



Tax and BAS agents

Managing your practice, including administrative information and our approach when contacting your clients.

Agent Client Verification methods



Gives additional context on how agents may perform client verification when engaging with our systems.

Newly registered tax agents



Find key information you need to be aware of if you are a newly registered tax agent.

Newly registered BAS agents



Find key information you need to be aware of if you are a newly registered BAS agent.

Practice administration



Learn about the basics of running your practice, dealing with the ATO and what records you need to keep.

You and your staff's obligations



It is important for you to keep your personal tax obligations up to date to avoid compliance action.

Recognising, rejecting and reporting tax avoidance



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If you or your clients are affected by a recent disaster event, we have a range of options to help you.

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Top cyber security tips for businesses and tax professionals



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Support and communication



Resources to help tax professionals interact with us, keep up to date and find the information and resources they need.

Complaints, compliments and feedback



How to complain or give compliments and feedback, including help on common issues which may help avoid a complaint.

Agent client verification methods

Gives additional context on how agents may perform client verification when engaging with our systems.

Last updated 11 February 2025

Strong verification is important

Read this in conjunction with the Tax Practitioner Board's (TPB) [Practice Note TPB\(PN\) 5/2022](#) [↗](#) *Proof of identity requirements for client verification* (TPB(PN) 5/2022).

Strong client verification helps to protect tax practitioners, their clients, and Australia's tax and superannuation systems from misuse and abuse due to identity theft and related issues. With an ever-increasing reliance on technology and remote work practices, the risks presented by this continue to rise.

This information is intended for registered tax practitioners (registered tax agents and BAS agents) using [Online services for agents](#) [↗](#) or [practitioner lodgment services](#) through software. It outlines practical steps to perform client verification when using our systems. If you follow this guideline in conjunction with the requirements prescribed by the TPB, you are deemed to have met the client verification requirements of both agencies.

Who you need to verify

You must verify a client's identity prior to providing tax agent and BAS services, and on an ongoing basis, as prescribed in [TPB \(PN\) 5/2022](#) [↗](#). For more information on ongoing verification refer to paragraphs 18 to 21 'Well-established clients' and paragraphs 22 to 23 'Frequency'.

Where an individual is representing a client (including individual and non-individual clients) in engaging you as the client's tax practitioner (an individual representative), you must also take steps to ascertain and verify the individual representative's identity, and their authority to engage you on behalf of the client.

Minimum verification requirements

The minimum verification requirements are prescribed in [TPB \(PN\) 5/2022](#). You are encouraged to go beyond these requirements if you still have concerns about a person's identity, even if you meet the minimum requirements.

The ATO and the TPB seek to support you in managing client identity risks to your practice – the responsibility to verify client identity ultimately rests with you as the tax practitioner.

Verification methods

Unless a primary photographic proof of identity document can be verified using the visual method, you must verify 2 separate proof of identity documents. In addition to those listed in [TPB \(PN\) 5/2022](#) you can use one or a combination of the methods in Table 1.

Table 1. Verification methods

Method	Description
Visual	<p>Visually checking a client's identification documents.</p> <p>Suitable when you are interacting with the client in person or by video conferencing. For most clients, a visual check of a drivers licence will be all that is needed.</p> <p>Can also be used to prove the identity of an individual representative of your client.</p>
Source ATO	<p>Comparing data provided by the client against data on our systems.</p> <p>Suitable for in person (including video conferencing) interactions and remote interactions and digital interactions through software (for example, online customer portals).</p> <p>Must not be used to prove the identity of an individual representative of your client unless the representative is also your client. Using this method when the representative is not your client would represent a potential breach in client</p>

	<p>privacy as you are not authorised to act for that person and to see their tax-held personal information.</p>
<p>Source DVS (Document Verification Service)</p>	<p>Comparing a client's details on government issued identity documents against details held by a DVS provider.</p> <p>This method is suitable for in-person (including video conferencing) and remote interactions.</p> <p>Can be used to prove the identity of an individual representative of your client.</p> <p>Some DVS providers may also include facial (biometric) checks to confirm the face of the client matches the photograph on the identification document. Where this is available, we recommend this is utilised as this provides an additional layer of security.</p>

Client-to-agent linking

The client-to-agent linking process doesn't override a tax practitioner's obligations to undertake client proof of identity. It only provides us with verification that someone has the authority to act on behalf of an entity within Online Services for Business.

It doesn't verify the identity of the person that has engaged your services as a registered tax practitioner.

Using a combination of verification methods

To complete the client verification, you will need to consider the interaction setting and method required and use in conjunction with the minimum requirements.

You may use a combination of the methods outlined in [Table 1](#) to achieve a total of 2 separate proof of identity documents as outlined in [Table 2](#).

Table 2. Combination of verification methods

Combinations	2 separate proof of identity documents
Visual + Visual	Verify at minimum 2 visual identity documents (original non-photographic identification document or secondary identification document).
Visual + Source ATO	Visual (original non-photographic identification document or secondary identification document) and verify at minimum 2 pieces of information verified using source ATO.
Visual + Source DVS	Visual (original non-photographic identification document or secondary identification document) and name and date of birth (DOB) or address on a primary or secondary document verified through source DVS.
Source ATO + Source DVS	Verify at minimum 2 pieces of information verified using source ATO and name and DOB or address on a primary or secondary document verified through source DVS.

When undertaking client verification, consider the following tips.


- Don't ask for multiple client details from the same source or information that could be obtained from social media or public domain.
- Don't confirm or deny responses to client verification questions. Instead, complete a series of questions and provide a final response at the end such as 'I am unable to verify your information at this stage'.
- Don't divulge to the client any private information during the client verification process including pre-fill information.

Verification methods in detail

Visual method

Visual involves visually checking a client's identification documents.

Step 1 – Ask for your client's name, TFN, or ABN along with their address or DOB.

Step 2 – You must use the documents specified by [TPB \(PN\) 5/2022](#) .

Sight your client's identity documents. Cross check the details on the documents match those given by your client such as name, gender, address and DOB.

Note: If primary photographic ID has been provided, ensure the photo is a reasonable match to the person.

Step 3 – Obtain written or electronic authority from the client to act on their behalf and to link them to the client record in online services using their TFN and DOB or ABN and name for example, an engagement letter.

Step 4 – Once linked confirm your client's name, TFN or ABN, address or DOB matches our records.

When undertaking client verification checks, don't:

- confirm or deny specific information from the ATO client record
- give the client any private information
- share or confirm pre-fill information.

Source ATO method

Comparing data provided by the client against data on ATO systems, requires linking to the client record. This can't be used to prove the identity of an individual representative of your client unless the authorised representative is also your client.

Step 1 – Begin by seeking your client's permission to link them using their TFN and DOB or ABN and name.


Step 2 – Once linked, verify the name your client gave matches the name on ATO systems.

Step 3 – Verify **2 further pieces of information** against ATO systems. You **can only use** the following information:

- bank account details
- details from an ATO-generated notice or lodged return that you can confirm on ATO systems
 - notice of assessment sequence number or reference number
 - activity statement document identification number
 - correspondence reference number
- ATO account details
 - recent account balance – information provided by client can be close, typically plus or minus 5%
 - amount of any refund, payment or interest (general interest charge and shortfall interest charge) imposed – information provided by client can be close, typically plus or minus 5%
 - amount and frequency of a payment plan
 - pay as you go instalment amount or rate
 - gross payment or tax withheld from income statement
 - reportable super contributions
 - HELP balance (a zero-balance value is not acceptable)
- information specific to the client, including
 - name and membership number of super fund
 - private health insurance membership number.

Source DVS method

Comparing a client's details on government issued identity documents against details held by a DVS provider.

To use this method, you will need to have an arrangement with an appropriate [Gateway Service Provider](#) .

Step 1 – Begin by asking your client for their name and DOB or address.

Step 2 – Access via your DVS provider and verify the client's name and DOB or address against 2 separate government identity documents as stated in [TPB \(PN\) 5/2022](#) (at least one must be a primary identification document).

When using DVS, you can record the Verification Reference Number (VRN) as part of your record keeping notes for recording client verification.

Recording client verification

The ATO and the TPB don't require you to or recommend that you retain identification documents. Retaining identification documents may increase your risk of being targeted by criminals undertaking identity theft. Instead, maintain records to demonstrate that you undertook proof of identity steps.

The [TPB \(PN\) 5/2022](#) specifically paragraphs 24 to 25 'Record keeping', has guidance on what should be noted as a contemporaneous record.

Relationship verification

For clients who act on behalf of other people or entities, you must verify both:

- the representatives' **identity** using the methods described in Table 1
- that the representative **is authorised** through relationship verification.

Acting on behalf of another individual

To establish that an individual is acting on behalf of another individual. The steps are as follows.

Step 1 – Verify the identity of the representative using either visual or source DVS methods. Source ATO method can only be used if the representative is also your client.

Step 2 – Verify that the authorised relationship exists using one or more of the evidence prescribed by the TPB in [TPB \(PN\) 5/2022](#).

You can also verify the authorised relationship by looking at the authorised contacts listed on the ATO individual client record in which


you are authorised to act on behalf of. You can only access the client's record after verifying the identity of the authorised representative.

In applying reasonable care to verifying a relationship, consider the currency of the documents being used. If you have doubts about the authenticity of any document, consider asking for further proof.

Acting on behalf of an entity

If your client is acting on behalf of an entity or they are a representative of another person, the verification process is as follows.

Step 1 – Verify the identity of the representative using either visual or source DVS methods. Source ATO method can only be use if the representative is also your client.

Step 2 – Verify that the authorised relationship exists using one or more of the evidence prescribed by the TPB in [TPB \(PN\) 5/2022](#) .

You can also verify the authorised relationship by looking at the authorised associated contacts listed on the ATO client record in which you are authorised to act on behalf of. You can only access the client's records after verifying the identity of the authorised representative and the agent nomination by the client has been completed.

In applying reasonable care to verifying a relationship, consider the currency of the documents being used. If you have doubts about the authenticity of any document, consider asking for further proof.

Additional considerations

Potential fraud

In some circumstances, you may need to ask for additional proof beyond the minimum requirements prescribed by the TPB. This might be appropriate where you have doubts about the client's identity even after completing the minimum checks. Examples are where the client:

- is dismissive of the client verification process
- is not forthcoming
- applies pressure or provides documents that appear to be fake or otherwise unusual.

In making these decisions we expect you to apply reasonable care, taking a risk-based approach and considering the circumstances of

the client.

Some elements to consider in decision making include the risks associated with:

- the request, such as
 - changing contact or bank account details
 - lodging amendments or original tax returns or statements with higher refunds, or with significant or unusual refunds
 - rolling over super or early access to super
 - requests to provide information from our systems including pre-fill
 - requests to confirm personal information that the 'real' person or entity should already know
- a representative, such as
 - claiming to represent many people
 - changes in representatives for a person
 - an entity where the representative's identity authorisation can't be verified
 - where there has been a relationship breakdown
 - whether there has been continuity in the client's engagement of the practitioner or whether there has been a break in the engagement
 - the extent of your relationship and familiarity with the client
 - whether there has been a change in the circumstances or any discrepancies that arise about the client's identity or other affairs
 - any requirements of the registered tax practitioner's professional association or Australian financial services licensee.

If you are unable to verify a client or the information provided and suspect potential fraud:

- don't confirm the specific incorrect information or provide the correct information – instead ask for additional information that you can use to verify their identity

- don't give the client any private information; importantly don't share or confirm pre-fill information
- **contact us** so that we can take action.

If you use the Source ATO method and suspect potential fraud, delink the client immediately and contact us.

