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ATO Sentiment Report, Q1 FY27:

**'Aggressive, relentless, and
not responsive'**

Want to know how accountants really feel about the Tax Office's current approach? In this exclusive white paper, produced in partnership with Accountancy Insurance, Accountants Daily reveals what accountants think about the ATO's current approach, its targets, and collaboration with clients and professionals alike.



ATO SENTIMENT REPORT, Q1 FY27

“The ATO are [sic] increasingly more difficult to deal with. Call times are excessive and often non-billable. ATO staff are often ill informed and give incorrect information/advice. I have been working in this industry for 28 years, and this is the worst the ATO have [sic] ever been.” – anonymous survey respondent



IN THE face of increased debt nationwide, the Australian Taxation Office (ATO) is ramping up its enforcement and compliance activity – a sentiment that, as has been reported extensively by Accountants Daily over the course of 2026, is shared across the profession. The ATO itself is also reporting such increased regulator activity; in September of this year, it announced an 80 per cent jump in non-lodgment prosecutions over the past two years from “dodgy shadow economy operators” (referring to both legal and illegal economic activity that is not reported or taxed, such as workers missing out on their entitlements), leading to more than \$2.7 million in fines.

Against this backdrop, and in the context of a continually evolving regulatory climate and technological landscape, Accountants Daily – together with partner Accountancy Insurance – is delighted to reveal the results of its first quarterly ATO Sentiment Survey, showcasing the perceptions of accounting professionals across the country, including senior and junior practitioners, servicing myriad clientele, in all states and territories.

Compiled by Momentum Media and Accountants Daily, the survey sought and received feedback from accountants about the frequency, nature, and tone of contact from the ATO to and with clients, as well as their views on how that contact was received, and who is being targeted for such contact. In addition, free-text comments were sought about the ATO’s activity in the past three months to one year (some of which feature throughout this paper).

The responses offered and views expressed in the survey provide a snapshot in time and are demonstrative of practitioner sentiment at a time of voluminous change to the landscape.

Disclaimer: Accountants Daily offers no opinion on the veracity or otherwise of the viewpoints expressed by practitioners whose responses made up these survey results.



Methodology

Momentum Media has conducted a quantitative research study to explore how accountants and their clients are interacting with the ATO. The target audience for this study is a representative sample of Australian accountants. The survey was conducted between 5 August and 31 August 2026 and received a total of 332 completed responses, which form the basis of this report.



Increased aggression

It is clear from the survey that practitioners across the spectrum feel that the Tax Office is not only more active in enforcement and compliance but also much more fervent in its approach.

When asked to describe the ATO’s current enforcement and compliance approach, compared with 12 months ago, more than one in two respondents (54.5 per cent) said it has become “significantly more aggressive”, while another 32 per cent said it has become “somewhat more aggressive”. Less than 2 per cent of those surveyed feel that the ATO has become less aggressive in its approach, compared with almost nine in 10 holding the opposing view.

The sentiments and experiences shared with Accountants Daily are startling: according to one respondent, “The ATO has been conducting its activities on a ‘guilty until proven innocent’ basis, and been extremely aggressive and unprofessional when dealing with my clients, reducing many to tears.” It is, the writer surmised, “unacceptable”.



Another described the ATO as “lacking in empathy, and seemingly dismissive of current economic climate in their expectations of what is possible for most businesses in the current climate”. Such a view was shared by another respondent, who said “there has been a noticeable change in the ATO approach. [It is] now very strict with little or no flexibility or consideration for circumstances and economic environment clients are exposed to.”

