



 [Print whole section](#)

# Crypto assets data-matching program protocol to 2025–26

This protocol contains information on our crypto assets data-matching program for the period 2014–15 to 2025–26.

Last updated 26 April 2024

## Crypto assets data-matching program objectives

The purpose and objectives of our crypto assets data-matching program.

## Crypto data

About crypto asset data and what we do with the data we collect under our crypto assets data-matching program.

## Notifying the public of the data-matching program

How we notify the public about our crypto assets data-matching program.

## Our lawful role with data matching

Our legislated functions and the policies and procedures we use to work consistently with them.

## Why we undertake data matching on crypto

Learn why we have data-matching protocols for crypto, and the costs and benefits of data matching.

## How we undertake data matching on crypto assets

Find out about the systems and processes in data-matching activities around crypto assets.

## Data quality and crypto

Learn about the quality assurance processes and how we assure data is fit for use when looking at crypto.

QC 101717

# Crypto assets data-matching program objectives

The purpose and objectives of our crypto assets data-matching program.

**Last updated** 26 April 2024

## Program objectives

Our data-matching programs help us fulfil our responsibility to protect public revenue and maintain community confidence in the integrity of the tax and super systems.

The objectives of the crypto asset data-matching program are to:

- promote voluntary compliance by communicating how we use external data with our own, to help encourage taxpayers to comply with their tax and super obligations
- identify and educate those individuals and businesses that may be failing to meet their registration and/or lodgment obligations, and assist them to comply
- gain insights from the data that may help to develop and implement treatment strategies to improve voluntary compliance; this may include educational or compliance activities as appropriate
- gain insights from the data to increase our understanding of the behaviours and compliance profiles of individuals and businesses that have bought, sold, or accepted payment via crypto
- help ensure that individuals and businesses that trade or accept crypto assets as payment are fulfilling their tax lodgment, reporting and payment obligations.

## Why we look at this data

The innovative and complex nature of crypto can lead to a genuine lack of awareness of the tax obligations associated with these activities. Also, the ability to purchase crypto assets using false information may make them attractive to those seeking to avoid their tax obligations.

As interest in crypto has increased, we have worked with partners to:

- understand the tax implications
- plan an appropriate regulatory response.

This ensures our approach is consistent with government policy and aligned to that of our partner agencies.

The tax consequences for taxpayers acquiring or disposing of crypto assets vary depending on the nature and circumstances of the transaction.

The crypto asset data-matching program will allow us to identify and address multiple tax risks:

- Omitted or incorrect reporting of capital gains tax (CGT) – If you acquire crypto assets as an investment, you may have to pay tax on

any capital gain you make on disposal of the crypto. Disposal occurs when

- selling crypto assets for fiat currency
  - exchanging one crypto asset for another
  - gifting crypto assets
  - trading crypto assets
  - using crypto assets to pay for goods or services.
- Omitted or incorrect reporting of income – In some situations crypto transactions can also give rise to ordinary income. Taxpayers who trade crypto assets or businesses that accept crypto assets as payment have obligations to report the income generated in their tax returns.
  - Omitted or incorrect reporting of goods and services tax (GST) – In some situations crypto transactions can give rise to GST. GST registered business who accept crypto assets as payment must account for GST on the supplies they make and declare these in their business activity statement. Certain crypto intermediaries make supplies that may be subject to GST and may be required to register for GST.
  - Omitted or incorrect reporting of fringe benefits tax (FBT) – When employees receive crypto assets as remuneration under a salary sacrifice arrangement, the payment of the crypto asset is a fringe benefit.

QC 101717

## Crypto data

About crypto asset data and what we do with the data we collect under our crypto assets data-matching program.

**Published** 26 April 2024

## How we use the crypto data

The data collected under this program will enable us to undertake a range of activities to support correct reporting of crypto asset transactions.

The data will be used to:

- identify and inform crypto consumers of their tax obligations as part of information and education campaigns
- provide tailored messages in our online services that prompt taxpayers to check they are correctly meeting their reporting obligations when completing their tax returns
- compare to our records, as part of the methodologies by which we select taxpayers for compliance activities
- provide insights that support our regulatory approach, to reduce the impact of financial crime
- design ways to make it easier for taxpayers to interact with the system and get their affairs right.

We don't use data from digital service providers to complete automated action or activities.

## **Previous related programs**

The continued collection of data will be used to provide tailored advice and guidance to individuals on the tax implications of their crypto asset investment activities.

We prompt taxpayers through online messaging, to assess whether a capital gain or loss needs to be reported as they complete their tax return.

Where we identify clients who lodge returns without the appropriate income or capital gain (loss) reported, their return may be subject to audit and penalties applied.

The data helps us to:

- understand the level of risk crypto assets pose to the tax system
- measure the effectiveness of crypto asset treatment programs.

Early evidence from these programs indicate voluntary compliance is increasing among individuals who dispose of crypto assets.

## Data providers

We are the matching agency, and in most cases the sole user, of the data obtained during this data-matching program.