Remote verification including online agents

Extra care should be taken when engaging with a client remotely, particularly if this is undertaken solely through online or electronic means.

All verification methods in [Table 1](#) are suitable for remote verification. Visual verification can only be undertaken through visual means of interaction, in an electronic sense this includes video conferencing or webcam where both the person being verified and their identity document can be compared. Source ATO, Source DVS and Client-to-agent linking methods may all be undertaken remotely without visual interaction with the client.

If you create your own online portal or software applications, you must ensure you protect the data from cyber-attacks. You should implement the [ACSC's Essential Eight](#) [\[link\]](#) mitigations.

We also have mandatory security requirements for software developers such as PLS providers. For example, you need to ensure that ATO data you access is not open to cybercrime.

Our Digital Service Provider (DSP) Operational Security Framework establishes the minimum level security requirements a DSP needs to meet to access ATO Digital Services. You can seek more advice from the [Digital Partnership Office](#) [\[link\]](#).

Clients without conventional identity documents

Some clients may not be able to provide identity documents to pass client verification. As outlined by the TPB, you should take a flexible approach to verify the identity of these clients.

For more information, refer to [TPB \(PN\) 5/2022](#) [\[link\]](#) paragraph 16 and 17.

Order of verification steps

We also recognise that some verification steps can be completed concurrently. However, it is critical that you don't inadvertently

disclose any private information or pre-fill information about a client until all verification steps are completed successfully.

QC 67529


Newly registered tax agents

Find key information you need to be aware of if you are a newly registered tax agent.

Last updated 10 June 2026

Registration with the Tax Practitioners Board

We value the important role registered tax agents play in our tax system and are committed to providing products and services that help you represent your clients.

A new registration with the [Tax Practitioners Board](#)  may not mean you're new to the industry, however here is key information you need to be aware of.

Digital services for tax agents

You can use a range of services to help you in the day-to-day running of your practice, including Online services for agents, the practitioner lodgment service (PLS) and the Australian Business Register (ABR).

These services allow you to:

- communicate with us electronically
- access client account registration information
- apply for tax file numbers (TFN), Australian business numbers (ABN) and other registrations for your clients
- lodge your clients' tax returns and other forms electronically
- view and update your clients' ABN details.

For more information, see [Digital services](#).

Data and cyber security

Strong security practices can help protect you, your practice and your clients from identity thieves and cybercriminals.

We recommend you follow our [Top cyber security tips for businesses and tax professionals](#).

Registered agent lodgment program

We provide the [Registered agent lodgment program](#) of concessional due dates to help you manage your workload. It allows you to progressively lodge your clients' obligations over a 12-month period.

The [Lodgment program framework](#) ensures a level playing field among tax agents by benchmarking lodgment performance.

To receive lodgment program due dates, you must lodge returns and forms electronically. You should also aim to lodge 85% or more of your clients' current year tax returns on time.

For information and tips to help your practice, see [Managing your lodgment program](#).


Advice and guidance

We have a range of public and private [ATO advice and guidance](#) products that will help you understand how the law applies to your clients.

To find law, interpretations and policy that we use when making decisions, see our [Legal database](#).

News and alert services

Our [News services](#) for tax professionals range from an online newsroom, a free weekly newsletter, alert service, live streams, videos and more.

We recommend you [subscribe to the Tax and BAS agents newsletter](#)  to receive all your news in one place. Tailored just for you, it links

you to articles in the tax professionals newsroom and keeps you up to date with the latest news, including:

- information to help manage and protect your practice
- what's new in law, rulings and policy
- consultations and upcoming events
- scheduled system outages.

Keep your details up to date

It is important we have the correct contact details for your practice. You must notify the Tax Practitioners Board of any changes to your contact details. This will update some of our records.

For more information, see [Changing your details](#).

Support when you need it

If you or your practice are experiencing challenges beyond your control, we have a range of [support options](#) available.

QC 16520


Newly registered BAS agents

Find key information you need to be aware of if you are a newly registered BAS agent.

Last updated 10 June 2026

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Digital services for BAS agents

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These services allow you to:

- communicate with us electronically
- access client account registration information
- apply for Australian business numbers (ABN) and other registrations
- lodge your clients' activity statements and other forms electronically.

For more information, see [Digital services](#).

Data and cyber security

Strong security practices can help protect you, your practice and your clients from identity thieves and cybercriminals.

We recommend you follow our [Top cyber security tips for businesses and tax professionals](#).

BAS agent lodgment program

We provide the BAS agent lodgment program to help you manage your workload. It includes lodgment and payment concessions if you electronically lodge eligible activity statements.

For information and tips to help your practice, see [Managing your lodgment program](#).


Advice and guidance

We have a range of public and private ATO advice and guidance products that will help you understand how the law applies to your clients.

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Support when you need it

If you or your practice are experiencing challenges beyond your control, we have a range of [support options](#) available.

QC 23037

Practice administration

Learn about the basics of running your practice, dealing with the ATO and what records you need to keep.

Last updated 3 April 2025

Proof of identity for registered agents

You'll need to provide proof of identity (POI) information when contacting the ATO or when we contact you.

Your POI details may include information from a notice of assessment, lodged return or activity statement, provided it is no more than 5 years old.

When you contact us

Step 1 – Quote your registered agent number (RAN)

If you phone us on the registered agent phone line (**13 72 86**), you must provide your RAN.

Step 2 – Identify the account you want to access

You can identify the client account you want to access by providing one of the following:

- Australian business number (ABN)
- tax file number (TFN)
- name.

Step 3 – Provide POI for the account

The POI we need depends on whether your RAN is already on the account and for which taxpayer role, as shown in Table 1 below.

Table 1: POI requirements by access type

Access type 1: Registered agent listed on the client's account for the role	Access type 2: Registered agent listed on the client's account but not for the role	Access type 3: Registered agent not listed on the client's account
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<p>You must provide details from an ATO generated notice or lodged return that is no more than 5 years old and relates to the client. These could include:</p> <ul style="list-style-type: none"> • a notice of assessment sequence number • a document identification number (DIN) • a correspondence reference number • the date and name or title of a letter or notice we have sent you that may or may not have a unique identification number but can be confirmed by our systems • income amounts • deductions claimed. 	<p>You must refer to an ATO generated notice or lodged return that is no more than 5 years old and is relevant to the role. You must also provide one of the following relating to the client:</p> <ul style="list-style-type: none"> • their TFN (if not already provided as an identifier) • their date of birth, if applicable • their address – business, postal or email. <p>Where another registered agent is listed on the account for a role, the notice you refer to must be more recent than any authority a taxpayer has provided for that role.</p> <p>Note: Our systems only support one registered agent against a role. Where you are the registered agent for the client and another registered agent is listed on the</p>	<p>You must refer to an ATO generated notice or lodged return that is no more than 5 years old and is relevant to the role. You must also provide one of the following relating to the client:</p> <ul style="list-style-type: none"> • their TFN (if not already provided as an identifier) • their date of birth, if applicable • their address – business, postal or email. <p>Where another registered agent is listed on the account for a role, the notice you refer to must be more recent than any authority a taxpayer has given for that role.</p> <p>You must also provide verbal assurance that you have a signed authority.</p> <p>Note: Our systems only support one registered agent against a role. Where you are</p>
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	<p>role, you must provide details from the latest lodged activity statement or tax return or another type of ATO generated notice specific to the role.</p>	<p>the registered agent for the taxpayer and another registered agent is now listed on the role, you must provide details from the latest lodged activity statement or tax return or another type of ATO generated notice specific to the role.</p>
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When we contact you

Step 1

If we contact you and can identify the name of your practice at the beginning of the conversation without any prompting, we will not ask for any further POI. However, if we can't, we will ask for your RAN and the name of your practice.

Step 2


Our officers will identify themselves clearly by providing their full name and the section in which they work. If at any stage you have doubts about the person contacting you being an ATO employee or you want a more formal confirmation, ask for the officer's contact details, including:

- their full name
- their extension number, if available
- the name of their team leader and their extension number.

You can ask the officer if you can phone them back on **13 28 69** between 8:00 am and 5:00 pm, Monday to Friday.

You can also ask the person phoning to confirm their identity by either emailing you or sending a secure mail message via Online services for agents.

When you write to us

When writing to us, always include your RAN. This helps prevent unnecessary delays in processing your correspondence. See [Proof of identity requirements for registered agents \(PDF, 325KB\)](#) .

Proof of identity checks for clients

To avoid errors and help stamp-out tax fraud through identity crime, it is important you take steps to check the true identity of individuals asking you to act on their behalf. We've seen increasingly sophisticated attempts by criminals and their accomplices to commit refund fraud by stealing the identities of taxpayers and posing as those taxpayers. These people may also be part of a larger fraud network.


Carefully checking proof of identity documents and questioning discrepancies in information provided by people is an important first step to stop these attempts.

It's also essential that you manage your **cyber safety**.

Verifying individual identities

Identity crime can happen to anyone at any time. We strongly recommend you perform identity checks for:

- all new clients before accepting them as clients
- existing clients, in particular when personal information has been altered or information relating to tax affairs is inconsistent with information you already hold (and have previously verified) about their tax affairs
- all representatives of clients (whether they claim to represent new or existing clients).

It is always best to check original documents to verify an identity. You may be able to use the Document Verification Service (DVS) which is a national online system that helps businesses build greater confidence in the identities of their clients. The DVS allows you to compare a client's identifying information with a government record. Businesses must meet certain eligibility criteria and pay a fee to use this online system. Find out more at [IDMatch](#) .

If you or your staff cannot confirm the identity of an individual, or you suspect fraudulent documents are being used, you can notify us of the incident so that we can stop any other attempts to use that identity.

Learn more about:

- How to verify or report a scam
- Agent client verification methods

Clients attending agent premises

New clients

For new clients that attend your premises (face-to-face), at least one piece of current photo identification documents can be used, including the following:

- passport (including an overseas passport with evidence of Australian immigration status)
- drivers licence
- government or student identity card, if applicable.

If the client is unable to provide photo identification, they'll then need to provide 2 of the following documents:

- either their
 - Australian full birth certificate, or
 - Australian citizenship certificate or Extract from the Register of Citizenship by Descent, **and**
- one of the following
 - last year's notice of assessment
 - Medicare card
 - recent bank statement (not credit card).

Temporary residents also need to provide a current valid passport.

Some temporary visa holders have work rights, although some classes of visas only allow limited work rights (for example, working holiday and student visas). Australian visa details should be checked to verify **both**:

- the working rights attached to the visa type

- that the individual is a resident for tax purposes.

Discrepancies or claims that seem inconsistent with the individual's work rights or personal circumstances warrant your further attention.

Existing clients

For concerns regarding existing clients, you can use the following details to ensure your client's identity has not been stolen:

- tax file number (TFN)
- full name
- date of birth
- current residential address
- current contact telephone number
- current bank details
- employment details (including the employer's address and phone number) where applicable.

For temporary residents, check the details of their current valid passport.

It's unlikely the holder of a stolen identity would be able to verify these details without discrepancies with the information you already hold.

Where there are any discrepancies with information you already hold, the discrepancy should be checked directly with the client to see if it matches information you already hold.

Online interactions with new clients

An increasing number of agents are accepting new clients from online channels rather than those clients coming to their premises. There is a heightened risk for you dealing with information in an online environment, particularly with clients you have not physically met.

For any online or electronic transaction, you still need to take appropriate steps to be satisfied that the:

- client is a genuine taxpayer
- client is who they say they are and the identity has not been stolen

- information they are providing to you is correct and can be substantiated.

