



## Raids uncover illegal sales suppression technology

The ATO has conducted raids as part of its focus on businesses suspected of using, manufacturing or supplying ESSTs.

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The Australian Taxation Office (ATO) has conducted a number of raids as part of its continued focus on businesses suspected of using, manufacturing or supplying electronic sales suppression tools (ESSTs) to avoid paying tax.

ESSTs or software attached to a point-of-sale system are designed to alter transaction records and avoid paying tax. It has been illegal to manufacture, supply, possess, use or promote ESSTs in Australia since October 2018.

Over the last 2 weeks, ATO officers led raids on 17 premises associated with 3 businesses suspected of supplying or manufacturing ESSTs and 8 businesses suspected of using ESSTs in Sydney, New South Wales.

They uncovered evidence of distribution and use of illegal ESSTs, as well as a significant amount of electronic and business records. The raids were assisted by New South Wales Police who seized, as proceeds of crime, cash from two properties totalling \$269,800 suspected as money laundering.

The ATO has issued assessments for more than \$23 million in relation to the raids, and recovery action has already commenced.

The raids follow a strong warning about engaging with ESSTs from the ATO-led Serious Financial Crime Taskforce (SFCT). In 2023, the SFCT

released an **Intelligence Bulletin** warning businesses not to become involved in this illegal activity and the consequences that could apply.

A point-of-sale system with an illegal ESST enabled may permanently delete transactions, re-sequence transactions, reduce sales values, or misrepresent transactions. No matter how a particular ESST works, it produces fake records and are used to under report taxable income.

Deputy Commissioner Will Day said the recent activity demonstrates the ATO will take strong action against businesses who deliberately engage with illegal ESSTs.

'We want businesses to know that if you're deliberately using tools or software to evade your taxation obligations, this is illegal, and we are taking the necessary steps to deter this behaviour.'

'Businesses using or promoting this technology are effectively stealing from the Australian community, and that's simply not on,' Mr Day said.

Mr Day said this activity is to ensure a level playing field and to protect the vast majority of businesses who do the right thing and meet their tax and superannuation obligations.

However, he warned business owners to exercise reasonable care when choosing a point-of-sale and other business systems to ensure they comply with the law.

'It might not be obvious when an ESST is being used. If you find your point-of-sale system can manipulate records beyond fixing a genuine mistake, you may be using an ESST.'

'If you are using an ESST, we strongly encourage you to come forward voluntarily rather than have us knocking on your door,' Mr Day said.

Businesses that have used ESSTs will need to review their past tax returns and activity statements and amend them. They may also wish to discuss next steps with their registered tax professional.

If you suspect a person or business is involved in manufacturing, supplying, possessing, using or promoting ESSTs, you can report it the ATO at [ato.gov.au/tipoff](https://ato.gov.au/tipoff) or by calling **1800 060 062**.

Learn more about ESSTs at [ato.gov.au/ESSTfacts](https://ato.gov.au/ESSTfacts).

## Images from the raid

- [Image 1](#) 

- [Image 2](#) 
- [Image 3](#) 
- [Image 4](#) 
- [Image 5](#) 

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