The data providers for this data-matching program include crypto designated service providers through whom individuals and businesses can buy, sell or transfer crypto holdings.

## Eligibility as a data provider

We adopt a principles-based approach to ensure that our selection of data providers is fair and transparent. Inclusion of a crypto asset designated service provider is based on the following principles:

- The data owner or its subsidiary operates a business in Australia that is governed by Australian law.
- The data owner provides a crypto asset designated service for individuals or businesses.
- The data owner provided these facilities for the years in focus.
- Where the client base of a data provider does not present a risk, or the administrative or financial cost of collecting the data exceeds the benefit the data may provide, the data owner may be excluded from the program.
- Designated service providers operating in this sector will be reviewed annually against the eligibility principles for this program. If suitable, they will be included in the data-matching program.

## Our formal information gathering powers

To ensure statutory requirements are met, we obtain data under our formal information gathering powers. These are contained in section 353-10 of Schedule 1 to the *Taxation Administration Act 1953*.

This is a coercive power and the data provider is obligated to provide the information requested.

We will use the data for tax and super compliance purposes.

## Privacy Act

Data will only be used within the limits prescribed by Australian Privacy Principle 6 (APP6) contained in Schedule 1 of the Privacy Act and in particular:

- APP6.2(b) – the use of the information is required or authorised by an Australian law
- APP6.2(e) – the ATO reasonably believes that the use of the information is reasonably necessary for our enforcement-related activities.

## **Data elements we collect**

Crypto asset data will be collected from crypto designated service providers. We anticipate the data quality will be of a high standard based on our prior crypto asset data-matching programs.

We negotiate with the selected data providers individually to obtain data held within their systems. The collected data may contain all or a selection of the fields listed below.

### **Client identification details – individuals**

Client identification data elements for individuals that we collect include:

- given and surname or surnames (if more than one name on the account)
- date or dates of birth
- addresses (residential, postal, other)
- Australian business number (if applicable)
- email address
- contact phone numbers
- social media account
- identify verification document details
- registration IP Address
- user ID
- account type (individual)

- sign up date.

## **Client identification details – non-individuals**

Client identification data elements for non-individuals that we collect include:

- business name
- addresses (business, postal, registered, other)
- Australian business number
- contact phone number
- email address
- registration IP Address
- user ID
- account type (company, trust, super fund)
- sign up date.

## **Crypto asset transaction details**

Crypto asset transaction data elements we collect include:

- status of account (open, closed, suspended, lost, etc)
- linked bank account details
- wallet address associated with the account
- lost or stolen crypto amounts linked to accounts
- unique identifier
- transaction date
- transaction time
- type of crypto asset
- amount (in fiat and crypto)
- type of transfer
- transfer description
- total account balance

- IP address.

## Number of records

We expect to collect data on approximately 700,000 to 1,200,000 individuals and entities each financial year for this program.

## Data retention

We collect data under this program for all financial years from 2014-15 to 2025-26. We collect this data annually between April and July each year.

We destroy data that is no longer required in accordance with the *Archives Act 1983*, and the records authorities issued by the National Archives of Australia, for both general and ATO-specific data.

For more information, see [Data retention and destruction](#).

We will retain each financial year's data for 7 years from receipt of the final instalment of verified data files from the data providers.

The data is required for this period for the protection of public revenue as:

- a retention period of 7 years will enable us to cross-reference taxpayer records retrospectively
- we are responsible for the administration of the CGT regime. CGT legislation requires the establishment of a cost base to determine an individual's tax liability on disposal of crypto assets in certain circumstances
- individuals may retain crypto assets for many years, at times for their whole life, before disposing of it and potentially triggering a capital gains event
- individuals or businesses identified as not meeting their tax obligations, including being partly or wholly outside the tax system, may have been operating that way for multiple years
- retaining data for 7 years supports our general compliance approach of reviewing an assessment within the standard period of review, which also aligns with the requirements for taxpayers to keep their records

- it would enable us to conduct long-term trend analysis and risk profiling of the crypto market
- destruction of the data would inhibit our ability to identify taxpayers who may be subject to administrative action and therefore result in loss of public revenue.

While increased data-retention periods may increase the risk to privacy, we have a range of safeguards to appropriately manage and minimise this. Our systems and controls are designed to ensure the privacy and security of the data we manage.

QC 101717

## Notifying the public of the data-matching program

How we notify the public about our crypto assets data-matching program.

**Published** 26 April 2024

### Summary of how we notify

We notify the public of our intention to collect 2023–24 to 2025–26 crypto asset data by:

- publishing a notice in the Federal Register of Legislation gazette the week commencing 22 April 2024.
- publishing this data-matching program protocol on our website
- advising the data providers that
  - they can notify their clients of their participation in this program
  - the [Privacy Policy](#) on Department of Home Affairs website includes that personal information is disclosed to ATO for data-matching purposes.

### Gazette notice content

The following information about the data-matching program appears as a gazette notice in the Federal Register of Legislation.