We strongly recommend that you use an appropriate level of scrutiny to check information provided through electronic and online channels.

For new online clients, a wide range of personal details can also be compared against existing ATO information on **Online services for agents**:

- TFN
- full name
- date of birth
- current residential address
- current contact telephone number
- Medicare number
- current bank details
- employment details (including the employer's address and phone number) where applicable.

If you're not satisfied the identity of the client is correct, then you should consider not accepting the person as a client.

Online interactions with existing clients

If you receive information from an existing client to prepare and lodge a tax return or activity statement via an online channel, you should use the recommended identity checks for existing clients to validate the information.

If the information you receive is inconsistent with the information and usual reporting patterns you hold for that client, you should make additional checks.

Preparing tax returns for clients

Questions to ask your client

You need to ask reasonable and direct questions to work out your client's income position, and the deductions and tax offsets they can

claim.

When working out your client's deductions, ask them whether they have already incurred the expenditure in the relevant year. Also ask questions to understand whether the expenditure is allowable as a tax deduction.

If the substantiation rules apply, ask your client what evidence they have available that is necessary (for example, receipts) to support the deduction.

You do not have to sight receipts and records

You do not have to sight the receipts and records. However, if they're available, examine them as part of the tax return preparation process. It's good professional practice to:

- ask your client to provide all the relevant documentation relating to their claims
- make note of the evidence you've seen and the evidence your client advises you they have, even if they haven't produced it for you.

You do not have to audit tax returns you prepare

You do not need to conduct tax audits on tax returns you prepare to ensure they are correct. However, you're expected to adopt reasonable professional care.

You should ask questions to obtain the relevant information you need to prepare the tax return. However, we understand you have to rely on the accuracy of the information your clients provide.

If your client will not produce their records

If you have good reason to believe your client is making a false claim or omitting income, carefully consider whether or not to continue preparing their tax return. However, if you have reasonably ascertained what records the client has to support their claims and you have no good reason to doubt the accuracy of that information, you can rely on it when preparing the tax return.


Carefully advise your clients about the:

- relevant substantiation rules or other requirements to support their claims

- significance of the [declaration](#) they have to sign on their tax return.

Do not include a claim that is clearly not allowable

You must not knowingly include a claim in a tax return that is clearly not allowable.

The [Tax Practitioners Board](#)  (TPB) can apply a wide range of sanctions where breaches of the TPB Code of Professional Conduct have occurred. The Board will tailor its response to the severity of any misconduct, which includes making false or misleading statements.

This means that as a registered tax agent, you must not include a claim on a tax return if you know:

- your client has not incurred the relevant expenditure
- the claim is not allowable.

For example, you must not include a claim for total work-related expenses (other than car, meal allowance, award transport payments allowance and travel allowance expenses) that exceeds \$300 if you have not reasonably ascertained that your client has kept evidence to prove the total amount.

If your client instructs you to include a false claim

If your client instructs you to include a false claim, advise them of their responsibility to lodge a correct tax return and the possible consequences of not doing so. Also explain your responsibility as a professional registered tax agent.

Try to persuade your client to exclude any false claims. If they insist on lodging a false tax return, neither you nor your staff should have anything further to do with the preparation of that tax return.

Record keeping

By law, you and your clients must keep business records, either paper or electronic:

- generally for 5 years after they are prepared, obtained or the transaction is completed, whichever occurs latest
- in English or in a format that we can access and understand.

Some records may need to be kept for longer periods, such as records relating to capital gains tax events. However, shorter record keeping periods apply for some records for individual clients with simple tax affairs.

While you and your clients are not required by law to keep records of tax returns, schedules, activity statements, tax objections or notices of assessment, we recommend you keep a copy for 5 years.

For further guidance, see:

- *TR 96/7 Income tax: record keeping – section 262A – general principles*
- *TR 2018/2 Income tax: record keeping and access – electronic records*
- *PS LA 2005/2 Penalty for failure to keep or retain records*

Taxpayer declarations

If you give a document to us in the approved form on behalf of a client, your client must make a **signed declaration** in writing stating **both** of the following:

- They have authorised you to give the document to us.
- The information they have provided to you to prepare the document is true and correct.

Your client must give you a signed declaration before you lodge any document on their behalf. Once your client makes the declaration and gives it to you, you can return it, or a copy of it, to them.

Examples of documents that must be in the approved form include tax returns and activity statements.

The declaration can be given:

- in paper form
- electronically
- by fax.

Certain requirements must be met when providing a declaration electronically.

Most of your clients must keep their declaration, or a copy of it, for 5 years after they make it, depending on their circumstances.

Reporting cash transactions

Cash is often used legitimately to pay for goods and services. However, it is illegal for people to use shadow economy activities to hide income and avoid tax and superannuation obligations.

Shadow economy activities include businesses 'skimming' cash takings, paying 'cash-in-hand' wages, operating off-the-books and not recording or reporting all sales and purchases.

Following are best practice examples of ways you can assist your clients to correctly record and report cash sales, cash expenses and cash drawings.

Determining the best practices you use in your business will depend upon the type of tax practitioner services you provide (BAS or tax agent).

It is possible that even if you adopt these or other practices that a business you service may still under-report income and may still come under our scrutiny.

The relevance of these practices may vary depending on the:

- size and nature of your clients' businesses – for example, an established larger business would be expected to have strong record-keeping systems and controls. A review of their record-keeping processes, rather than of source records, may be more appropriate
- relationship you have with your clients – for example, in an initial engagement interview with a new client you may undertake a more comprehensive review of their record-keeping systems.

Best practice examples

Ask clients what records or evidence they have to support income and expense amounts

You could:

- sight a sample of source records, such as invoices, or last month's till tapes or electronic point of sale records

- sight source records during initial client engagement
- sight source records when anomalies appear
- make a note of the records sighted and the evidence your client advises you they have, even if they haven't produced it for you.

Advise clients of the consequences if records are not correct, complete or maintained appropriately

You could:

- advise that our risk models, or our **small business benchmarks**, may identify them as a compliance risk if amounts reported in returns are unreasonable or are outside the benchmark for their industry
- explain the consequences if they're unable to substantiate income and expense amounts reported in their returns
- advise of possible compliance actions, including audits, financial penalties and prosecution
- advise of the consequences of providing incomplete, incorrect or misleading information for preparation of their returns or activity statements.

Sight or perform reconciliations, for example:

- check the differences between total sales and banking
- check that reported sales reconcile with till tapes or electronic point of sale records
- check the differences between reported amounts in activity statements and income tax returns.

Check figures are reasonable, for example:

- check the consistency of current amounts with previously reported figures
- compare with our **small business benchmarks** or other industry benchmarks
- check income reported is consistent with your clients' lifestyle, including property and motor vehicle purchases
- use the **Personal living expenses comprehensive worksheet**
- check if profit and loss and cash flow are reasonable

- separate income received by cash from other payment methods and use ratios to compare cash income to non-cash income
- discuss figures with your clients if the figures appear unreasonable.

Ask sufficient questions to satisfy yourself the information your client provided is correct and complete

You could:

- ask direct questions to get the information you need to work out your client's income position
- enquire further about the completeness and correctness of information if there are grounds to doubt the information your client provides.

Ask clients to explain the processes they use to record and report cash transactions. For example, ask them to explain:

- their processes for recording sales from all income streams as they occur
- how they pay the business owner, staff and suppliers
- processes for recording expenses and drawings paid out of cash takings
- how they reconcile sales records.

Provide record-keeping advice or services, in an engagement interview or on an ongoing basis

You could:

- assess the record-keeping requirements of the business and the record-keeping capability of your clients to provide tailored advice or services
- recommend or set up a suitable record-keeping system for your client, such as a computerised or manual accounting system, or recommend they engage a bookkeeper
- review your client's records to ensure they have the processes and systems in place to manage tax records, including cash sales and expenses

- advise your clients of their obligation to maintain source records of all sales, such as cash register rolls or electronic point of sale records, including their obligation to provide those records if we request them
- advise your clients that it is illegal to possess or use software or electronic systems that manipulate or falsify original electronic point of sales records
- advise your clients in relevant industries that a separate sequentially numbered invoice book is recommended, and that invoices should be issued (and copies maintained) for all sales
- provide education to your clients who choose to calculate and lodge their own activity statements.


Maintain contact with clients throughout the year

You could:

- prepare or obtain a copy of your client's activity statements to maintain contact on a quarterly basis
- visit your client's business during the financial year.

For more information, see [Tax Practitioners Board](#) 

Changing your details

As a registered tax agent or BAS agent, you must notify the TPB of any [change of registration details or circumstances](#) . This will automatically update some of our records.

You also need to update your contact details in your practice management software to ensure these details are accurate when you lodge. Contact your digital service provider if you need help.

Records we automatically update

We use the data the TPB sends us to automatically update your practice details, as well as the postal address on your client's income tax and fringe benefits tax role, providing:

- you have added them to your client list for these roles
- the postal address for the client is the same as your prior address.

You can check the **My details** screen in Online services for agents to verify if we have your latest practice contact details.

Details you need to update with us

Table 2: Update your contact details with us for selected communications and notifications


Communications or notifications	Action required	Find out more
Activity statements and related notifications	You can update the contact details on your client's activity statement role using Online services for agents .	Add client
Practice mail – email notification	You can change your email address for these notifications	Practice mail
Tax professionals newsletters and alerts	<p>You must subscribe to receive these free weekly newsletters. By subscribing to either newsletter you'll also receive Tax professionals alert emails.</p> <p>To change your email address, select unsubscribe at the bottom of a newsletter you have received, then subscribe to enter your new email address.</p>	Tax professionals newsletters
Tax professionals alerts about system availability	You must subscribe to receive these email alerts.	Tax professionals

	To change your email address, select unsubscribe at the bottom of an alert you have received, then subscribe to enter your new email address.	alerts and dashboards
ATO website – email updates	You must subscribe to receive these updates. To change your email address, select the link in an email update message you have received.	ATO website subscriptions

Retiring, selling or restructuring your practice


If you are restructuring your practice at the request of the TPB to **close your branches**, refer to [Closure of branch registrations](#) for instructions and actions you need to take.

If you're a registered agent and thinking of retiring, selling or restructuring your practice, there are a number of actions you need to take.

You need to let us know straight away of your changing situation. You should also inform the [Tax Practitioners Board](#)  if your requirement for a registration changes.

Restructuring your practice can result in requiring a new ABN when using a Digital ID, such as myID, using **Digital ID and Relationship Authorisation Manager (RAM)**. You'll need to make sure your ABN details are updated in the in the Australian Business Register (ABR). You will also need to link your myID to your new ABN in RAM.

If you are restructuring your practice and are lodging through the **Practitioner lodgment service (PLS)** you may need to take some steps to enable easy lodgment.

See the [Tax Practitioners Board](#)  website for information about how to register a new business entity.

Informing clients

You should inform your clients about your practice changes in writing. Your letter should explain the reasons for the changes – usually selling, retiring or restructuring.

As a:

- retiring agent, you may take the opportunity to introduce the new or receiving registered agent
- transferring agent, you should also inform your clients about their right to either continue with the new registered agent or assume responsibility for their own tax affairs.

Transferring clients

We can process a whole-of-practice transfer to a new registered agent or entity if certain requirements are met. Some examples where this may happen are when:

- a practice is sold
- a sole practitioner becomes a company
- a sole practitioner becomes a partnership
- an existing partnership adds or removes a partner
- 2 or more partnerships or companies merge
- a practice now operates under a trust

We cannot perform a whole-of-practice transfer for a portion of a client base.

