Case Study

Non-Pursuit Amount



Background:

Non-pursuit income generally refers to debts that a tax authority, like the Australian Taxation Office (ATO), has decided not to actively collect because it is not economical or feasible to do so at the time.

Common reasons include:

- The debt is small and not cost-effective to recover.
- You are experiencing financial hardship.
- The ATO has determined it is not in the public interest to pursue the debt.

Problem:

- **Accumulating Debt:** Since the debt is not actively pursued, it can accumulate over time, leading to a larger financial burden in the future

- **Credit Impact**: Non-pursuit debts can still affect your credit score, making it harder to obtain loans or credit in the future

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Impact:

- **Financial Uncertainty:** Since the debt remains legally payable, there is always a possibility that the tax authority may decide to collect it in the future, creating financial uncertainty1
- **Interest Accumulation:** Non-pursuit debts can continue to accrue interest, increasing the total amount owed over time
- **Credit Score:** These debts can negatively impact your credit score, making it more difficult to obtain loans or credit
- **Financial Planning:** It complicates financial planning, as individuals or businesses must account for potential future liabilities
- **Stress and Anxiety:** The uncertainty and potential financial burden can cause stress and anxiety for individuals and businesses

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Solution:

Review Your Tax Account:

- Log in to your myGov account linked to the ATO.
- Navigate to the ATO Online Services section and review your income tax account statement.
- Look for details about the non-pursuit amount, including the tax period it relates to and any notes from the ATO

Contact the ATO for Clarification

- If you're unsure why the amount is listed as non-pursuit, contact the ATO directly.
- You can call the ATO on 13 28 61 (individuals) or 13 72 26 (businesses) for assistance.
- Be prepared to provide your tax file number (TFN) and any relevant reference numbers.

Check if the Debt is Still Active

- A non-pursuit amount does not necessarily mean the debt is waived or forgiven. It simply means the ATO is not actively pursuing it at this time.
- The debt may still exist and could be pursued in the future if your financial situation changes or if the ATO's policies change

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Results:

Consider Your Financial Situation

- If you are experiencing financial hardship and the ATO has not already taken this into account, you can request a review of your situation.
- You may be eligible for a payment plan, remission of interest, or other assistance

Voluntary Payment (Optional)

•If you are able to pay the non-pursuit amount, you can do so voluntarily. This will clear the debt and prevent any future issues.

•Use your myGov account or contact the ATO for payment details

Key Points to Remember:

- A non-pursuit amount is not a waiver or forgiveness of debt.
- The ATO may choose to pursue the debt in the future if circumstances change.
- Stay proactive in managing your tax affairs to avoid future issues.

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