## **Gazette notice: Commissioner of Taxation – Notice of a crypto asset data-matching program - 22 April 2024**

The Australian Taxation Office (ATO) will acquire account identification and transaction data from crypto designated service providers for the 2023-24 financial year through to the 2025-26 financial year inclusively.

The data items include:

- client identification details (names, addresses, date of birth, phone numbers, social media account and email addresses)
- transaction details (bank account details, wallet addresses, transaction dates, transaction time, transaction type, deposits, withdrawals, transaction quantities and coin type).

We estimate that records relating to approximately 700,000 to 1,200,000 individuals and entities will be obtained each financial year.

The data will be acquired and matched to ATO systems to identify and treat clients who failed to report a disposal of crypto assets in their income tax return. The matching process strengthens our ability to develop tailored treatments for clients who may not be meeting their obligations. These may include registration, lodgment, reporting and payment obligations.

The objectives of this program are to:

- promote voluntary compliance by communicating how we use external data with our own to help encourage taxpayers to comply with their tax and superannuation obligations.
- identify and educate those individuals and businesses that may be failing to meet their registration and/or lodgment obligations and assist them to comply.
- gain insights from the data that may help to develop and implement treatment strategies to improve voluntary compliance; this may include educational or compliance activities as appropriate.
- gain insights from the data to increase our understanding of the behaviours and compliance profiles of individuals and businesses that have bought, sold or accepted payment via crypto assets.

- help ensure individuals and businesses that trade or accept crypto assets as payment are fulfilling their tax lodgment, reporting and payment obligations.

A document describing this program is available at [ato.gov.au/dmprotocols](https://ato.gov.au/dmprotocols)

This program follows the Office of the Australian Information Commissioner's *Guidelines on data matching in Australian Government administration* (2014) (the guidelines). The guidelines include standards for the use of data matching as an administrative tool in a way that:

- complies with the Australian Privacy Principles (APPs) and the *Privacy Act 1988* (Privacy Act)
- is consistent with good privacy practice.

A full copy of the ATO's privacy policy can be accessed at [ato.gov.au/privacy](https://ato.gov.au/privacy)

## Submission to the Information Commissioner

The following is the submission we made to the Information Commissioner.

### Submission wording

#### Varying from source entity identification requirements

The Australian Taxation Office (ATO) is seeking approval for the crypto data-matching program 2014–15 to 2022–23 to vary from one or more of the conditions detailed in Guideline 10 of the Office of the Australian Information Commissioner's *Guidelines on data matching in Australian government administration* (2014) (the Guidelines).

We are seeking you exercise your discretion and allow us to continue to refrain from publishing the names of the crypto designated service providers, selected to provide data to prevent a commercial disadvantage. This recognises the immaturity of the industry and market, and possible commercial impacts for the chosen data providers over others in the same industry and market segment not chosen to provide data.

This deviation from normal publication conditions in this circumstance is in the public interest. Publication of the names of the data providers may have the following impacts:

- unfairly identify crypto designated service providers cooperating with us leading to a potential commercial disadvantage for those named
- the perception may damage relationships between named businesses and their customers
- potentially impact the government’s intent to promote a level playing field for commercial enterprises.

We recognise that not publishing source entity (data supplier) names may appear to impact on transparency. However, this impact must be balanced against the need to mitigate the detrimental commercial effects on a source entity of meeting their responsibilities as a data supplier.

This program is subject to an evaluation within 3 years, which is consistent with the requirements of Guideline 9.

Additional information justifying this variation is included in the tables below:

- [Table 1 – matters considered in accordance with Guideline 10.2](#) in seeking this variation
- [Table 2 – consistency with requirements of the other guidelines](#) issued by the Office of the Australian Information Commissioner

### Matters in accordance with Guideline 10.2

**Table 1: Matters in accordance with Guideline 10.2 considered in seeking this variation to the Guidelines**

| Point  | Matter considered  | Consideration  |
|--------|--|--|
| 10.2.a | The effect that not abiding by the Guidelines would have on individual privacy | We have in place very secure processes for handling and storing data. Once acquired, all data will be stored on our secure computer systems where access is strictly |

|        |   |   |
|--------|---|---|
|        |   | <p>controlled, and full audit logs maintained.</p> <p>We and our staff operate under stringent confidentiality and privacy legislation that prohibits the improper access to or disclosure of protected information. These obligations are supported by significant penalties, including imprisonment. This provides a significant deterrent and substantially reduces the likelihood of breaches of privacy.</p> |
| 10.2.b | The seriousness of the administrative or enforcement action that may flow from a match obtained through the data-matching program   | <p>When we propose to take administrative action where a taxpayer may have reported incorrectly, we will differentiate between those that try to do the right thing and those that set out to deliberately avoid their obligations. Documented procedures, including the Taxpayers' Charter and compliance model will be followed to ensure fairness and consistency.</p>   |
| 10.2.c | The effect that not abiding by the Guidelines would have on the fairness of the data-matching program – including its effect on the ability of individuals to determine the basis of decisions that affect them, and their ability to dispute those decisions | <p>There will be no effect on the fairness of the program or the ability of taxpayers to find out the basis of decisions that impact them or their ability to dispute those decisions.</p> <p>Before any administrative action is undertaken, taxpayers will be given at least 28 days to verify the accuracy of the information that has been</p>  |