Your clients' new registered agents (tax agents or BAS agents) are responsible for updating their client details with us.

Note: Clients included in the client-to-agent linking process are **not** required to complete an **agent nomination** as part of a whole-of-practice transfer.

Deleting clients from your list


You should delete those clients you no longer represent from your client list, as well as those clients you have had no contact with for some time.

If you are the selling or retiring agent, it is in your interest to remove all clients from your client list, either through a whole-of-practice transfer or by deleting clients. This will ensure their mail is not sent to you in the future.

You can individually delete clients using **Online services for agents** or the **Practitioner lodgment service (PLS)**.

Requesting a whole-of-practice transfer

Before completing and submitting your request, you need to:

- register for the PLS, if necessary
- update your address with the [Tax Practitioners Board](#) 
- update your client list, removing clients as necessary
- have consent from all your clients to transfer their information in compliance with Australian Privacy Principles
- check if there are any outstanding practice mail requests for your clients that have been initiated under the transferring RAN
- ensure you have saved copies of practice mail and other communications (such as audit letters) not appearing in the **Communication history** for your clients, as this information will not transfer to the new RAN
- check if any tax returns need to be re-keyed on the new RAN.

Once your clients have been transferred to the receiving RAN you will no longer be able to access their information under the transferring RAN. Practice mail associated with the branch RAN cannot be transferred to the new RAN. If a practice mail request has not been finalised before the client is transferred to the new RAN, you will need to resubmit the request under the new RAN. Refer to the previous request in your message and request any response issued be re-sent to the new RAN.

To request a whole-of-practice transfer include the following information:

- the registered agent name and RAN of both agents

- the new postal address and roles you want the transfer to apply to – for example, income tax, activity statements, fringe benefits tax
- a signed authority from both registered agents for the transfer to take place
- a signed statement indicating that all your clients consent to transfer their information.

For tax agents, include whether you want all the further return not necessary (FRNN) clients transferred. If not, they will need to be deleted or to have given their consent for the transfer.

Example: template to request a whole of practice transfer

I (name and RAN) – registered agent, hereby notify the Australian Taxation Office that I have transferred my practice to (name and RAN) – registered agent.

Or

I (existing entity, for example sole practitioner) – registered agent (name and RAN), hereby notify the Australian Taxation Office that I have restructured my practice and am now practising as (new entity, for example partnership) – registered agent (name and RAN).

I further notify the Australian Taxation Office that all my clients have agreed that (name of new registered agent) – registered agent, can prepare income tax returns and transact business in tax matters on their behalf.

Date of request:

Signature of existing registered agent or entity:

Print name:

Signature of new registered agent or entity

Print name:

Send your request to us online

Submit a practice mail request via Online services for agents, and:

- Select the topic **General questions/problems/help**.
- Select the subject **Whole of practice transfer**.
- Attach your whole-of-practice transfer request to the message.

If you have any queries about whole-of-practice transfers, phone us on **13 72 86** and use Fast Key Code **3 2**.

A whole-of-practice transfer takes 28 days to process.

For more information, see:

- Working with you to manage risk
- Tax and BAS agent feedback and complaints
- Cyber safety
- Our services for people with disability
- News services
- Support and communication

Restructuring your practice as a result of TPB direction to cancel branch RANs

If you have been contacted by the Tax Practitioners Board (TPB) to close your branch registration or registrations, follow these steps to enable your new registration.

Before contacting the ATO to request a transfer of clients:

- remove clients you no longer represent
- inform your clients about your change in structure
- ensure you have addressed any unfinalised practice mail requests for your clients that have been initiated under your branch RAN
- save copies of practice mail and other communications (such as audit letters) not appearing in the **Communication history** for your clients
- check if any tax returns need to be re-keyed on the new RAN.

Any outstanding client matters initiated under the branch RAN should be finalised upon receiving direction from the TPB to close your branch

RAN.

Once your clients have been transferred to the receiving RAN, you will no longer be able to access practice mail messages or other client information under the branch RAN. Practice mail associated with the branch RAN cannot be transferred to the new RAN. If a practice mail request has not been finalised before the client is transferred to the new RAN, you will need to resubmit the request under the new RAN. Refer to the previous request in your message and request any response issued be re-sent to the new RAN.

Transferring your clients to the new structure

Where practical, you should transfer your clients from your branch to the new structure yourself, to avoid delays in closing your branch. You can add clients to the new RAN and remove them from the branch RAN at any time. Refer to **How to add and remove clients**.

Where it is not practical to transfer your clients yourself, you can submit a whole-of-practice transfer request relating to the closure of your branch registration. While the transfer is being completed, you may not be able to access client information under either RAN.

To submit a whole-of-practice transfer request via practice mail in Online services for agents:

- Select the topic **General questions/problems/help**.
- Select the subject **Whole of practice transfer**.
- Include 'Branch closure – whole of practice transfer' in the message content.
- Attach your whole-of-practice transfer request to the message.

Refer to the example template below for the information required in the signed authority or statement.

Example: template for signed authority or statement

I (existing entity, for example sole practitioner) hereby notify the Australian Taxation Office that I am restructuring my practice and require assistance in transferring my clients from (branch entity) – registered agent (name and RAN), to (new entity) – registered agent (name and RAN).

I further notify the Australian Taxation Office that all my clients have agreed that (name of new registered agent) – registered agent, can prepare income tax returns and transact business in tax matters on their behalf.

Date of request:

Signature of branch registered agent or entity:

Print name:

Signature of new registered agent or entity:

Print name:

After your clients are transferred

If you requested a whole-of-practice transfer, we will notify you via practice mail when we have completed your request.

Once all your clients have been transferred to the new RAN, you must contact the TPB to request cancellation of the branch RAN.

QC 43933

You and your staff's obligations

It is important for you to keep your personal tax obligations up to date to avoid compliance action.

Last updated 12 July 2019

It's important for you to keep your personal tax obligations up to date. Failure to comply with your tax obligations may result in compliance action.

See also:


- Starting your own business

Practice staff obligations

Staff within your tax practice also have responsibilities, which include:

- quoting the practice's full registered agent number (RAN) on all communications with us
- being familiar with signature and declaration requirements and ensuring all returns, requests for amendment, and other documents lodged with us have been properly authorised by the registered tax agent
- being aware of their responsibilities regarding the use and disclosure of tax file numbers (TFN) as outlined in the TFN guidelines in the *Privacy Act 1988*.

See also:

- Client declarations and lodgment online
- [Privacy Act – Tax file numbers](#) 
- News services

QC 24455

Recognising, rejecting and reporting unlawful tax and super schemes

How to recognise unlawful tax and super schemes and the red flags associated with them.

Last updated 23 August 2024

How unlawful tax and super schemes operate

Unlawful tax and super schemes include tax avoidance and tax evasion schemes. They often involve a series of complex transactions. The schemes typically move funds through several entities, such as trusts, to avoid or minimise tax otherwise payable.

Schemes may include channelling money inappropriately through SMSFs either to:



- avoid paying tax
- encourage early access of super before a condition of release is met.

Schemes may also involve distorting the way funds are used to enable a taxpayer to claim deductions, tax credits or offsets that they are not entitled to.

How to recognise an unlawful tax scheme

Some indicators may include where the scheme:

- is carried out in a contrived or artificial way
- uses complex structures or intra-group transactions to create tax benefits that are unrelated to the commercial activity
- involves a low level of financial risk and a large tax benefit not usual for a commercially driven transaction
- includes any of the following:
 - round robin finance
 - circular funds movement
 - non-recourse or limited recourse loans paid off by future earnings
 - use of tax exempt entities such as charities, or entities with accumulated tax losses, to wash income
 - use of a tax haven or bank secrecy country without any sound economic reason.

You can also watch [Tax Schemes](#)  and [Before you commit, check it's legit](#) 

For more information see:

- Tax and super schemes to watch out for
- Schemes targeting SMSFs
- Illegal early access to super
- Public rulings

- Private rulings
- Oral rulings

How to report an unlawful tax or super scheme

With your help, we can challenge promoters and take steps to protect your clients from participating in schemes that may lead to tax debts or penalties.

Advising us of unlawful tax or super schemes and scheme promoters helps us to protect the integrity of the tax and superannuation systems.

It helps maintain a level playing field for you, by preventing less reputable agents obtaining a competitive advantage through selling unlawful tax or super schemes.

Find out more about how to make a tip-off.

You can also report schemes and promoters.

If you are involved in promoting an unlawful tax or super scheme

You can be subject to penalties where:

- your conduct results in you or another entity being a promoter of an unlawful tax or super scheme
- you promote a scheme on the basis that is consistent with a public, private or oral ruling, but the scheme is materially different to that described in the ruling
- you implement a scheme promoted on the basis of compliance with a public, private or oral ruling in a way that is materially different to that described in the ruling
- you promote a scheme that involves super being accessed before the conditions of release are met.

If you find yourself inadvertently involved in the promotion or implementation of a scheme and you let us know, we will help you.

Depending on the conduct, we may accept a voluntary undertaking. We take a careful and considered approach to legal action. We only go to court after carefully considering a range of factors, including the seriousness and extent of the prohibited conduct.

For more information, see: [promoter penalty laws](#) and [PS LA 2021/1 Application of the promoter penalty laws](#).

QC 33370

Primary contact and authorised contacts

Work out roles and responsibilities of primary and authorised contacts and who is authorised to appoint them.

Last updated 1 February 2023

Primary contact

A primary contact (previously known as an entity representative) can:

- access all roles on their client's account
- add, remove and update the list of authorised contacts.

Primary contacts must be able to establish their identity at contact.

Different entity types will have different primary contacts. The following table shows the primary contact for each entity type.

Primary contacts by entity types

Entity type	Primary contact
Individuals	Only that individual
Company or incorporated association	Only the public officer

	Directors are authorised contacts .
Deregistered company	See more about deregistering a company .
Unincorporated association or body of persons (for example, sporting club, social club or trade union)	<p>Office holder – they are a member of the committee of management and hold one of these positions:</p> <ul style="list-style-type: none"> • president • vice president • treasurer • secretary <p>Public officer – must be appointed if the association or body is carrying on a business.</p>
School (unless operating as a company)	Principal
Partnership	Named partners only
Trust	<p>Trustee for the trust</p> <p>If the trustee is a company, it is the public officer.</p> <p>If the trustee company isn't registered with us and therefore doesn't have a public officer, it is the director of the trustee company as listed with the Australian Security & Investments Commission (ASIC).</p>
Superannuation entity	<p>Trustee for the entity</p> <p>If the trustee is a company, it is either the public officer or the board of directors (or a person appointed by them) where there is no legal</p>

	requirement for a public officer to be appointed.
Deceased estate	<p>Executor or administrator of the deceased estate where probate or letters of administration has been granted. We consider this person as the legal personal representative.</p> <p>Note: Due to the restrictive nature of the disclosure provisions, we will not record an executor without grant of probate as an authorised contact on the deceased person's record.</p>
Government agency or entity (except schools)	Chief executive officer

Public officer

The public officer of a company is the person we normally deal with for the entity's tax affairs such as record keeping and submitting company returns.

Appointing a public officer

The company's rules or articles of association determine who can appoint a public officer. This is a decision to be made by the company. In some cases, it may be made by a director or board of directors.

A public officer must be appointed within 3 months of the entity commencing business or deriving income in Australia.

Criteria for being a public officer

A public officer must be an individual who meets all the following criteria:

- They are 18 years old or over.
- They ordinarily live in Australia.
- They understand the nature of the appointment.

The public officer must be:

- recorded as the public officer for the entity on ATO systems
- able to establish their identity at contact.

