

Financial Counselling Victoria submission to the National Tax Clinic Program – Consultation Paper

1. Overview

Financial Counselling Victoria (FCVic) is the peak body and professional association for financial counsellors in Victoria. We provide resources and support to financial counsellors and their agencies who assist vulnerable Victorians experiencing financial difficulty. We work with government, banks utilities, debt collection and other stakeholders to improve approaches to financial difficulty for Vulnerable Victorians.

As the peak body representing financial counsellors, we are not only advocates for the continued funding and expansion of the sector to meet community need, FCVic is also the primary support and development focused on professionalising and resourcing the sector.

Financial counselling is a free, confidential, and independent service. It provides vital help for people experiencing, or at risk of, financial hardship. Financial counsellors are uniquely qualified professionals, specially trained to deal with complex financial matters such as mortgage foreclosures, energy hardship, financial abuse arising from family violence, gambling-related harm, bankruptcy, arrangements for fines, and small business owners in difficulty. They assist more than 23,000 Victorians each year – including people impacted by catastrophic natural disasters, newly arrived migrants and refugees, and more than 3,800 family violence victim-survivors.

FCVic strongly supports the National Tax Clinic Program and welcomes the commitment to expand the number of clinics by 5 from 1 January 2025.

FCVic recognises the significant challenges faced by small business owners and vulnerable individuals in financial difficulty, when their tax affairs are not up to date. In the case of small business owners, this can result in a business' tax liability being imposed on the individual owner and may restrict a business owner's access to Centrelink benefits if business tax returns are outstanding.

FCVic acknowledges the key activities of the National Tax Clinic program. However, FCVic believes that the program must primarily address the need for small business owners to lodge outstanding tax returns.

FCVic is aware of, and supports, the ATO referring more small business owners in financial difficulty to financial counsellors. However, where tax returns are outstanding, small business owners unable to afford the cost of a tax accountant are reliant on the support provided through the Tax Clinics.

FCVic would like to see a client referral process such that, if the ATO refers a small business owner with outstanding business tax lodgements to a financial counsellor, that referral comes with streamlined and guaranteed access to a Tax Clinic.

Answers to specific questions

2.1 Assessment of Grant Applications: Weightings.

Activity	Weighting percentage	Explanation for Weighting
Provide advice to clients to better understand the tax system	5%	-
Represent unrepresented taxpayers and small businesses when they need to interact with the ATO	70%	-
Undertake educational activities to better inform students, taxpayers, and the broader community on matters of interest and concern	5%	-
Advocate on behalf of clients when systemic taxation related issues are identified in their dealings with regulatory or government agencies	15%	-
Conduct research on tax compliance behaviours of unrepresented / disadvantaged individuals and businesses	5%	-
Total	100%	N/A

Explanation: FCVic believes that the primary focus, and benefit of the program, is to assist small businesses and other vulnerable individuals to get their tax lodgements up to date.

3.1 Factors influencing geographic spread of Clinics

Access needs to cover vulnerable clients across all of Australia, although services can increasingly be provided remotely.

If each Clinic is limited to supporting clients in its state/territory, there would need to be more Clinics in the more populous states, given the program's capped funding design.

If any Clinic can assist any client in any location, geographic location is less important (notwithstanding the benefit of face-to-face engagement where possible). However, there would need to be an efficient system by which clients in need are directed to the Clinic most able to assist.

4.1 Tax Clinic Model

No comment.

5.1 Rating Responses

FCVic considers that most benefits arise from Clinics which are accessible for the greatest possible time. We are aware that some Clinics only operate for certain terms, or weeks of the year, to accommodate student and supervisor needs. Unfortunately, financial difficulty is not limited to such timeframes.

We are also aware that some Clinics do not accept small business clients. This discretion – a characteristic of the current program – should be removed.

Hence, the key determinants of successful applications should be:

- Maximum number of days/hours available for client support
- Maximum number of weeks per year the Clinic is open
- Accessible to both small businesses and vulnerable individuals

6.1 Measuring Success

Of the provided list, those rating 5/5 importance are:

- Number of clients supported
- Client entity type/ proportion (individual and small business)
- Time commitment of students
- Time commitment of supervisors

6.2 Other information for success

No comment.

7.1 General comments

To assist referral agencies, it would be helpful if the program clearly differentiated between those providing accounting assistance and those providing legal assistance.

FCVic endorses the submission to the consultation made by UNSW Tax and Business Advisory Clinic, particularly with regard to the suggestion of partnering with the community sector to best identify and support financially vulnerable individuals and small businesses.