|        |  |  |
|--------|--|--|
|        |  | <p>derived from this data-matching program.</p> <p>Where administrative action is to be undertaken, we will adhere to the principles established in the Taxpayers' Charter and compliance model to ensure an equitable and consistent approach is taken.</p> <p>If a taxpayer does not agree with an assessment, they maintain the right to dispute the decision. They also have the legal right to appeal against the decision through the courts and tribunals.</p>  |
| 10.2.d | <p>The effect that not abiding by the Guidelines would have on the transparency and accountability of agency and government operations</p> | <p>There will be no adverse effects on the transparency and accountability of government operations by not directly naming data suppliers.</p> <p>ATO data matching is conducted to address identified compliance risks in a segment. A comprehensive description of the data providers operating in the identified segment is included in the program protocol. The description also identifies the principles and criteria for selecting the data providers. Our practice is to raise awareness of the risk in the segment and ensure all participants are made aware of their obligations and impacts</p> |

|        |  |  |
|--------|--|--|
|        |  | <p>when engaging in that segment.</p> <p>The program protocol is submitted to the Office of the Australian Information Commissioner and we will strictly adhere to the commitments in that document.</p> <p>We will publish a notice with general information about the program in the Federal Register of Legislation – Gazettes before administrative action commences. We will also make a copy of the program protocol available on our website.</p> |
| 10.2.e | <p>The effect that not abiding by the Guidelines would have on compliance of the proposed data-matching program with the Australian Privacy Principles in the <i>Privacy Act 1988</i> and the Australian Government Privacy Code</p> | <p>The data is collected for the stated objectives established in the data-matching program protocol.</p>  |
| 10.2.f | <p>The effect that complying with the Guidelines would have on the effectiveness of the proposed data-matching program</p>   | <p>The effectiveness of the program would be reduced if source entities had to be identified. Their willingness to participate and cooperate with us would likely be compromised.</p>  |
| 10.2.g | <p>Whether complying fully with the Guidelines could jeopardise or endanger the life or physical safety of information providers or could compromise the</p>   | <p>Not abiding by all the requirements of the Guidelines would not influence or affect the personal safety of any individual identified as part of the program or compromise the source of</p>   |

|        | source of information provided in confidence   | the information provided in confidence.   |
|--------|--|---|
| 10.2.h | <p>The effect that complying fully with the Guidelines would have on public revenue – including tax revenue, personal benefit payments, debts to the Commonwealth and fraud against the Commonwealth</p> | <p>Not allowing the exemption under the current program may cause us to miss potential breaches of tax laws and subsequent non-payment of tax. This would result in the Commonwealth foregoing tax revenue.</p> <p>There are risks to the integrity of the tax system when people fail to comply with their obligations. Abiding by all the requirements of the Guidelines will reduce the effectiveness of the proposed compliance activity. We would miss the opportunity to educate those taxpayers trying to do the right thing and deter those that are non-compliant from repeating the behaviour.</p> <p>The effect of abiding by all of the requirements in the Guidelines could negatively impact both public revenue and the confidence the public and government have in the ATO as an administrator of the tax system. People not complying with their tax obligations, including those operating outside the system, set a bad example to compliant taxpayers and may encourage their non-compliance. Maintaining community and government confidence in the tax system is critical to our ongoing role.</p> |

|        |   |   |
|--------|---|---|
| 10.2.i | Whether complying fully with the Guidelines would involve the release of a document that would be an exempt document under the <i>Freedom of Information Act 1982</i> | Upon receipt of a freedom of information request only information relating to the taxpayer's own affairs will be released to the taxpayer concerned.  |
| 10.2.j | Any legal authority for, or any legal obligation that requires, the conduct of the proposed data-matching program in a way that is inconsistent with the Guidelines.  | <p>There is no specific legislative power authorising the conduct of this program inconsistent with the Guidelines.</p> <p>The Commissioner of Taxation, or his authorised representative, has formed the opinion this data is required to enable us to effectively and efficiently carry out our legislated functions under the general powers of administration contained in:</p> <ul style="list-style-type: none"> <li>• Section 3A of the <i>Taxation Administration Act 1953</i></li> <li>• Section 8 of the <i>Income Tax Assessment Act 1936</i></li> <li>• Section 1-7 of the <i>Income Tax Assessment Act 1997</i></li> <li>• Section 356-5 in Schedule 1 of the <i>Taxation Administration Act 1953</i></li> </ul> <p>The reasons for proposing to operate outside requirements of</p> |

the Guidelines are detailed above.

### Consistency with requirements of the other guidelines

This section outlines where we are being consistent with the requirements of the Guidelines.