Notifying us when a public officer is appointed

The notification of appointment must include:

- the public officer's name
- a contact address.

For new registrations, an individual authorised under the rules or articles of association of the company can notify us when a public officer is appointed.

For new appointments or notification of an update to public officer details, an individual must meet **all** the following criteria:

- They have been previously identified as the primary or authorised contact for the company.
- They can establish their identity at contact.
- They can provide a declaration they are authorised either
 - by the company's rules or articles to make the change
 - to provide the information on behalf of the authorised person (including notification of the appointment of a public officer).

The new public officer can request the change if they provide evidence of their appointment. See [how to update contact details](#).

Authorised contact

Primary contacts can authorise someone to act on their behalf for some or all of the entity's tax affairs.

Authorised contacts cannot add, remove or update an entity's authorised contacts unless they have been given authority to act on behalf of the entity in this capacity. The authorised contact must declare they have been given this authority (and have evidence of this). Otherwise, this authority is restricted to the primary entity.

However, in the case of a company, a person other than the primary contact may be entitled to access all roles on an account and to add,

remove and update the list of other authorised contacts.

To do so, they must meet the following criteria:

- They can be identified as the authorised contact for the company.
- They can establish their identity at contact.
- They can provide a declaration they are authorised either
 - by the company's rules or articles to make the change
 - to make changes on behalf of the authorised person (including notification of the appointment of a public officer).

Criteria for being an authorised contact

Authorised contacts must be:

- recorded as an authorised contact for the entity
- able to establish their identity at contact.

Examples of authorised contacts include:

- directors
- registered tax agents
- registered BAS agents
- legal practitioners (includes barristers and solicitors)
- insolvency practitioners (includes liquidators, company administrators or trustees in bankruptcy)
- custodian organisation (for certificate of residency or overseas tax relief request only)
- power of attorneys
- debt management firms
- financial counsellors
- guardians
- family members or friends.

See [how to update contact details](#).

Registered tax professionals

Registered tax professionals may be authorised contacts for their clients.

Registered tax agents

Registered tax agents have authority to access all roles on their clients' accounts. They can also add, remove and update the list of authorised contacts if they have been given authority in this capacity. This excludes deceased estates.

The registered tax agent must be:

- recorded on the account for the entity
- able to establish their identity at contact.

If the registered tax agent is **not** recorded on an account, they must:

- be able to establish their identity at contact
- provide a declaration that they have a current signed authority to act on behalf of the taxpayer.

Registered BAS agents

A BAS agent's authority to act for the taxpayer is much more restricted than a registered tax agent's authority. It is limited to dealings with us in relation to a BAS provision.

Temporarily appointed tax professionals or specialist tax advisers

As a short-term authorised contact to assist in specific matters like audits, objections or GST matters, registered tax agents or primary contacts may appoint a registered tax professional, such as a:

- public trustee
- insolvency professional
- sub-contracts auditor
- specialist tax adviser.

Temporarily appointed registered tax professionals and specialist tax advisers cannot add, remove or update any details contained on the

account. They can only access information contained on the account they have been given authority to access.

When a registered tax agent or primary contact notifies us of this appointment, we need the:

- name of the contact
- specific role (or roles) they will be the contact for
- time period for the authority.

Notifying us of a temporarily appointed tax professional

A registered tax agent or primary contact may give us a verbal declaration by phone or letter to authorise the temporary appointment of a registered tax professional or specialist tax adviser.

The original registered tax agent or primary contact must notify us when the authority finishes. This can be by phone or letter.

How to update contact details

Work out how to update contact details for:

- individuals
- non-profit organisations
- non-individual entities

You cannot add or update public officer details with us over the phone.

QC 22292

Protocols for contacting you or your clients

Situations where we may contact your clients directly and how we will inform you.

Last updated 14 November 2022

What the protocols do

These protocols provide a framework for effective and efficient communication when we make contact with taxpayers who have a registered tax or BAS agent.

The protocols apply to all correspondence we initiate – however, they do not apply to correspondence initiated by the taxpayer directly.

Where a taxpayer is represented by a registered agent, the postal address for service is often the registered agent's address. This means that all correspondence sent to the client's address for service goes to the registered agent. However, there are some instances where we will communicate directly with the taxpayer.

If you represent clients that have a myGov account linked to the ATO, they will receive some communications from us electronically in their myGov Inbox. These communications will be available for you to view in the Communication history in Online services for agents.

General principle

Our correspondence to taxpayers with a registered agent will be prioritised for direction to:

- Online services for agents, when the client's communication preferences have been set to your practice
- their myGov Inbox where applicable
- the preferred postal address for service of notice
- the correspondence channel as set by preference arrangements in our systems.

If the address listed is the taxpayer's address, and not the registered agent's address, then we send postal correspondence directly to the taxpayer.

We will send **SMS text messages and emails** to the mobile phone number or email address in our records.

Situations where we may contact the taxpayer directly, without informing the registered agent, are limited to:

- education letters for taxpayers

- marketing and research
- when a letter to registered agent has not resulted in action required
- legal documents required by law to be served personally on a taxpayer, or at the registered office of a company
- large business taxpayers
- where a registered agent has notified preferences for correspondence to be sent to the client
- where there is no recent evidence of registered agent and client relationship
- high-risk situations where the taxpayer is suspected of being seriously non-compliant – for example, of the taxpayer is suspected of being involved in fraudulent activities, offshore secrecy havens or tax evasion.
- alerts for changes to a self-managed superfund (SMSF) to reduce the risk of fraud and misconduct, including when
 - a new SMSF is registered
 - changes are made to an existing SMSF's information such as bank account details, electronic service address (ESA), authorised contacts or members
 - a super fund verifies the SMSF's details before processing a rollover.

A business area may need to communicate directly with registered agent clients but **doesn't satisfy** one of the exceptions listed. In this case, the business area must send a brief to the Assistant Commissioner, Individuals and Intermediaries, for consideration. If necessary, this will be taken to the Tax Practitioner Stewardship Group (TPSG) for their review and input.

Advising registered agents when writing directly to their clients

When we issue correspondence directly to clients of registered agents and it doesn't satisfy one of the above exceptions, the registered agent must be informed at least one week before the communication is

sent, unless the correspondence will be available in the Communication history. We will inform the registered agent of:

- the title of the communication
- its purpose
- the names or types of taxpayers who are receiving the communication
- whether there will be any action required of either the taxpayer or the registered agent
- any timeframes or due dates involved.

If there are a large number of clients of registered agents involved, we may publish an article to clarify any required action or advice. This will be:

- in the Tax professionals newsroom
- linked to from the Tax professionals newsletters.

QC 26642

Updating client details

How to update your client's details online using the practitioner lodgment service (PLS) or Online services for agents.

Last updated 11 December 2024

Address changes

You can elect to have different postal addresses for a client's dealings with us.

Income tax address

A client's income tax address is automatically updated when an income tax return is lodged. However, this won't automatically update

other addresses. You'll need to update your client's other addresses separately.

Activity statements address

You can update a client's address for receiving correspondence from us by:

- updating it in Online services for agents
- lodging a client update (CU) form via the **practitioner lodgment service (PLS)**.

Financial institution details

If we have up-to-date financial institution details (FID) for your clients, we can:

- process their tax returns faster
- automatically pay refunds for interest on early payments.

You can view, add, update and delete the FID for your client's income tax and activity statement accounts in **Online services for agents**.

When you lodge multiple returns for a client, each return must include their personal details, such as:

- email address
- phone number
- FID.

We'll only use these FID to deposit refunds and ATO-held super. We don't use them for direct debits.

To view and update a client's FID, follow the **Online services for agents user guide**.

You can also watch our video **How to update financial institution details in Online services for agents**.

When we request FID

From 1 January 2025, there are changes to the Taxation Administration Act 1953. The changes provide the ATO with a discretionary power to retain refunds for up to 90 days where we don't have a taxpayer's FID.

Currently this applies to certain:

- income tax refunds
- fringe benefits tax refunds.

If your client's FID have not been provided, you may receive a letter via Online services for agents, or your clients may receive a message via myGov, email or letter requesting [updated FID](#).

Once the FID is updated, the refund will issue via EFT. EFT payments are faster and more secure than cheques.

If the details are not updated within 90 days, the refund will issue as a cheque.

If your clients' refunds are deposited into your practice's account, you'll need to make sure these details are also up to date.

Checking a client's name


You can check the name we have listed for your client by:

- viewing the 'Client details' in Online services for agents
- requesting an 'Income Tax Client List' through PLS.

Name changes for individuals and sole traders

If any of your individual or sole trader clients need to lodge returns under a name that isn't current on our records, it must be updated with us before you lodge their income tax return.

Your clients can **update their name** with us by quoting details from an [identity document we can verify](#).

Your client can sign in to [myGov](#)  and select **ATO** from their linked services, then choose **Update contact details**.

If they don't have a myGov account, find out how they can create one at [myGov account and linking to the ATO](#).

Alternatively, you can update their details by phoning us on **13 72 86** Fast Key Code **1 2 5 2** and providing information from your client's identity document.

Identity documents

Identity documents we can verify are:

- Australian birth certificate (full certificate, not an extract)
- Australian marriage certificate
- Australian change of name certificate.

We'll verify the identity document details with the issuing agencies.

Lodge prior-year returns

When lodging income tax returns for multiple years, you must use your client's most current information on all returns. This applies even when you lodge them on or around the same day.

This includes their:

- name
- address
- Australian FID.

QC 43934

Working with you to manage risk

Our approach to assessing and understanding risk and our information exchange with the Tax Practitioners Board.

Last updated 19 January 2022

Find information about:

- how we work with you and other intermediaries to help your clients manage their tax and super affairs
- our approach to risk assessment and compliance issues.

In this section

Working with you

Find out about how we work openly and cooperatively with agents to

support voluntary compliance in tax and super systems

Risk-assessment processes

Find out how we assess and deal with risk and your rights as an agent

Our information exchange with Tax Practitioners Board

What information we share with the board if we identify potential agent misconduct or unregistered practitioners

Working with you

We are open and cooperative to help support voluntary compliance of the tax and super systems.

Risk assessment processes

We prioritise how we apply our resources in order to maintain our service offers and address perceived compliance risk.

Our information exchange with Tax Practitioners Board

The TPB is notified if we identify potential activities involving agent misconduct or unregistered practitioners.

Work-related expenses

This is information for registered tax agents about the rules for claiming work-related expenses for employees.

QC 40885

Working with you

We are open and cooperative to help support voluntary compliance of the tax and super systems.

Last updated 19 January 2022

We acknowledge and appreciate your important role in helping your clients navigate the tax and super systems. We want a strong relationship with you and a shared commitment to support and protect the community.

A collaborative approach

Many Australians turn to tax professionals to help guide them through the tax and super systems. They trust their agents' knowledge, expertise and care to help them navigate and comply with their tax obligations.

Our relationship with you allows us to:

- understand the changing nature of risks in the tax and super systems
- identify new and emerging threats or areas of concern
- consult, collaborate and co-design on issues of importance.

As highlighted by the Commissioner in his speech at the 2021 Tax Institute Summit, we acknowledge and appreciate the importance of tax practitioners in helping clients navigate the tax and super system. We aim to maintain a:

- strong relationship with the tax profession
- shared commitment to support the community.

Through our dealings with you, we seek to maintain a mutually beneficial, open and collaborative approach.

We will always have a purpose when we seek to engage with you:

- In the majority of cases, it is to give you or your clients advice or support to help you understand and comply with an aspect of the tax and super systems.
- In other cases, we will be seeking your views to help us pilot new approaches or co-design processes.