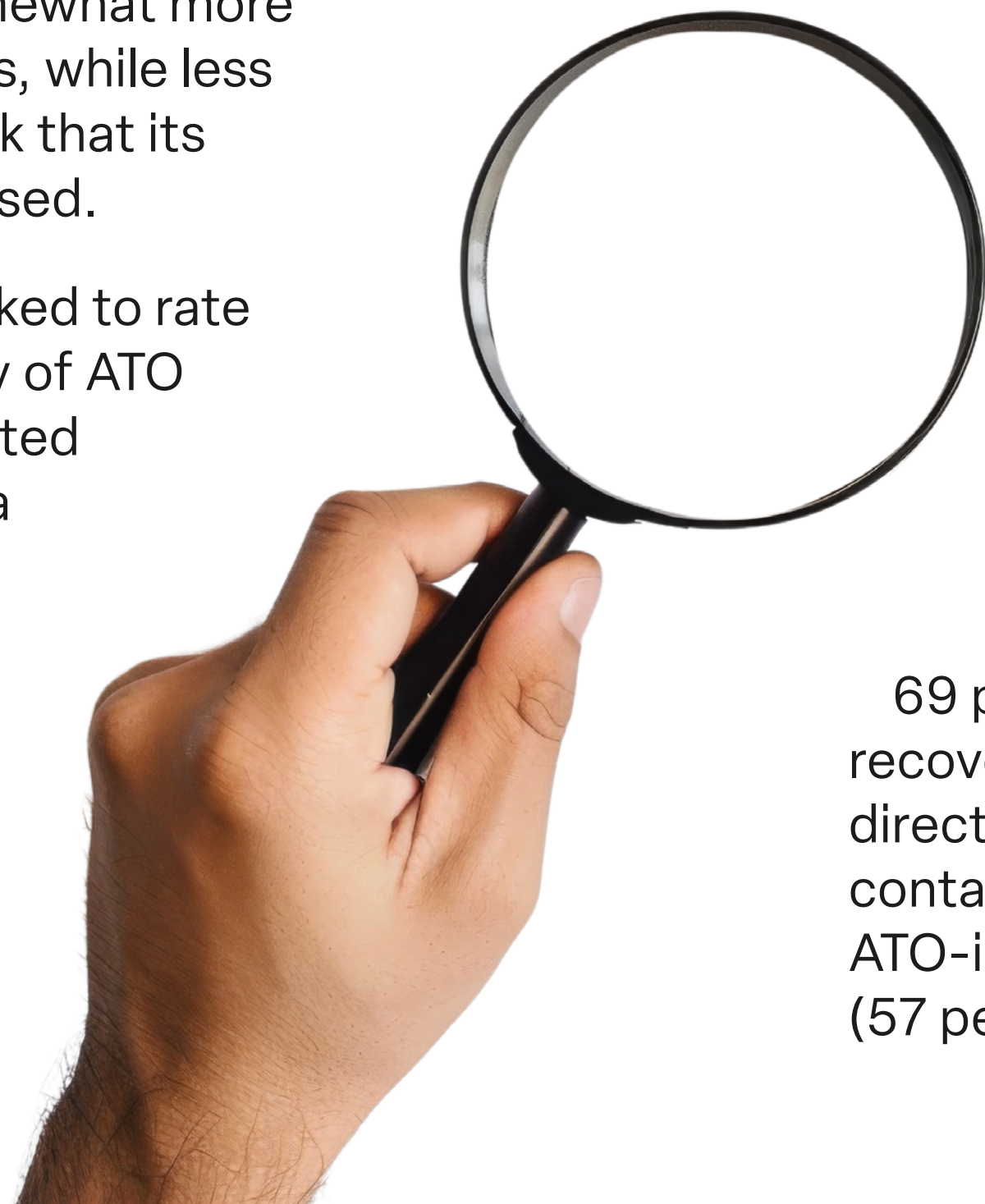




The ATO, a fourth wrote, has “become much more aggressive, unrelenting, and apparently not in tune with what is actually happening in the real world outside of their office. A ‘don’t care’ attitude to the client’s situation is becoming much more common.”

Such perceived aggression is being coupled with increased enforcement and compliance activity. More than seven in 10 survey respondents feel the ATO has become either significantly or somewhat more active in its pursuits, while less than 1 per cent think that its activity has decreased.

