defence to the issuance of a DPN.

The
Clinic

recommends the amendment of the DPN provisions to allow victim-survivors of financial abuse a period of 12 months to respond to the DPN. The Commissioner should also have the power to extend this time period in circumstances where he is satisfied that there is a reasonable explanation for the delay.

We further recommend that the law be amended to make clear that financial abuse can be considered as a defence to the issuance of the DPN.

The implementation of these recommendations would substantially mitigate the potentially dire consequences of DPNs applying to victim-survivors of financial abuse.

We note that these recommendations have previously been discussed in detail in our submission to the Commonwealth Treasury regarding financial abuse in August 2025.

Recommendation 3: Establish a national organisation to provide advice to victim-survivors of financial abuse

We recommend that the Government consider funding a national organisation that can offer legal, financial and tax advice to victim-survivors of financial abuse.

The
Clinic

recommends the establishment of a national, multidisciplinary financial abuse service that includes registered tax agents, lawyers and financial counsellors. By bringing together complementary expertise, such a model would provide victim-survivors with

coordinated, trauma-informed support to address the full range of consequences arising from financial abuse. The proposed service should operate alongside existing domestic and family violence services by providing specialist taxation, financial and legal expertise that can be accessed through referral pathways.

Such an approach would reduce the current fragmentation of financial abuse services and would minimise the need for multiple referrals between organisations. This approach would also ensure equal access to financial abuse support regardless of where victim-survivors live.

We therefore suggest that the implementation of this recommendation would significantly improve the equity and efficiency of service provision to victim-survivors.

Conclusion

The UNSW Tax and Business Advisory Clinic welcomes the opportunity to contribute to the development of the Second Action Plan under the National Plan to End Violence against Women and Children.

The Clinic's experience demonstrates that coerced tax debts are not simply taxation compliance matters. They are a consequence of domestic and family violence that can continue long after separation, undermining economic independence, limiting access to housing and credit, and creating barriers to healing and recovery.

Effective responses require recognition that formal records do not always reflect genuine consent, understanding or practical control. Victim-survivors should not be required to pay financial liabilities created through coercion, nor should they be required to navigate complex systems without specialist support.

The Clinic recommends that the Australian Government introduce targeted tax relief measures for coerced tax debts, strengthen protections for victim-survivors affected by DPNs, and establish a national multidisciplinary financial abuse service providing integrated legal, financial and taxation support.

These reforms would ensure that Government systems do not unintentionally perpetuate the consequences of abuse and would make a meaningful contribution to victim-survivors' safety, wellbeing, healing and recovery.

If you have any questions about this submission, please contact me at

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