There will be occasions where we will need to engage with you, your clients, or both of you to understand and manage potential compliance issues. To resolve these issues, we will:

- be open and direct
- seek the necessary information or action from you or your clients.

When our concerns are addressed through additional information you give, we will close our enquiries promptly. This minimises the compliance costs to you and your clients.

This relationship is two way. You can expect that we will follow agreed protocols when contacting you or your clients, including:

- having a cooperative approach to information gathering
- being open and honest about the intent of our engagement with you
- providing relevant materials to support our interaction with you
- maintaining respectful and professional behaviour at all times
- aiming to conclude our enquiries in a timely manner.

As a representative of your client, we expect you will:

- work with us to arrive at mutually agreeable outcomes
- engage with us to aid our understanding of a matter, or to design new processes that improve our administration of aspects of the tax and super system
- deal openly and frankly with us about your clients' affairs, within scope of any applicable legal professional privilege or concession governing sharing of information.

Our approach to compliance

Over 90% of small businesses and 60% of individuals use a tax agent. We recognise the significant influence agents have in helping clients correctly comply with tax and super laws and in helping to reduce tax gaps.

We use a 'teardrop' model of engagement as a framework to define and categorise practitioner behaviour. We use this information to apply strategies with corresponding tailored activities and interventions that promote compliance with tax and super obligations.

The teardrop model is based on extensive research conducted into tax practitioner attitudes to compliance, including [A will and a way: An](#)

[analysis of tax practitioner preparation compliance](#). The research found that rather than a continuum of taxpayer attitudes to compliance, tax practitioner behaviours to compliance was more in the shape of a teardrop.

Categories of behaviour researchers observed include:

- better practice behaviours – adherence to high personal and professional standards
- behaviours of interest such as not taking reasonable care, lack of education or opportunistic behaviours
- behaviours of concern including scheme promotion, providing false or misleading advice and facilitating reckless behaviour
- behaviours that threaten the tax and super systems, such as fraud, theft and other tax crimes.

By understanding the behaviours that attract our attention, you will support your clients to comply with their obligations. You will also support a level playing field for all practitioners.

Better practice behaviours

The [Code of Professional Conduct](#) for tax and BAS agents outlines the personal and professional conduct expected of registered agents under the *Tax Agent Services Act 2009*, with the Tax Practitioners Board regulating the profession. We have an interest in the role tax and BAS agents play in upholding the integrity of the tax and super systems.

We recognise the majority of tax professionals try to do the right thing – adhering to high personal and professional standards. In our interactions with agents, we have observed a number of behaviours that go hand in hand with high levels of client compliance. These include:

- good internal controls and practices, such as **physical and IT security measures** and strong customer verification methods
- a strong technology foundation and review processes indicative of robust internal controls
- clear client acceptance and ongoing engagement policies and practices, such as refusing to act for clients that wish to engage in

illegal or opportunistic behaviour or are not transparent about their affairs

- focusing on keeping skills and knowledge up to date, particularly around legislative changes
- taking reasonable care to
 - correctly establish a client's position
 - help their clients understand their tax obligations
 - not allow tax reporting that the agent knows to be incorrect, unjustified or unsubstantiated
- working with us collaboratively to support their clients' tax and super affairs
- taking on board our advice and guidance for you and your client.

Professional associations can support and help agents to achieve better practice behaviours.

Tax professionals who display behaviours of better practice can expect a low-touch approach from us. Our focus is on continuing to work with you, your professional associations and the Tax Practitioners Board. We will look at opportunities to collaborate and enable you to continue to maintain the integrity of the tax and super system.

Behaviours of interest

Our tax gap research has found that some tax and BAS agents make avoidable errors and appear more opportunistic in exploiting areas they believe are not being monitored.

This behaviour generally occurs due to:

- agents not taking reasonable care to correctly ascertain their clients' position, particularly where taxpayers are not being full and frank about their circumstances
- client pressure to achieve large refunds or reduced tax liabilities
- time and cost pressures
- lax practices such as limited or no internal controls

- outdated knowledge or agents operating outside their area of expertise.

Examples of indicators that may attract our attention include:

- for individual clients, clusters of clients claiming significantly higher deductions than comparable clients
- for small business clients, clusters of clients with income and expenses out of pattern with comparable clients
- audit outcomes indicating knowledge issues
- 'standard' deductions being claimed across a client base.

When we observe potential behaviours of interest in your practice, we try to engage with you early to avoid the risks escalating. We will contact you to begin a conversation to understand how your practice operates and what controls you have in place, such as through our early intervention program. We will:

- give you an overview of the risks we observe, in line with our **risk-assessment processes**
- discuss specific clients or instances of concern
- provide you with information to help you avoid common mistakes.

Our goal is to help tax and BAS agents to:

- stay on track in supporting their client compliance
- avoid costly audits in the future.

After our interaction, we continue to monitor for positive change, including changes to the agent's client base, lodgment patterns and tax and BAS return labels. We will advise you of this; however, if there is no improvement or your risk increases, we'll consider a more intensive response that might involve a review or audit.

Example: early intervention helps agent back on track

Agent C prepares BAS and tax returns for their clients. ATO risk assessment identifies the business income being reported for the agent's small business client base is out of pattern when compared against the small business client base of similar agents.

To better understand the factors contributing to the risk assessment the ATO engages with Agent C through their early intervention program. They discuss the risks observed and highlighted an example of where there was a significant difference between the income reported on one client's BAS compared to what was reported in the tax return for the same period.

The agent identifies that there is a reporting issue between the client's and the agent's software. They are able to correct this to ensure their clients are compliant in the future and avoid costly audits going forward. Agent C lodges an amendment to correct the issue.

Behaviours of concern

A smaller number of tax and BAS agents influence non-compliance by clients in ways such as:

- developing, promoting or using schemes
- consistently failing to correctly ascertain their client's situation
- giving false or misleading advice
- taking advantage of vulnerable clients.

Tax and BAS agents engaging in these kinds of behaviours not only expose their client base, their business and themselves to risk, they also gain an unfair advantage over those agents who try to do the right thing.

Examples of indicators that may attract our attention include:

- clusters of clients with significantly different reporting than comparable clients coupled with similar risk observed in the practice or agents own affairs
- promotion of schemes
- clusters of client phoenix behaviour
- detection of unexpected patterns in reporting across a client base
- clusters of audit outcomes indicating recklessness.

If we identify behaviours of concern for your practice, we will apply increased attention to understand your practice and your clients' affairs. We will actively engage with you to:

- advise you of the risks we observe
- undertake verification activities (reviews and audits) to examine these risks.

While the process is tailored on risks we observe, in many cases we will undertake verification activities for risks in your client base, your practice and your own personal tax affairs. If we suspect that there may have been a breach of the professional code of conduct, we will share information with the Tax Practitioners Board for their independent investigation.

Example: High risk behaviour leads to agent deregistration

Agent A is identified through ATO risk assessment as having behaviours of concern. There is an identified pattern where Agent A's new individual clients report business income and expenses for the first time in the initial tax return the agent lodges. The result is that clients receive larger refunds than they had received in the past. ATO risk assessment also identifies that Agent A is not reporting all of their clients' income.

Several audits are conducted on Agent A's clients, resulting in the clients receiving liabilities and penalties. Agent A's clients are not in business and are unaware that Agent A is reporting business income and expenses in their tax returns.

Agent A's own affairs are also the subject of an audit finding that they are not reporting all of their income, which results in liabilities and penalties. The ATO refers the case to the Tax Practitioners Board, who then terminate Agent A's registration.

Behaviours of threat

While representing less than 1% of the profession, a minority of agents display behaviours that pose a threat to their clients, to the tax and super system and all Australians. These behaviours include agents misusing their position of trust to deliberately commit fraud, theft or evasion or engage in other illegal activity.

We have no tolerance for these behaviours. If we detect risk, we will take action to intervene as quickly as possible, such as removing access to online services. Our main objective is to contain the effect, and protect clients and the community.

We work across the ATO and with other government agencies to bring these people to account and remove their influence on the system. Consequences can include civil penalties and criminal prosecution.

Example: Agent fraud leads to deregistration and prosecution

Agent B is the principal of a tax and accountancy firm. One of their clients constructs residential units. Agent B prepares their business activity statements and adds extra amounts to the construction costs, which inflates the GST refund. The resulting refunds are deposited into the firm's accounts.

Agent B is found guilty of two counts of dishonestly obtaining a gain from the Commonwealth. Agent B's registration is also terminated by the Tax Practitioner Board as they had breached the Code of Professional Conducts and failed to comply with tax laws for their own affairs.

QC 53938

Risk assessment process

We prioritise how we apply our resources in order to maintain our service offers and address perceived compliance risk.

Last updated 19 January 2022

Our aim is to be transparent with tax professionals about the risk we see, how we categorise those behaviours and what you can expect from your interaction with us based on that behaviour.

How we assess risk

We have enhanced our tax professionals engagement strategies by improving our ability to:

- identify good compliance indicators
- detect concerning behaviour.

We draw on a range of data and information about a practice and their client base to find clusters of risk.

If we identify risk in an agent's client base, we:

- look at the risk holistically
- assess whether there are similar concerns in
 - the practice or the agent
 - their own obligations as a taxpayer (as compliance with personal tax obligations is a legal requirement of registration).

We look across a range of tax obligations including:

- correct registration
- lodgment patterns
- correct reporting and payment.

We also monitor trends and client migration. We don't consider performance against the 85% lodgment threshold as this can often indicate an agent is helping new clients get back on track with lodgment rather than being an indicator of risk.

We supplement our risk view with intelligence from the public, government agencies and other sources. Our modelling uses this information along with established statistical methods to produce a holistic risk view that is:

- observed at a given point in time – as data and information is updated and added, our view of risk will also change
- relative to your peers – aimed at identifying outliers and behaviour we do not expect to see when compared with similar practitioners and client base groups
- preliminary – we will use the risk view to start a conversation with you

- transparent – if we engage with you, we will share our risk view with you.

We use our risk view to make a preliminary categorisation of behaviour using the teardrop model, and this is always reviewed by a human decision maker before we engage with you.

We are working towards a future where our risk view will be available for all practitioners to access in confidence and on demand.

Right of review

Our internal risk assessments do not carry rights of objection or review under legal review processes.

Risk assessments are preliminary views we derive from information available at points in time and can change as we gather new information. These views help to inform our decision on whether to interact with you and your clients. Where we choose to engage, we will share our risk view with you and talk to you about our concerns. In doing so:

- we want to better understand your client's specific circumstances
- you and your client have the right to dispute our underlying assumptions.

Tell us if you have new information we may not have considered in our original deliberations.

Confidentiality of risk views

We are obliged by law to keep confidential any information we have that could identify you or your practice. We respect **your privacy**.

In some circumstances, the law allows us to disclose information about you or your practice to other regulators, such as the TPB, for specific purposes. Generally, this will be in the form of underlying administrative data and outcomes rather than our internal views on risk.

Dealing with matters arising from our interactions

During the course of our interactions with you, or other parties, we may identify information or behaviours which cause us to consider whether further action is warranted. This may take the form of

- internal referral or escalation
- referral to one of our partner agencies for advice or action.

Referrals

Internal referrals

Aggressive tax planning, avoidance and promotion

If we have concerns that you may be promoting contestable schemes or other arrangements we believe may contravene an Act we administer, we may consider the application of the **promoter penalty regime**.

The promoter penalty regime seeks to deter:

- the promotion of tax avoidance and evasion schemes
- the implementation of schemes that have been promoted on the basis of conformity with a product ruling, in a way that is materially different to that described in the product ruling.

