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Data-matching programs

Our data-matching programs are designed to increase community confidence in the integrity of the tax system.

We use the data to:

- help people and businesses understand their tax obligations, including registration, lodgment, reporting and payment
- protect honest businesses from unfair competition
- make it easier for taxpayers by pre-filling their returns
- assess the levels of voluntary compliance of individuals and businesses with their tax obligations.

If we check your information it doesn't automatically mean we think you are dishonest in your tax affairs. But if the data doesn't match we will contact you to find out why.

We conduct specific data-matching programs in a number of areas.

Remember: If you haven't reported all your income or made a mistake with your tax records, you should [Correct the mistake or amend a return \(/general/correct-a-mistake-or-amend-a-return/\)](#).

Report a concern

If you suspect a person or business isn't doing the right thing, you can tell us anonymously. This can include things like:

- skimming some or all of their cash takings
- running part of their business 'off the books'
- not reporting all their income.

[\(/Forms/Tax-evasion-reporting-form/\)](#)

We review all reports and take action where appropriate.

Specific data-matching programs

We collect data from a range of sources to protect honest businesses. Specific data-matching programs allow us to conduct formal data matching without it being legislated. We do this by identifying businesses that:

- may not be reporting all their income
- operate outside of the system
- are operating, but are not lodging returns.

The data is used to understand trends and patterns in industries, including where we need to develop assistance products to help the community understand their tax obligations.

We are currently undertaking specific data-matching activities in the following areas:

- [Credit and debit cards](#)

- [Motor vehicle registries](#)
- [Online selling](#)
- [Specialised payment systems](#)
- [Ride-sourcing](#)

See how we have used third-party data to protect honest businesses.

Example: Under-reporting merchant sales

A clothing retailer with multiple retail stores appeared to be under-reporting merchant sales. We found an \$870,000 discrepancy between their business activity statement and income tax return. The owner made a voluntary disclosure on reporting errors for 36 activity statements across the financial years 2010 to 2013, resulting in unpaid GST of \$248,851. Since they were cooperative, no penalties were charged.

Example: Cash-only business caught avoiding GST

One of the owners of a cash-only takeaway chicken shop had been previously audited twice for another chicken shop, involving cash wages and inadequate record keeping.

The owners were claiming a large portion of GST-free sales from the sale of cold, uncooked chickens. When we tried purchasing an uncooked chicken, we were told that it was unavailable as the shop is a takeaway.

Our audit revealed they had understated their sales by around \$330,000 and were paying cash wages. The owners had to pay back \$103,371 in GST and also \$77,528 in penalties.

Example: Using benchmarks to determine unreported income

A cleaning services company appeared to be operating on a cash-only basis and was reporting outside benchmarks.

We discovered that not only was the director receiving more payment than his reported wage, there were no records of contractor payments, and significant AUSTRAC cash withdrawals existed, which we suspected were to pay employees and contractors. We also identified an undisclosed bank account.

The owner's lack of record keeping and failure to provide all requested documents was enough for us to apply the industry benchmark. This resulted in \$156,179 in unpaid GST and \$283,602 pay as you go withholding, as well as total penalties of \$156,096.

Example: Data matching reveals dishonest business

A business selling horse riding equipment on an online selling platform with sales of \$1,280,003 was selected for review.

We discovered the owner had registered the account in another person's name, and was selling unbranded horse saddles made by his parent's company in China.

We also found another online selling account and a website where no income was reported from either source. A specialised payment system account linked to this account and the website were linked to the owner's personal bank account and showed significant AUSTRAC activity to Chinese bank accounts.

Our audit determined the entity had been under-reporting income and over-reporting expenses for the life of the business – never declaring income on export sales, including unsubstantiated expenses in their income tax return and non-business activity statement expenses in activity statement purchases.

The owner had to pay \$103,263 in GST, \$259,298 unpaid income tax, and penalties of \$181,280.

Credit and debit cards

We obtain data from banks and financial institutions to identify the total credit and debit card payments received by Australian businesses. This is detailed in the [Credit and debit cards data-matching protocol \(/General/Gen/Data-matching-protocols/\)](#).

We don't gather information about individual credit or debit card holders.

From 1 July 2017 onwards, these providers will need to automatically report this information to us each year.

Specialised payment systems

We obtain data on electronic payments made through specialised payment systems to Australian businesses. This data is analysed in conjunction with data collected through our credit and debit card data-matching program.

See also:

- [Specialised payment systems data-matching protocol \(/General/Gen/Data-matching-protocols/\)](#)

Online selling

We obtain details of online sellers who sell goods and services to the value of \$12,000 or more.

Data is obtained from online selling sites where the data owner or its subsidiary:

- operates a business in Australia that is governed by Australian law
- provides an online market place for businesses and individuals to buy and sell goods and services
- tracks the activity of registered sellers
- has clients whose annual trading activity amounts to \$12,000 or more
- has trading activity for the years in focus.

See also:

- [Online selling – hobby or business? \(/Business/Starting-your-own-business/In-detail/Online-selling---hobby-or-business-/\)](#)
- [Starting your own business \(/Business/Starting-your-own-business/\)](#)
- [Online selling data-matching protocol \(/General/Gen/Data-matching-protocols/\)](#)

Ride-sourcing

We obtain data from all ride-sourcing facilitators operating in Australia and/or their financial institutions to identify ride-sourcing drivers.

This information allows us to help drivers understand their tax obligations including registration, lodgment, reporting and payment obligations.

See also:

- [Ride-sourcing data-matching program protocol \(/General/Gen/Ride-sourcing-2016-19-data-matching-protocol/\)](/General/Gen/Ride-sourcing-2016-19-data-matching-protocol/)
- [Ride-sourcing and tax \(/general/ride-sourcing-and-tax/\) \(/general/ride-sourcing-and-tax/\)](/general/ride-sourcing-and-tax/)

Motor vehicle registries

We obtain data from all the state and territory motor vehicle registering bodies to identify all motor vehicles sold, transferred or newly registered, where the transfer and/or market value is \$10,000 or more.

See also:

- [Motor vehicle registries data-matching protocol \(/General/Gen/Data-matching-protocols/\)](/General/Gen/Data-matching-protocols/)

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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