Moreover, when asked to rate the overall intensity of ATO activity being directed at their clients, on a scale of one to 10 (one being “very low” and 10 being “very high”), almost half of the respondents (47 per cent)



rated the Tax Office’s intensity as in the 7-8 range. A further 14 per cent rated it at 9-10.

As one respondent put it: “Debt collection seems much more assertive. Applications for remission of interest and fines are rejected out of hand in a manner that seems to imply that rejection is the starting point for a request rather than one of the options. We have had calls from the ATO asking clients to review returns from a number of years ago without giving reasons why or any way to progress the review.”

It is, the respondent said, “intimidation by the ATO, and causes stress and time wasting for both the clients and us”.

What the ATO is focused on

When asked about the purpose of the contact of clients from the ATO, 69 per cent said it was related to debt recovery action (i.e. demands, garnishees, director penalty notices). Other types of contact experienced included: informal ATO-initiated phone or written inquiries (57 per cent), tax assessment amendment or



reassessment (55.5 per cent), Superannuation Guarantee (SG) audits or inquiries (38 per cent), and information-gathering notices or requests for documents (33 per cent).

One respondent opined that the ATO “has noticeably stepped up its enforcement posture this quarter. Late lodgements are being flagged and followed up much more quickly than in prior periods, and outstanding debts are being pursued more aggressively, with less patience for delay. We have also found it harder to negotiate



7 in 10

accountants have clients who have experienced ATO contact for debt recovery



50%

of accountants reported clients being contacted about outstanding SG liabilities or unlodged SGC statements

and set up payment plans, and the ATO appears less willing to grant interest remissions than it has been previously.”

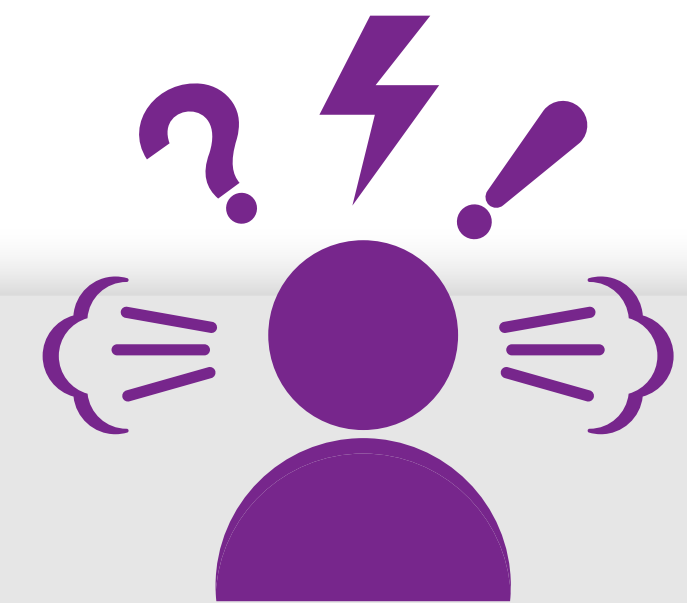
In the words of another, many new clients coming through the door want assistance cleaning up their tax affairs with outstanding lodgments for BAS and income tax returns, but “it is next to impossible to obtain a fair hearing with the ATO”. The focus, the respondent said, “is all about GIC, penalties, and nothing much else”. Also, they continued, “it takes months for paperwork to be processed, or not at all. We have to have a list of what we have lodged, via what system and tick off or chase them to finalise.”

The survey also asked how clients responded to being contacted by the Tax Office, which revealed a mixed bag of reactions: 9 per cent, respondents noted, were “calm and prepared” for the contact, and 45.5 per cent were “concerned but cooperative”; but elsewhere, 41.5 per cent of clients found the contact “stressful/disruptive”, and 3.5 per cent were “highly reactive or resistant” to the contact.



Compounding the pressures being felt by clients, and consequently their accountants, is a perception that – despite the ATO stepping up its scrutiny and contact – response times from the regulator are lengthy.