Fraud and tax crime

We fight against tax crime. Where we identify behaviour or activities which we believe are representative of phoenix, tax evasion or shadow economy activity, we will refer that matter for further investigation. In cases warranting it, we may refer the matter for administrative or criminal prosecution, working with partner agencies including various taskforces and the Commonwealth Director of Public Prosecution.

We maintain a special focus on areas where these behaviours are particularly evident, including the cash economy, international tax evasion, refund fraud, tax avoidance schemes and organised crime.

External referrals

Tax Practitioners Board

While there is a clear separation of responsibilities between us and the Tax Practitioners Board, both parties help maintain community

confidence by promoting a capable and well-regulated tax profession.

If we identify intermediaries who we suspect operate contrary to their obligations under the *Tax Agent Services Act 2009*, we will refer them to the Board for review. A breach of the law may fall within the following categories:

- There is evidence or information that a registered agent may have breached the Code of Professional Conduct or no longer meets the 'fit and proper' requirements to remain a registered agent.
- There is evidence or information that an unregistered entity has provided a service for a fee or other reward, advertised that service or otherwise presented themselves as a registered intermediary.

We may also support the Board by providing information we hold to aid investigations they may have initiated into the conduct of intermediaries. We may also use this process where we require information the Board may hold in relation to a matter we are investigating.

Australian Securities & Investment Commission

The Australian Securities & Investment Commission (ASIC) is responsible for the registration, licensing and regulation of some intermediaries including those conducting a financial services business and approved self-managed superannuation fund (SMSF) auditors.

Where we identify intermediaries who we believe to have acted contrary to their regulatory roles, we may refer those entities to ASIC for further investigation and action. We do not undertake an enforcement role in these situations as responsibility for enforcement falls to ASIC.

QC 53939


Our information exchange with Tax Practitioners Board

The TPB is notified if we identify potential activities involving agent misconduct or unregistered practitioners.

Last updated 27 January 2022

We provide information to the Tax Practitioners Board when we have identified potential activities involving agent misconduct or unregistered practitioner behaviour.

Roles

The Tax Practitioners Board (TPB) is a national body, independent of us. It is responsible for the registration and regulation of tax agents, BAS agents and tax (financial) advisers – collectively referred to as 'tax practitioners'. The TPB is also responsible for ensuring compliance with the *Tax Agent Services Act 2009* (TASA), including the [Code of Professional Conduct](#) .

Alongside this, our role is to ensure the integrity of the tax and super system. While there is a clear separation of responsibilities between us and the TPB, both agencies help maintain community confidence by promoting a capable and well-regulated tax profession.

To do this, we and TPB lawfully and regularly share information on areas of mutual interest through an information exchange with Tax Practitioners Board. For us, this means sharing relevant information and referring suspected breaches of the TASA to the TPB.

Referral process

During normal activities, including internal reviews, our officers may identify potential breaches of the TASA. We refer these to the TPB where:

- the behaviour or actions of a registered practitioner indicate they may not be a 'fit and proper' person to hold registration as a tax practitioner
- there is evidence to suggest a registered practitioner may have breached the TASA, for example, one or more items of the code
- there is evidence to suggest an unregistered practitioner may have provided a service for a fee, advertised that service or otherwise represented that they are registered.

After a referral is made, the TPB may ask us for more information so they can carry out any further enquiry into the matter or request

information for other investigations that they initiate.

See also

- [Investigations TPB](#) 

QC 53940

Work-related expenses

This is information for registered tax agents about the rules for claiming work-related expenses for employees.

Last updated 2 July 2019

This information is for registered tax agents about the rules for claiming work-related expenses for employees and the written evidence we may request during a review or audit. It may not cover all written evidence we may request due to the individual circumstances of each case.

See also:

- Deduction questions D1-D10
- For queries about work-related expenses, phone **13 72 86** Fast Key Code **2 1 4**.

Rules for claiming work-related expenses

To claim a deduction for a work-related expense for your client:

- they must have spent the money themselves and weren't reimbursed
- the expense must be directly related to earning their income
- they must have a record to prove it.

If there was a private component, your client can only claim a deduction for the work-related portion of the expense.

Your client must have spent the money

Your client must have incurred the expense in the relevant income year (for example, to claim a deduction in their 2019 income tax return, they must have incurred the expense between 1 July 2018 and 30 June 2019).

Deductibility test

You can only claim deductions for work-related expenses where they were incurred by your client in the course of gaining or producing their assessable income, and are not of a capital, private or domestic nature.

For an expense to be deductible, it must be:

- incurred in performing the client's employment activities – for example, travel, home office and phone expenses
- sufficiently connected to their employment activities – for example, work tools/equipment, eligible clothing and self-education expenses and the connection between the expense and your client's income earning activities must be more than remote or minor, and the incurring of the expense not merely peripheral to the activities.

If there was a private component, you can only claim a deduction for the work-related portion of the expense.

Records

If your client can demonstrate that an expense is deductible, then substantiation rules must be met.

Rules for written evidence to substantiate deductions

Your client must have written evidence to prove their claims if the total claims exceed \$300. The records must prove the total amount, not just the amount over \$300.

The \$300 limit doesn't apply to claims for car expenses, meal allowance, award transport payments allowance, or travel allowance expenses. There are special written evidence rules for substantiating these types of expenses.

Written evidence

The documentation must be in English unless the expense was incurred outside Australia.

The following constitute written evidence.

- A document from the supplier of the goods or services that shows the
 - name of the supplier
 - amount of the expense
 - nature of the goods or services – if not shown, your client may write this on the document before they lodge their tax return
 - date the expense was incurred
 - date of the document.

- Another document or combination of documents containing the information listed above, examples include
 - bank and other financial institution statements
 - credit card statements
 - BPAY reference numbers (may be called receipt or transaction numbers)
 - email receipts
 - income statement or PAYG payment summary (may show union fees)
 - paper or electronic copies of documents – must be a true and clear reproduction of the original.

- Evidence recorded by the client
 - for expenses of \$10 each or less, providing the total of these expenses isn't more than \$200
 - if your client has been unable to obtain written evidence, for example, for toll or parking fees where a receipt cannot be obtained.

Each of these items of evidence must show the same details as a document from a supplier as described at the top of this list.

See also:

- Practice Statement PS LA 2005/7 *Substantiating an individual's work-related expenses*
- Taxation Ruling TR 97/24 *Income tax: relief from the effects of failing to substantiate*

Claims of \$300 or less

Your client doesn't need written evidence but we may ask your client to tell us how the claim was worked out and explain why the claim is reasonable, based on the requirements of your client's occupation.

Exclusions from record-keeping requirements

Specific exclusions from record-keeping or substantiation requirements are available for certain work expenses. These include the following.

- Total work-related expense claims of \$300 or less.
- Laundry (\$150 or less).
- Travel expenses that are covered by a travel allowance and are within the reasonable allowance amounts we publish. However, your client may still be required to show the basis for determining the amount of their claim, that the expense was actually incurred, and that it was for work-related purposes (refer to **Taxation Ruling TR 2004/6**).
- Small expenses (\$10 each or less and not more than \$200 in total).

How long to keep records

Your client needs to keep written evidence for five years from the due date for lodgment of the tax return in which the deduction is claimed. If the return is lodged after the due date, the five years start from this later date. If your client is in dispute with us over a deduction in a tax

return after the five years has ended, the relevant records must be kept until the dispute is resolved.

If your client has claimed a deduction for decline in value, written evidence must be kept for five years from the date of their last claim for decline in value. This period is extended if, when the five years end, they are in a dispute with us that relates to a depreciating asset.

See also:

- Income and deductions
- Deductions for specific industries and occupations

QC 33372

Disaster events

If you or your clients are affected by a recent disaster event, we have a range of options to help you.

Last updated 30 November 2022

Current events

If your practice or clients have been affected by the recent floods, we understand that tax is not the number one priority at this time, however we encourage you to lodge if you can.

For more information, see [flood support](#).

How we can support you and your clients

Depending on the situation, we may be able to:

- provide lodgment deferrals allowing additional time to lodge without incurring failure to lodge on time (FTL) penalties
- help you set up a payment plan or apply for a payment-only deferral for your client
- find your or your client's tax file number (TFN) by verifying identity using key information such as date of birth, address and bank

account details

- re-issue documents including income tax returns, activity statements and notices of assessment (for example if needed to access government payments or concessions)
- help **reconstruct tax records** that are lost or damaged so your clients can claim entitlements including income tax deductions or access government payments
- prioritise any refunds owed to you or your client
- remit **penalties or interest** charged during the time you or your client have been affected
- work with you on a **supported lodgment program** to tailor solutions and get you back on track if your whole practice has been affected by a disaster.

When appropriate, your clients may also consider varying their pay as you go (PAYG) instalments.

You or your clients can phone our emergency support line on **1800 806 218** to talk to us about what support is available.

More information can be found by going to:

- Support for your practice
- Support in difficult times
- Online services for agents to access the range of support options available.

Reconstructing records

For individuals

We can help if you have clients who have lost their records due to a major disruptive event by:

- making on-site visits to help them
 - reconstruct their lost or destroyed tax records
 - work out reasonable estimates if their records cannot be reconstructed

- providing information we keep on record, such as tax returns, notices of assessment and payment summaries or income statements
- speaking with third parties if appropriate
- working closely with you as a tax professional.

If you reconstruct records on your client's behalf

If you wish to help your clients reconstruct their records or make reasonable estimates, we ask that you follow a process similar to ours:

- ask for information from employers, for example, PAYG payment summaries or income statements
- use information from bank accounts where income was regularly deposited
- consider contributions made to super funds.

When to make a reasonable estimate

We will accept a reasonable estimate if your client's records cannot be reconstructed. Each client must provide a signed letter declaring their estimate is true and correct and we will supply a **Reasonable estimate pro-forma** for them to complete.

For business

We can help if you have business clients who have lost their records due to a major disruptive event by:

- providing on-site visits to help them
 - reconstruct lost or destroyed tax records
 - work out reasonable estimates if their records cannot be reconstructed
- providing information we keep on record
- speaking with third parties if appropriate
- working closely with you as a tax professional.

Records we can provide

We can help by providing records of your clients':

- activity statements and tax returns, if lodged
- pay as you go (withholding) annual reports, if lodged by employers.

If you reconstruct records on your client's behalf

If you wish to help your clients reconstruct their records or make reasonable estimates, we ask that you follow a process similar to ours:

- use bank and other third-party information, including information from suppliers
- use activity statements that have already been lodged, along with information from the affected business or individual, to reconstruct their tax returns
- consider all information we have on record to work out a trend-based average, preferably over three years, this average includes
 - tax statistics
 - other external industry norms and factors in economic events.

When to make a reasonable estimate

We will accept a reasonable estimate if your client's records cannot be reconstructed, However, each client must provide a signed letter declaring their estimate is true and correct and we will supply a Reasonable estimate pro-forma for them to complete.

QC 43989

Early Intervention Program

We provide support and education to reduce the number of agents who are at risk of becoming a concern in the future.

Last updated 27 June 2022

Tax agents and their advisors play an important role in helping their clients to get their tax and super right. Tax agents who do not meet professional standards may be gaining an unfair advantage over others who do the right thing, leaving their clients with significant consequences and liabilities.

The ATO has been provided with funding under the Shadow Economy program to better understand the drivers behind agent behaviour. In turn, these insights will help tailor our strategies for agents and encourage willing participation in our tax and super systems. Our proactive support and guidance aim to reduce the number of agents who are at risk of becoming a concern in the future. The Early Intervention Strategy plays a key role in addressing this agent population, where prevention and early action is critical.

