

18 July 2025

Australian Taxation Office

Via Email: VulnerabilityConsultation@ato.gov.au

Dear ATO,

Consultation paper – ATO Vulnerability Framework

The Financial Advice Association of Australia¹ (FAAA) welcomes the opportunity to provide feedback to the Australian Taxation Office (ATO) on the draft ATO Vulnerability Framework (the Framework). As a profession, our members seek to help empower Australians to build a better financial future.

There are many factors which cause vulnerability in Australian individuals. One subset of vulnerable persons is those experiencing financial abuse. We are deeply concerned for the victims of financial abuse. Financial advisers are uniquely positioned to detect signs of financial abuse due to their close relationships with clients and their families and we are keen to do all we can to stop this serious and insidious form of domestic and family violence.

Similarly, ATO staff have regular interactions with the Australian community, presenting an opportunity to identify financial abuse and trigger support services for victims of financial abuse. However, financial abuse is often hidden and challenging to identify, making it a difficult issue to address. Many victims may not even realise they are being abused, especially if the abuse is subtle or if it occurs within familial relationships where trust is implicitly granted. Financial abuse can manifest in various ways, such as unauthorised transactions, coerced changes to wills or financial documents, deliberate causation of taxation liability and obligations, or exploitation of financial resources.

In feedback sought from the FAAA membership in relation to the *Parliamentary Joint Committee on Corporations and Financial Services inquiry into Financial Services Regulatory Framework in relation to Financial Abuse*, our members noted that the financial services industry lacks clear protocols and guidelines on handling suspected abuse cases, including how to approach the client, who to report the abuse to, and what legal protections are available for both the client and the financial adviser.

¹ The Financial Advice Association of Australia (FAAA) is the largest association representing the financial advice profession in Australia, with over 10,000 members. It was formed in 2023 following the merger of the two leading financial planning/advice bodies in Australia – the Financial Planning Association (FPA) and the Association of Financial Advisers (AFA). With this merger, a united professional association that advocates for the interests of financial advisers and their clients across the country was created.

Despite the lack of guidelines on how to respond, the FAAA suggests that all participants in the financial system should be alert to victims of financial abuse, so these victims can be informed of the support services available, and the perpetrators of abuse held to account.

The FAAA views the ATO's Vulnerability Framework as a positive step towards addressing the financial abuse problem within Australian society.

Feedback on the Consultation paper – ATO Vulnerability Framework (Draft Framework)

We offer the following feedback on the consultation questions provide by the ATO.

1. How clearly does the Framework explain our commitment to supporting people experiencing vulnerability? What aspects are most clear or meaningful to you? Are there areas that could be improved?

The FAAA believes the Draft Framework overall is very readable, clear and easy to understand.

Greater emphasis could be placed on the actions available to the ATO to help vulnerable persons.

For example, in the *About us* text, bolding or bullet pointing the actions that the ATO may take, including exercise of discretion in the taxpayers favour (where discretion is available), providing payment plans in accordance with the law, and offering information about available support services, should be highly visible on that page.

2. Is the language in the Framework clear, respectful, and easy to understand? Let us know if there are words or sections that could be clearer.

Some pages (for example, page 4 '*About us*' and page 6 '*Understanding vulnerability*') are very wordy and may benefit from added headings to break up the heavy wording.

At times the narrative jumps from second person to third person, for example on page 7:

*While we can't remove obligations in most cases, we aim to create an environment **where people feel heard and supported, without judgment or bias regarding their circumstances. We work with you to understand your needs, assist you with accessing your entitlements, and identify options to help you meet your obligations.***

We suggest changing 'people' to 'you' and 'their' to 'your'. Other examples of this exist in the document.

3. How well does the Framework explain what vulnerability means and how it may affect people's experience with the ATO? Do you think the definition of vulnerability is clear and inclusive? What, if anything, should be added or clarified?

We suggest including a specific reference to victims of domestic violence, including coercive control, and setting out the list of factors in paragraph one on page six as a bullet point list, to draw more attention to the factors. This could appear as follows:

A person experiencing vulnerability is an individual who faces an increased risk of harm, exploitation, exclusion, or isolation. This can be due to various factors including, but not limited to:

- *social, economic, physical or mental health conditions*
- *domestic violence, including coercive control*
- *disability*
- *age*
- *lack of access to essential services, or*
- *other personal circumstances.*

Those experiencing vulnerability may require additional support and resources to ensure their wellbeing, safety, and ability to fully participate in society.

The reference to small business owners in paragraph two on page six appears to be out of context.

4. How clearly does the Framework explain our role, in supporting people experiencing vulnerability, including what we can and can't do? Is there anything about our role that could be explained more clearly?

As mentioned under Question 1 above, the Draft Framework would benefit from being clearer on what the ATO can do to help vulnerable persons. For example, bullet pointing the 'approaches' in the Support section of the *Core focus areas*:

Tailored support might look different depending on the situation. This could include approaches like:

- *offering flexible options where possible*
- *explaining information clearly, or*
- *referring someone to another service for help.*

5. Do the guiding principles, for example, empathy, fairness, and inclusion, feel appropriate and meaningful? What do these principles mean to you in the context of people experiencing vulnerability engaging with the ATO?

The guiding principles are excellent: well framed, concise and reassuring to the reader.

6. Is there anything missing that would make the Framework more useful or complete?

The Draft Framework could benefit from one or two practical examples of how a client's situation might make them vulnerable, and how the ATO would act in the specific situation.

The examples could deal with someone with age-related or language-related limitations, and especially someone experiencing some form of financial abuse. The aim of examples would be to create a sense of familiarity in the reader, so they are more encouraged to engage with the ATO about their issues.

7. Would you use the Framework for yourself or in your work, or share it with others? If so, how might you use it? For example, as a taxpayer, practitioner, or advocate.

The FAAA would be happy to alert our membership to the ATO Vulnerability Framework, and consequently encourage the membership's clients to use the ATO support services, if appropriate.

8. Is there anything else you would like us to consider before the Framework is finalised?

No. The FAAA applauds this initiative by the ATO, and is highly supportive.

Please contact me on (02) 9220 4500, or via phil.anderson@faaa.au, if you have any questions or if we can provide further information on any of the points raised.

Yours sincerely,



Phil Anderson

General Manager Policy, Advocacy and Standards
Financial Advice Association of Australia