As one said, the ATO is “increasingly engaging”, but simultaneously, “response windows are blowing out, which creates further angst. Inconsistency of responses also creates confusion – sometimes, it’s a case of whoever you get”. Another submitted that the ATO



2 in 5

clients find contact from the ATO to be stressful and disruptive



“chase[s] clients after a day [or] two for an overdue debt, even if they have had a good payment history in the past. They do take forever to respond to tax agent queries unless we put in a formal complaint.”

The perceived nature of such interactions, one respondent said, is that ATO activity now requires “a lot more involvement from accountants, that then creates pressure with clients when recovering fees”.

The clientele facing scrutiny

The survey also asked which clients are facing ATO scrutiny and how many clients are under the microscope. On the latter, nearly one in two (46 per cent) of respondents said that more than 10 of their clients have been contacted by the Tax Office in the last quarter, with a further 19 per cent having 6-10 clients being contacted. At the other end of the scale, less than 12 per cent of respondents have had two or fewer clients contacted.

The types of individuals and clients that have been subject to ATO contact offer intriguing insight into whom, or what, the



**Almost
1 in 2**

*accountants have over 10 clients
who have been contacted by
the ATO*



*Construction and trade clients
are most commonly subjected to
ATO activity*

Which industries have your clients most commonly been subject to ATO activity in this quarter? (Ranked by most common)	Rank	%
Construction & Trades	1	58.88%
Professional Services	2	28.04%
Property & Real Estate	3	27.73%
Healthcare & Medical	4	16.82%
Transport, Logistics & Warehousing	5	16.51%
Hospitality (restaurants, cafes, hotels)	6	15.58%
Retail	7	15.58%
Agriculture, Mining & Resources	8	11.53%
Manufacturing	9	8.72%
Financial Services	10	7.48%
Technology & Digital Services	11	7.17%
Other	12	6.85%
Media, Entertainment & Creative	13	2.80%



regulator is spotlighting. Almost three in five (59 per cent) of respondents said they have clients in the construction and trades space that have faced the Tax Office in the last quarter, far outpacing the proportion of clients in the next two most-frequently contacted client types: professional services and property and real estate (both 28 per cent).