**Table 2: Matters considered in seeking this variation to the Guidelines where we are being consistent with the requirements of the Guidelines**

| Paragraph or Guideline | Summary   | Action taken/To be taken  |
|------------------------|---|---|
| Paragraph 6            | Status of the Guidelines  | Our commitment to complying with the Guidelines is embedded in our data management policies and principles and clearly stated in the chief executive instruction.   |
| Guideline 1            | Application of the Guidelines                                   | <p>We apply the Guidelines for all data-matching programs where it is anticipated the program will include records of 5,000 or more individuals.</p> <p>We recognise that programs where there are multiple data sources but with common objectives and algorithms are treated as a single data-matching program.</p> |
| Guideline 2            | Deciding to carry out or participate in a data-matching program | <p>Cost-benefit analysis considers alternate methods against the conduct of a data-matching program.</p> <p>We have rigorous governance arrangements, processes and system</p>  |

|             |                                      |  |
|-------------|--------------------------------------|--|
|             |                                      | controls in place to protect the privacy of individuals.   |
| Guideline 3 | Prepare a program protocol           | <p>Prior to conducting a data-matching program, we prepare a data-matching program protocol, submit this to the Office of the Australian Information Commissioner and make a copy publicly available on our website.</p> <p>When elements of a data-matching program change, the protocol is amended, a copy of the amended protocol is provided to the Office of the Australian Information Commissioner and updated on our website.</p>  |
| Guideline 4 | Prepare a technical standards report | Documentation is prepared and maintained to satisfy the requirements of a technical standards report.  |
| Guideline 5 | Notify the public                    | <p>We publish notification of our intention to undertake a data-matching program in the Federal Register of Legislation – Gazettes prior to the commencement of the program.</p> <p>This notice will include the following information as required by the Guidelines:</p> <ul style="list-style-type: none"> <li>• a brief description of the objectives of the data-matching program</li> <li>• the matching agency and (where appropriate) source entities involved in the data-matching program</li> <li>• a description of the data contained in the data set</li> </ul> |

|             |  |   |
|-------------|--|---|
|             |  | <p>involved in the data-matching program</p> <ul style="list-style-type: none"> <li>• the categories of individuals about whom personal information is to be matched</li> <li>• the approximate number of individuals affected</li> <li>• reference to our privacy policy.</li> </ul> <p>Notification of the program is also published on our website and data providers are advised they can advertise their participation in the data-matching program.</p> |
| Guideline 6 | Notify individuals of proposed administrative action | Prior to taking any administrative action as a result of the data-matching programs, individuals and other entities are given at least 28 days to verify the accuracy of the information provided to us by third parties.   |
| Guideline 7 | Destroy information that is no longer required       | We regularly review our requirement to continue to retain data and destroy those datasets no longer reasonably necessary.   |
| Guideline 8 | Don't create new registers, data sets or databases   | We don't create new registers or databases using data obtained during a data-matching program.  |
| Guideline 9 | Regularly evaluate data-matching programs            | Programs are evaluated within 3 years of the commencement of the data-matching program. These evaluations are provided to the Office of the Australian Information Commissioner on request.   |

|              |   |   |
|--------------|---|---|
| Guideline 10 | Seeking exemptions from Guideline requirements  | When we intend to vary from the requirements of the Guidelines, we seek the approval of the Office of the Australian Information Commissioner and provide documentation to support the variance.  |
| Guideline 11 | Data matching with entities other than agencies | <p>We undertake our own data-matching programs. This function isn't outsourced.</p> <p>Where data is obtained from an entity other than an individual, we usually do so by using our formal information gathering powers. In these instances, the entities are advised they may notify their clients of their participation in the data-matching program.</p>   |
| Guideline 12 | Data matching with exempt agencies              | <p>We don't usually undertake data matching with agencies that are exempt from the operations of the <i>Privacy Act 1988</i> under section 7 of that Act and that are subject to the operation of the Guidelines (e.g. any data matching undertaken with an exempt agency would usually be for fewer than 5,000 individuals).</p> <p>In the event a data-matching activity would otherwise be subject to these Guidelines except for the exemption status, we still adhere to the principles of the Guidelines and prepare a program protocol, seeking to vary from the Guidelines by not publicly notifying of the program and publishing the protocol. We</p> |

|              |  |   |
|--------------|--|---|
|              |  | would still lodge a copy of the protocol with the Office of the Australian Information Commissioner.  |
| Guideline 13 | Enable review by the Office of the Australian Information Commissioner | We wouldn't prevent the Office of the Australian Information Commissioner from reviewing our data matching activities and processes. These activities and processes have been reviewed by the Australian National Audit Office and Inspector-General of Taxation. |

QC 101717

## Our lawful role with data matching

Our legislated functions and the policies and procedures we use to work consistently with them.

**Published** 26 April 2024

## Our powers of administration

The ATO is the Australian Government's principal revenue collection agency. The Commissioner of Taxation has responsibility for ensuring taxpayers meet their tax and super obligations.

We follow the Office of the Australian Information Commissioner's (OAIC) Guidelines on data matching in Australian Government administration (2014) in our data-matching activities.