We work closely with the Tax Practitioner's Board and Professional Associations to identify opportunities for us to jointly improve how we maintain the integrity of the tax and super system.

How the program works

Leveraging the full scope of our data and analytics, we take a holistic approach to identifying tax agents at risk. These may be agents who:

- show partial compliance in certain areas
- have let their internal quality controls slip or they were never present
- may lack capability in one or more areas
- may display opportunistic behaviours

We develop a tailored approach to engage with the identified agent. This will include a conversation with the agent around the data and our concerns. Where we identify opportunities or gaps we will advise of educational and support products to assist agents. We may also ask agents to review their practices and allow them the opportunity to correct information where there are identified issues.

We will monitor future performance and we expect that a majority of agents we work with through this program will see improvement, enabling a better experience for their clients. However, if we detect a reluctance to engage with us or a deterioration of behaviour, we may escalate to other treatment strategies.

Find out about:

- Services and Support

QC 58494

Supporting clients that may be victims of tax fraud

What you can do if you have clients who have been the victims of tax fraud.


Last updated 8 May 2025

How to help your clients

We do everything in our power to detect and prevent fraud on the tax system. We take firm action against perpetrators. In rare cases, tax agents commit fraud and may involve their clients.

If you suspect your client is a victim of fraud you should advise them to:

- report the circumstances to the police
- phone the ATO Client Identity Support Centre on **1800 467 033**.

If you suspect the wrongdoing involves a tax practitioner, you can also lodge a complaint with the [Tax Practitioners Board](#) .

We may request your client to provide information such as:

- their former tax agent's contact details
- documentation provided to the former tax agent
- evidence of payments made.

If you suspect someone may be engaging in fraudulent behaviour you can report them to us by either:

- phoning the Tax Integrity Centre hotline on **1800 060 062**
- completing the online [tip-off form](#).

Increasing online security

You can assist your clients who are individuals or sole traders by encouraging them to set up a [Strong myID](#) and use this to access ATO online services to automatically set their online access strength.

Once set, your client must use their Strong myID to access ATO online services.

You can help them understand the benefits of having a Strong online access strength. For example:

- it's the most secure sign in option, unlike multifactor authentication, myID requires your client to verify their ID in the app making it harder for fraudsters to impersonate them
- where a client's access to ATO online services has been restricted to protect against further harm, setting a Strong online access strength may allow them to continue to access certain tax information online to support your interactions
- if a client or malicious actor unlinks a myGov account from the ATO or disconnects a myID, it does not affect the existing online access strength. Online access strength remains in place to protect the client against identity crime, including tax fraud.

Assistance we can provide

We are serious about fraud and support taxpayers who fall victim to fraud. We can help if fraudulent action has occurred on their behalf by a third party. This could be activity on the client account without their knowledge or authority by a third party.

During the process of correcting a client's tax accounts, we may help you in the following ways.

Extension of time to lodge a replacement return

We may grant a time extension if your client is lodging a replacement tax return or activity. This may be:

- 30 days from the date we notify you that we require a replacement return or activity statement
- extended based on their circumstances.

Remission of general interest charge

If it is fair and reasonable, we can remit (reduce or cancel) interest charged on unpaid tax debts or shortfall amounts that occur as a consequence of fraud.

Arrangements to pay by instalments

If an outstanding debt causes financial difficulties, we may allow your client to pay instalments over an agreed period of time.

Providing help during audits or investigations

We will support you as a trusted tax agent during the audit process to correct your client's tax accounts after fraud has occurred.

When we are unable to help

We are generally unable to intervene in civil matters where:

- we determine a lodgment or assessment is valid and reflects your client's correct tax position
- any refund amount has issued to the destination instructed by your client or their authorised representative.

We are unable to help where there is insufficient evidence of fraud, or to trace misdirected or misappropriated funds. The parties involved are to resolve these matters.

Your client can consider seeking independent advice through the court or by contacting consumer affairs bodies in these circumstances.

QC 61366

Independence standards for tax professionals with SMSF clients

Information for tax professionals with self-managed super fund (SMSF) clients on changes to the independence standards.

Last updated 25 March 2021





Recent changes to the independence standards may change the way tax professionals and approved self-managed super fund (SMSF) auditors represent their clients. This may affect your practices and businesses.

A new and updated Independence Guide – Fifth Edition, May 2020 (the Guide) was recently published by The Accounting Professional & Ethical Standards Board (APESB), in collaboration with the three professional accounting bodies – Chartered Accountants Australia and New Zealand (CAANZ), CPA Australia and the Institute of Public Accountants (IPA).

The Guide incorporates changes to the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the restructured Code). This became effective 1 January 2020 and is mandatory for audits and reviews in Australia.

This page provides guidance on the changes to the independence requirements under the Code. It is essential information for SMSF auditors and tax professionals. Review these changes to understand how they affect your practice and business and how you represent your clients.

See also:

- Auditor independence
- [APES 110 – Code of Ethics for Professional Accountants \(including Independence standards\) \(2018\) – effective 1 January 2020](#)  (PDF 2.7MB) – download from the [APESB website](#) 
- [APESB Independence Guide – Fifth edition, May 2020 \(PDF 1.56MB\)](#)  – this link will download the Guide as a pdf file from the [APESB website](#) 

Who the independence requirements apply to

The independence requirements in the Code apply to SMSF auditors including those who are also tax professionals.

This also applies to tax professionals who service SMSF clients by providing a combination of audit and non-assurance services such as:

- accounting and bookkeeping services, for example, the preparation of financial statements and accounting records (including the coding of transactions)
- completion and lodgment of fund activity statements and SMSF annual returns (SARs)
- advice in relation to a fund's compliance with the super laws
- tax and financial planning advice.

The Code and the Guide make it clear that tax professionals who provide both non-assurance and auditing services in-house will now need to review their arrangements to ensure they are complying with the Code. You may need to change how you service your SMSF clients and the combination of work you undertake for them.

Review your services for SMSF clients

If your practice or business provides SMSF services to clients, you will need to consider your current arrangements, and how the changes to independence standards may affect you.

You will need to:

- review the type of SMSF services you provide and the arrangements in place for providing those services
- assess the impact of the changes on your practice, including individual arrangements in place with SMSF clients
- start planning as soon as possible for any changes that may be required to your business and or practice models, staffing and outsourcing agreements
- communicate any changes to your SMSF clients.

To support tax professionals through any changes that may be required to their businesses or practices we will not enforce compliance until 1 July 2021.

Key areas for review

If your business or practice has been providing both auditing and non-assurance services, you can use our guidance on SMSF auditor

independence to help you understand whether you are meeting the requirements under the Code.

Our guidance outlines key areas which may require your review, such as:

- audit pooling arrangements
- outsourcing arrangements
- reciprocal auditing arrangements.

You will need to make sure you comply with the Code by 1 July 2021. If we find approved SMSF auditors aren't complying with the Code after this date they may be referred to the Australian Securities Investments Commission.

We will continue to update you as we approach the compliance date. To receive the latest information, we encourage you to subscribe to our:

- Tax professionals newsletter
- [ATO newsletter alerts and subscription centre](#) .

QC 65151

Safe harbour

The safe harbour provisions aim to ensure the services provided to the public by registered agents are appropriate.

Last updated 1 July 2021

The safe harbour provisions aim to ensure that services provided to the public by you are of an appropriate ethical and professional standard.

Under the safe harbour provisions, a client will not be liable to certain administrative penalties if they provide all the relevant tax information to you, and you:

- do not take reasonable care and make a false or misleading statement that results in a shortfall amount

- take reasonable care or lack reasonable care and fail to lodge a document by the due date.

The safe harbour provisions can only apply to a:

- false or misleading statement penalty, when the statement is made on or after 1 March 2010
- failure to lodge on time (FTL) penalty, when the document has a due date for lodgment of 1 March 2010 or later.

Safe harbour does not apply where the penalty arises from recklessness or intentional disregard of the tax law by you, nor does it apply to other administrative penalties, including when tax avoidance schemes are involved.

When safe harbour is granted, we may refer the matter to the Tax Practitioners Board to consider whether there has been a breach of the Code of Professional Conduct under the *Tax Agent Services Act 2009*.

See also:

- [Code of Professional Conduct](#) 

Eligibility for safe harbour from FTL penalty

If you lodge a client's return, notice, statement or other document late, they are not liable for an administrative penalty for the late lodgment if both of the following apply:

- They can show they provided you with all relevant tax information to enable you to lodge their return, notice, statement or other document by the due date.
- Failing to lodge the return, notice, statement or other document with us did not result from your intentional disregard or recklessness as to the operation of a tax law.

'All relevant tax information' means all the relevant information to enable you to prepare and lodge the document on time in the approved form. This also means your clients must meet deadlines you specify as their registered agent to provide all the relevant tax

information. Relevant tax information also includes a signed document where applicable.

The taxpayer carries the burden of proof to establish that they provided all relevant information as required.

See also:

- *Miscellaneous Taxation Ruling MT 2008/1 Penalty relating to statements: meaning of reasonable care, recklessness and intentional disregard*

Making a request

If your client requests safe harbour

If we apply a FTL penalty, your client can ask for an exemption from the penalty under the safe harbour provisions.

They will have to prove to us that they provided all relevant tax information to you so you could lodge the return, notice, statement or other document with us by the due date. When we assess a safe harbour exemption request, we will contact you for your comment on the claim that the document was lodged late due to your actions.

If you request safe harbour on behalf of your client

As a registered agent, you may request safe harbour on behalf of a client.

If you admit your client provided all their information to you in enough time for you to lodge the document by the due date, we will accept your admission as proof that your client did so. You will also have to explain why you lodged the document late, so we can decide whether or not the safe harbour request will be allowed.

If your client is refused safe harbour

Neither you nor your clients can object to our decision about whether or not to apply safe harbour.

If you are dissatisfied with our decision not to apply the safe harbour, you can seek a review of our decision under the *Administrative Decisions (Judicial Review) Act 1977*.

However, your clients can still seek a remission of penalty regardless of the safe harbour provisions - we will consider if a FTL penalty remission is appropriate in the circumstances.

Disputes between you and your client over FTL penalty safe harbour

Your client must prove they provided you with all the relevant tax information in enough time for you to lodge their document by the due date. If you dispute your client's claims and they cannot provide enough proof, we will not apply the safe harbour.

If one of your former or current clients requests an exemption from FTL penalty, we will notify you and give you the opportunity to comment on their claims.

Lodging your request

To help you lodge your safe harbour requests quickly and easily:

- Use Online services for agents - navigate to Practice Mail, select the Topic **Debt and Lodgment** and the Subject **Cancellation of FTL penalty (Safe Harbour)**
- phone us on **13 72 86** Fast Key Code **1 2 2** between 8.00am and 6.00pm AEST, Monday to Friday
- post your request to

Operations – Debt and Lodgment Correspondence
PO Box 327
ALBURY NSW 2640

See also:

- Interest and penalties
- 'Safe harbour' in Statements and positions that are not reasonably arguable
- 'Safe harbour' in Failure to lodge on time penalty
- *Miscellaneous Taxation Ruling MT 2008/1 Penalty relating to statements: meaning of reasonable care, recklessness and intentional disregard*

- *PS LA 2011/19 Administration of penalties for failing to lodge documents on time.*
- For more information about the FTL penalty, including the FTL penalty safe harbour, phone us on **13 72 86** Fast Key Code **1 2 2** between 8.00am and 6.00pm AEST, Monday to Friday.

QC 34570

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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