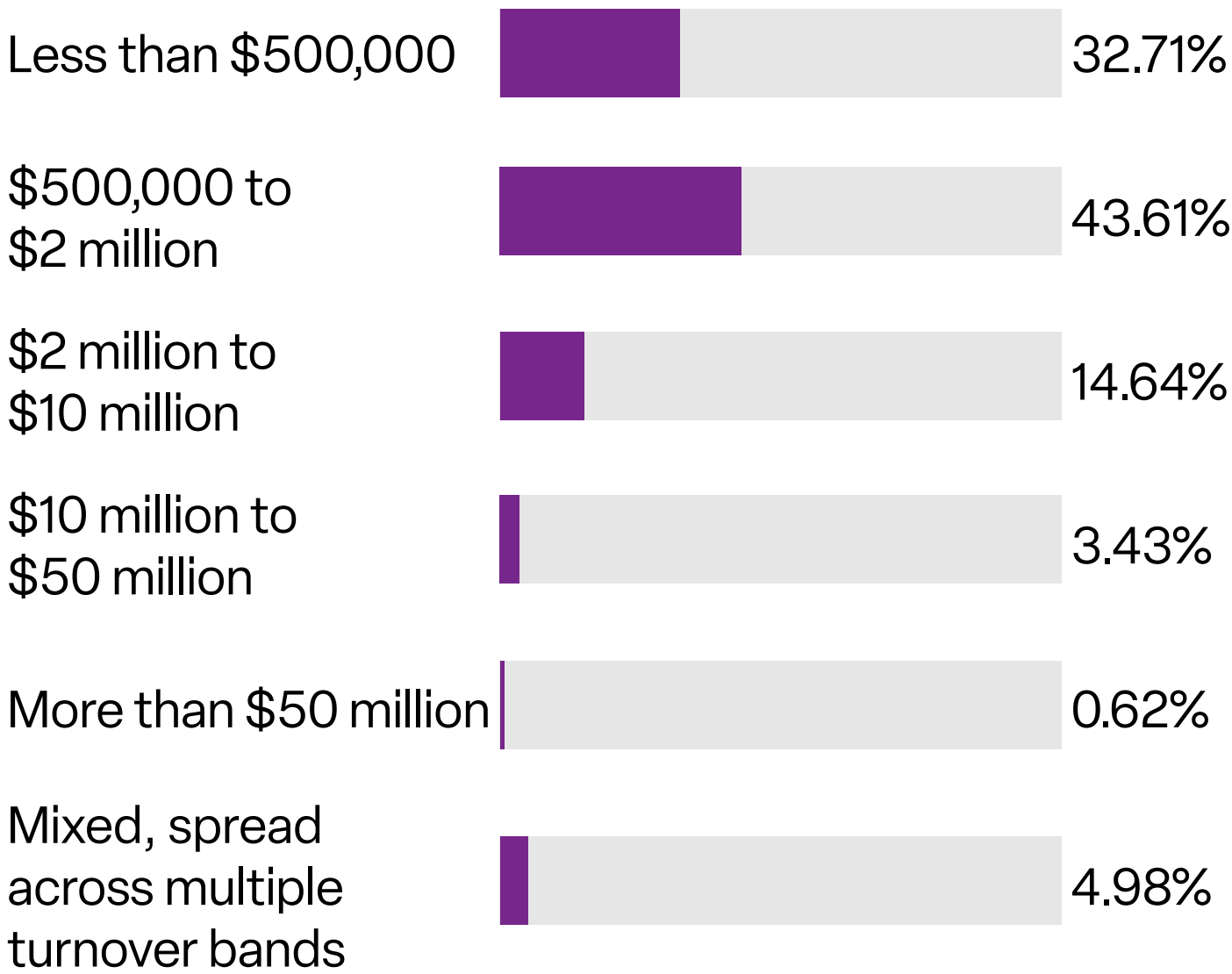


Also coming under scrutiny are accounting clients in the following sectors: healthcare and medical (17 per cent), transport, logistics, and warehousing (16.5 per cent), and hospitality and retail (15.5 per cent each).

Perhaps most interesting is the size of businesses reportedly being targeted for enforcement or compliance action. When asked which annual turnover band best describes respondents’ clientele experiencing ATO activity, more than three-quarters (76 per cent) said businesses with less than \$2 million in turnover. Within that demographic, 43.6 per cent of respondents said clients with \$500,000-\$2 million were contacted by the ATO, and 32.7 per cent of clients with less than \$500,000 in turnover faced the same. At the same time, less than 17 per cent of respondents with clients turning over between \$2 million and \$50 million were subject to ATO activity.

Practitioners who responded to the survey felt strongly about their clientele being placed in the spotlight, particularly for those

Which annual turnover band best describes the majority of business clients who experienced ATO activity this quarter?



with smaller turnover. As one respondent put it, “the weak are being monitored more, and are likely to be driven out of business, I am afraid”. Another felt that the Tax Office’s approach is “making it harder for small businesses to do business”. They need, the respondent said, “to have a bit of leniency and understanding”.



The nature of contact from the Tax Office is also a sticking point for practitioners. As one said, “it seems that Tax Agents have progressed from being a partner to both the ATO and the client, to being viewed by the ATO as another adversary. We often see

Average perceived change in aggression – ranked
(Score only)

State	Score / 5
Tasmania	4.17
Victoria	3.25
Western Australia	3.21
Queensland	3.05
South Australia	2.95
New South Wales	2.84
Australian Capital Territory	2.75
Northern Territory	0.50

Some states have smaller respondent sample sizes, and results should be interpreted appropriately. For a detailed breakdown of responses by state, please contact research@accountantsdaily.com.au.

ourselves bypassed, so that our clients are contacted directly by the ATO, instead of us. This causes undue stress to the client, and frustration for us, as we look incompetent because we aren’t on top of the communication.”