Our data-matching programs help to ensure that Australians are fulfilling their tax and super obligations.

This information forms part of all data-matching program protocols.

We take our obligations seriously. Failure to address non-compliant behaviour has the potential to undermine community confidence in the


integrity of the tax and supersystems and our capability to administer those systems.

We carry out our legislated functions through general powers of administration contained in but not limited to:

- section 3A of the **Taxation Administration Act 1953**
- section 8 of the **Income Tax Assessment Act 1936**
- section 1-7 of the **Income Tax Assessment Act 1997**
- section 43 of the **Superannuation Guarantee (Administration) Act 1992**
- section 356-5 in Schedule 1 of the *Taxation Administration Act 1953*.

Data matching is one of the strategies used to identify and deal with non-compliant behaviour. It helps provide assurance that taxpayers are meeting their obligations.


## Data-matching guidelines we follow

Our data-matching programs follow the OAIC [Guidelines on data matching in Australian Government administration](#)  (2014).

These guidelines help us and other government agencies use data matching as an administrative tool in a way that:


- complies with the [Australian Privacy Principles](#)  (APPs)
- complies with the [Privacy Act 1988](#)  (Privacy Act)
- is consistent with good privacy practice.

## Privacy Act

The [Privacy Act 1988](#)  (Privacy Act) regulates how personal information is handled by certain entities, such as companies and government agencies.

Schedule 1 of the Privacy Act lists the 13 Australian Privacy Principles (APPs). The principles cover the collection, use, disclosure, storage and management of personal information.

Data will only be used within the limits prescribed by the APPs and the Privacy Act.

The [Australian Government Agencies Privacy Code](#) , embeds privacy in all government agency processes and procedures. It ensures that privacy compliance is a priority in the design of our systems, practices and culture.

We comply with the code's requirements, and we are transparent and open about what information we collect, hold and disclose. We train our staff to keep personal information safe, and all our systems and offices are protected and secure –

Our data stewardship model upholds our data governance practices and embeds 6 ethical standards that guide how we collect, manage, share and use your data:

1. Act in the public interest, be mindful of the individual.
2. Uphold privacy, security and legality.
3. Explain clearly and be transparent.
4. Engage in purposeful data activities.
5. Exercise human supervision.
6. Maintain data stewardship.


Find out more about how we protect your privacy.


## How we protect your personal information

Our staff are subject to the strict confidentiality and disclosure provisions contained in Division 355 of Schedule 1 to the *Taxation Administration Act 1953*. Penalties include terms of imprisonment in cases of serious contravention of these provisions.

## Keeping data safe

Data-matching programs are conducted on our secure systems that comply with the requirements of the:

- [Australian Government Information Security Manual](#)  produced by the Australian Cyber Security Centre, which governs the security of government information and communication technology (ICT) systems


- [Australian Government Protective Security Policy Framework](#) , which provides guidance on security governance, personnel security, physical security and information security.

All ATO computer systems are strictly controlled according to Australian Government security standards for government ICT systems, with features including:

- system access controls and security groupings
- login identification codes and password protection
- full audit trails of data files and system accesses.

For more information see [Online security](#).

## Data retention and destruction

All information and records are managed in accordance with the provisions of the [Archives Act 1983](#) .

The requirement to retain data is reviewed on an ongoing basis in accordance with the timeframes and requirements of the OAIC guidelines. We destroy data that is no longer required, in accordance with the *Archives Act 1983* and the records authorities issued by the National Archives of Australia, both general and ATO-specific.

Under section 24 of the Act, records can be disposed of where it is approved by the National Archives; required by another law, or a normal administrative practice that the Archives approves of.

Approval from National Archives is normally provided through records authorities, which are used in the process of sentencing to make decisions about keeping, destroying or transferring particular information and records.

General or ATO-specific records authorities issued by National Archives apply to our processes of verifying and assuring taxpayer compliance with tax, super and other laws administered by the ATO.

Our record management practices allow us to satisfy the OAIC guidelines and Australian Privacy Principle 11 (APP 11) contained in Schedule 1 of the *Privacy Act 1988* and in particular:

- APP11.1 – An APP entity must take reasonable steps to protect information from

- misuse, interference and loss
- unauthorised access, modification or disclosure
- APP11.2 – APP entity must take reasonable steps to destroy or de-identify information it no longer needs.

## **Our on-disclosure provisions**

In very limited and specific circumstances, we may be permitted by law to disclose individual records to other government agencies.

Division 355 of Schedule 1 to the *Taxation Administration Act 1953* sets out the government agencies we can disclose taxpayer information to, and the circumstances in which we are permitted to make those disclosures.

These include agencies responsible for:

- state and territory revenue laws
- payments of social welfare and health and safety programs for determining eligibility for certain types of benefits and rebates
- overseeing super funds, corporations and financial market operators to ensure compliance with prudential regulations
- determining entitlement to rehabilitation and compensation payments
- law enforcement activities to assist with specific types of investigations
- domestic and international partners under tax disclosure and tax treaty arrangements
- policy analysis, costing and effectiveness measurement.

Each request for information by other agencies will be assessed on its merits and must be for an admissible purpose allowed for by tax laws. In specific permissible circumstances, on-disclosures may include de-identified datasets for statistical analysis.

# Why we undertake data matching on crypto

Learn why we have data-matching protocols for crypto, and the costs and benefits of data matching.

**Published** 26 April 2024

## Meeting our accountability

To effectively administer the tax and super systems, we are required in accordance with the law to collect and analyse information concerning the financial affairs of taxpayers and other participants in the Australian economy.

In addition to our administrator responsibilities, the [Public Service Act 1999](#) [↗](#) (PS Act) requires each agency head to ensure their agency complies with legislative and whole-of-government requirements.

Agency heads are required to ensure proper use and management of public resources as per the [Public Governance, Performance and Accountability Act 2013](#) [↗](#) (PGPA Act).

We consider and undertake a range of alternatives to data matching to ensure entities are complying with their tax and super obligations. Relying only on data that we already hold is of limited value for the following reasons:

- The tax system operates on willing participation, so our data is derived from taxpayers that are correctly registered and meeting their lodgment obligations.
- The only other way of ensuring that taxpayers are reporting their obligations correctly would be to contact every taxpayer directly.

## Uses of data matching

Data matching allows us to cross-reference suitable external data to identify taxpayers who may not be in full compliance with their obligations, as well as those that may be operating outside the tax and super systems. It also reduces the likelihood of unnecessarily contacting taxpayers who are complying with their tax obligations.

Data matching is an effective method of examining the records of thousands of taxpayers. We do this to ensure compliance with lodgment and reporting obligations. This would otherwise be a resource-intensive exercise.

Data matching also assists us to effectively promote voluntary compliance by notifying the public of risk areas and activities under scrutiny.

## **Costs and benefits**

The benefits of our data matching activities are more than offset by the costs.

### **Benefits**

The use of data is increasingly common across government agencies and the private sector. Data, data usage, computer power and storage continue to grow, which increases the benefits from data matching.

Data matching and the insights it provides help us:

- deliver tailored products and services, which underpins our culture of service
- make it easier for taxpayers and agents by providing tailored messages in our online services
- enable early intervention activities, as our goal is prevention rather than correction
- maintain community confidence in our ability to administer the tax and supersystems, because we can
  - make better, faster and holistically smarter decisions with measurable results to deliver a level playing field for all
  - solve problems and shape what we do for the community
  - advise government and deliver outcomes with agility
- maintain the integrity of the tax and super systems by
  - providing education to assist taxpayers to do the right thing
  - deterring behaviours so taxpayers adhere to their obligations

- detecting taxpayers who aren't complying with their obligations, targeting those that continue to deliberately abuse the tax and super systems
- enabling enforcement activity and recovery of tax revenue
- directing compliance activities to assure that wider risks to revenue don't exist.

## Costs

There are some incidental costs to us in the conduct of data-matching programs, but these are more than offset by the total revenue protected. These costs include:

- data analyst resources to identify potential instances of non-compliance
- compliance resources to manage casework and educational activities
- governance resources to ensure compliance with the guidelines and Privacy Act
- quality assurance processes to ensure the rigour of the work undertaken by analysts and compliance staff
- storage of the data.


QC 101717

## How we undertake data matching on crypto assets

Find out about the systems and processes in data-matching activities around crypto assets.

**Published** 26 April 2024

## Data-matching process

When required, our data-matching process uses both mainframe-based and mid-range applications that comply with an ATO-designed software solution (technical standard). The technical standard supports all our data-matching programs and aligns with [OAIC guideline 4.7](#) .

We use over 60 sophisticated identity-matching techniques to ensure we identify the correct taxpayer when we obtain data from third parties. These techniques use multiple identifiers to obtain an identity match. The identity-matching process appends matching information to the original reported transaction to include an ATO identifier number and a 3-character outcome code that indicates to the user the level of matching confidence for the transaction. For example, where a name, address and date of birth are available, all items are used in the identity-matching process. Very high confidence matches will occur where all fields are matched.

Additional manual processes may be undertaken where high confidence identity matches don't occur or a decision taken to destroy data no longer required. Our manual identity-matching process involves an ATO officer reviewing and comparing third-party data identity elements against ATO information on a one-on-one basis, seeking enough common indicators to allow confirmation (or not) of an individual's identity. We commonly call this process manual uplifting.

Data analysts use various models and techniques to detect potential discrepancies, such as under-reported income or over-reported deductions. Higher risk discrepancy matches will be loaded to our case management system and allocated to compliance staff for actioning. Lower risk discrepancy matches will be further analysed, and a decision made to take some form of compliance or educational activity, or to destroy the data.

To maintain integrity of the administration of the tax and super systems, only staff with a direct and genuine 'need to know' can access the technical standards for our identity and discrepancy matching solutions.

Where administrative action is proposed, additional checks will take place to ensure the correct taxpayer has been identified. The taxpayers will be provided with the opportunity to verify the accuracy of the information before any administrative action is taken.