Conclusion

As one respondent said: “I personally feel, after 45 years in the business more frustrated and sometimes disillusioned with where the tax system is going, and whether my profession is really equipped to handle it. We are really slipping as a profession.”

While the views expressed in this inaugural *ATO Sentiment Report* capture a moment in time for the profession – one of significant change – the frustrations being felt, by practitioners and clientele alike, should not be dismissed as merely fleeting observations. The results should, hopefully, serve as constructive guidance, such that the Tax Office, practitioners, and clients can collaborate more seamlessly and efficiently for the betterment of the broader community.

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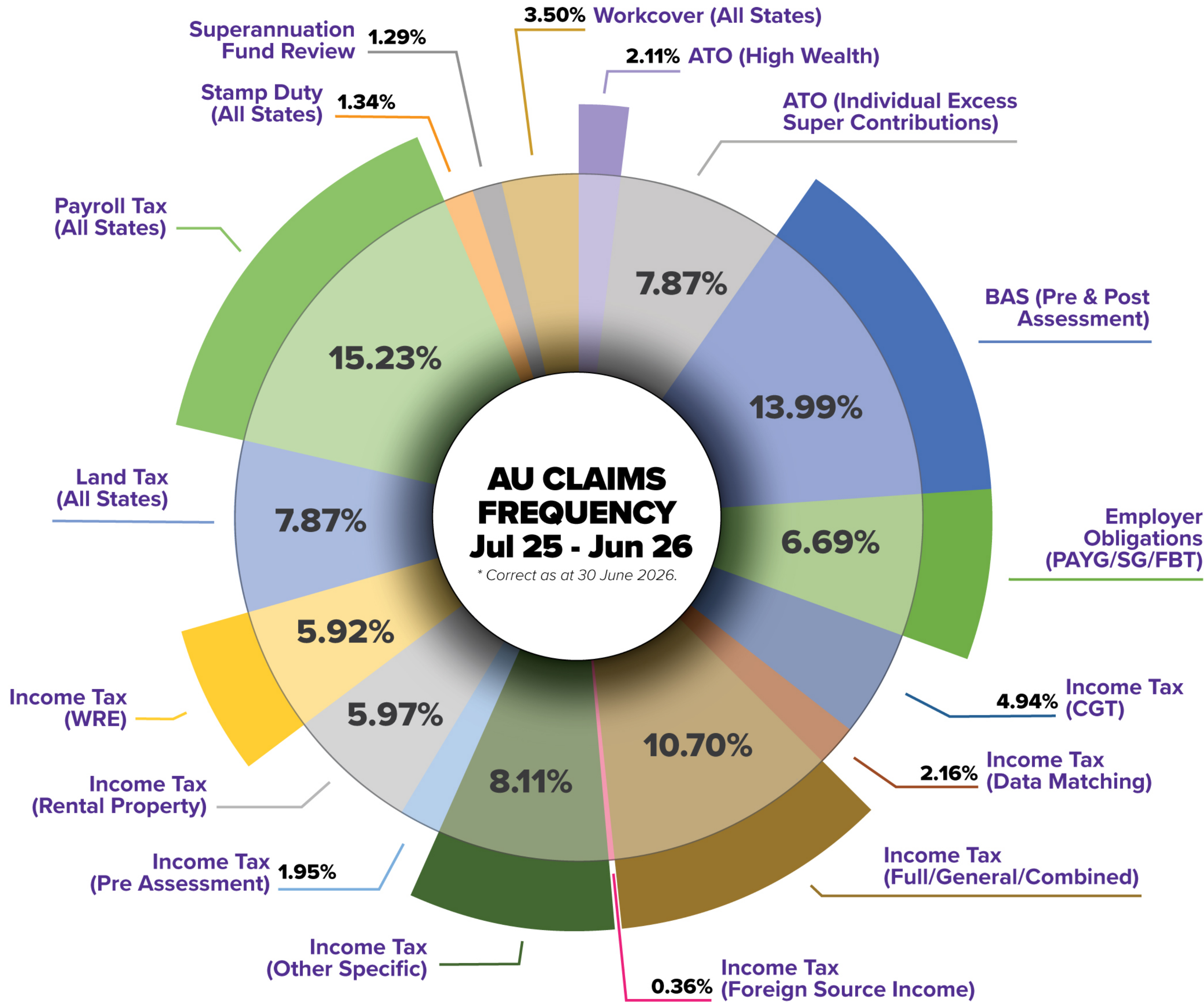
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A broader compliance landscape