## **How we amend a return**

We may use data to provide tailored messages for individual taxpayers in our online services. This will prompt taxpayers to check they are correctly meeting their reporting obligations.

In limited circumstances where we identify inadvertent mistakes, we may amend a tax return with the correct data that is available to us.

If you disagree with the decision we made about your information, you can **request a review by lodging an objection**.

After a return is lodged, where we identify a discrepancy that requires verification, we will contact the taxpayer usually by phone, letter or email. Taxpayers will have up to 28 days to verify the accuracy of the information and respond before we take administrative action.

For example, where discrepancy-matching identifies that a taxpayer may not be reporting all their income, but it appears they're reporting the income in another taxpayer's return, they will be given the opportunity to clarify the situation.

The data may also be used to ensure taxpayers are complying with their other tax and super obligations, including registration requirements, lodgment obligations and payment responsibilities.

In cases where taxpayers fail to comply with these obligations, after being reminded of them, we may instigate prosecution action in appropriate circumstances.

Where a taxpayer has correctly met their obligations, the use of the data will reduce the likelihood of contact from us.


In limited circumstances we may use data from a data-matching program to correct mistakes without notifying individuals in advance. When we do so, we will seek an exemption from the Australian Information Commissioner.

## **Making a privacy complaint**

Our **privacy policy** outlines how we collect, hold and disclose data and explains what you can do if you're not satisfied with the way your information has been treated.

If you're not satisfied with how we have collected, held, used or disclosed your personal information, you can **make a formal complaint**.

For more information, see **how we protect your privacy**.

If you're not satisfied with the outcome of the privacy complaint, you can make a [privacy complaint with the Office of the Australian Information Commissioner](#) .

QC 101717

## Data quality and crypto

Learn about the quality assurance processes and how we assure data is fit for use when looking at crypto.

**Published** 26 April 2024 


### Quality assurance process

Quality assurance is integrated into our processes and computer systems and applied throughout the data-matching cycle.

These assurance processes include:

- registering the intention to undertake a data-matching program on an internal register
- risk assessment and approval from the data steward and relevant senior executive service (SES) officers prior to any data-matching program being undertaken
- conducting program pilots or obtaining sample data to ensure the data-matching program will achieve its objectives prior to full datasets being obtained
- notifying the OAIC of our intention to undertake the data-matching program and seek permission to vary from the data-matching guidelines (where applicable)
- restricting access to the data to approved users and access management logs record details of who has accessed the data
- quality assurance processes embedded into compliance activities, including
  - review of risk assessments, taxpayer profiles and case plans by senior officers prior to client contact

- ongoing reviews of cases by subject matter technical experts at key points during the life cycle of a case
- regular independent panel reviews of samples of case work to ensure our case work is accurate and consistent.

These processes ensure data is collected and used in accordance with our data-management policies and principles and complies with the OAIC's [Guidelines on data matching in Australian Government administration](#) .

## How we ensure data quality

Data quality is a measure to determine how fit-for-purpose data is for its intended use. It is valuable because it helps us to understand the data asset and what it can be used for.

Data quality management allows us to use data with greater confidence and assists in meeting data governance requirements and ensures a greater understanding of the data we hold.

The ATO Enterprise Data Quality (DQ) framework provides clarity and structure to our management of data quality and may be applied in determining how business areas can make effective and sound use of data.

This framework champions 6 primary DQ dimensions:

- Accuracy – the degree to which the data correctly represents the actual value.
- Completeness – if all expected data in a data set is present.
- Consistency – whether data values in a data set are consistent with values elsewhere within the data set or in another data set.
- Validity – data values are presented in the correct format and fall within a predefined set of values.
- Uniqueness – if duplicated files or records are in the data set.
- Timeliness – how quickly the data is available for use from the time of collection.

To assure specific data is fit for consumption and the intended use throughout our data-matching programs, the following data quality elements may also be applied.

- Currency – how recent the time period is that the data set covers.
- Precision – the level of detail of a data element.
- Privacy – access control and usage monitoring.
- Reasonableness – reasonable data is within the bounds of common sense or specific operational context.
- Referential integrity – when all intended references within a data set or with other data sets, are valid.

Data is sourced from providers' systems and may not be available in a format that can be readily processed by our own systems. We apply additional levels of scrutiny and analytics to verify the quality of these datasets.

This includes but is not limited to:

- meeting with data providers to understand their data holdings, including their data use, data currency, formats, compatibility, and natural systems
- sampling data to ensure it is fit for purpose before fully engaging providers on task
- verification practices at receipt of data to check against confirming documentation; we then use algorithms and other analytical methods to refine the data
- transforming data into a standardised format and validating to ensure that it contains the required data elements prior to loading to our computer systems. Our data quality practices may also be applied during this transformation process
- undertaking program evaluations to measure effectiveness before determining whether to continue to collect future years of the data or to discontinue the program.

QC 101717

**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.

## **Copyright notice**

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).