One of the clearest themes emerging from the survey is that accountants are spending more time helping clients respond to regulatory scrutiny. While much of that discussion centres on increased ATO activity, the experience of many firms suggests the broader compliance landscape may also be becoming more complex.

Insights from Audit Shield claims activity provide an additional perspective. During the 12 months to 30 June 2026, claims submitted by participating accounting firms arose across a wide range of review categories, including payroll tax, BAS, income tax, land tax, employer obligations, superannuation, WorkCover, and stamp duty matters.

Payroll tax represented the largest category of claims activity at 15.23 per cent, followed by BAS reviews at 13.99 per cent and income tax full/general/combined reviews at 10.70 per cent. However, the most striking aspect of the data may





not be the size of any individual category, but rather the diversity of review activity occurring across the profession.

The survey found that almost half of respondents had more than 10 clients contacted by the ATO during the previous quarter, while more than 40 per cent said those interactions were viewed by clients as stressful or disruptive. Practitioners also spoke of the growing amount of time required to support clients through reviews, inquiries, and requests for information.

A complementary picture emerges from the claims data. More than 56 per cent of Audit Shield claims activity arose from categories including payroll tax (all states), BAS (pre and post assessment), ATO (individual excess super contributions), land tax (all states), employer obligations (PAYG/SG/ FBT), WorkCover (all states), and stamp duty (all states). These are areas where the underlying circumstances are often driven by business operations, employment arrangements, payroll systems, and other matters managed by the client, rather than the accountant.

As a result, accounting firms are frequently called upon once a review or inquiry has already commenced. The work that follows often extends

well beyond the preparation of a return, requiring accountants to gather records, respond to requests, provide explanations, and guide clients through an increasingly complex regulatory process.

Looking across historic Audit Shield claims duration, the data shows that the time taken to resolve matters can vary by claim type and from year to year. Across previously compared financial years, BAS claim durations have increased, payroll tax claims have remained comparatively steady, while income tax full/general/combined reviews have also increased and remained among the longer-running Audit Shield claims recorded. These prolonged review periods can translate into a sustained workload for practitioners, requiring firms to support clients over an extended period as matters progress through the review process.

This is particularly relevant given that 76 per cent of survey respondents said clients experiencing ATO activity had annual turnover below \$2 million. For many of these businesses, their accountant remains the first and most trusted source of support when contact from a regulator occurs.

Taken together, the survey findings and claims activity suggest that the challenge facing

practitioners is not simply an increase in compliance activity, but an expansion in its scope. The work arising from regulatory scrutiny is extending across a broader range of taxes, obligations, and government authorities, reinforcing the increasingly important role accountants play in helping clients navigate an evolving compliance environment.

As a longstanding partner to more than 4,000 accounting firms across Australia, Accountancy Insurance is proud to contribute to research that highlights the day-to-day realities facing the profession. Understanding not only how often regulatory activity occurs, but also the form it takes, is an important part of the broader conversation about the pressures confronting accountants and their clients.

If the increasing volume and complexity of ATO reviews, audits and compliance activities is creating pressure on your firm, the Accountancy Insurance team can help explain how other firms are managing the professional fee exposure associated with this work. ●

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