



Aussies have had enough: ATO receives 250,000 tip-offs

We're receiving tip-offs from other businesses, customers, community members, employees, and even family and friends.

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The Australian Taxation Office (ATO) received 250,000 tip-offs from the community about tax avoidance and other dishonest behaviours since 1 July 2019. More than 47,000 tip-offs were reported in the 2023–24 financial year alone.

The Australian community understands that cheating tax is not on, rather it is stealing money needed for essential community services we all rely on.

ATO Assistant Commissioner Tony Goding said Australians are fed up with dodgy behaviours in the community and are stepping up to help level the playing field by tipping off the ATO about taxpayers not declaring income, demanding cash from customers, paying workers in cash to avoid paying tax and super, not reporting sales, and where someone's lifestyle doesn't appear to match their income.

'It's not just about 'cash only' or 'EFTPOS out of order' signs.

The ATO estimates there is around \$16 billion in stolen taxes because of businesses doing things like cash jobs each year.

'These businesses are deliberately undercutting their competitors and gaining an unfair advantage in their industry.' People who cheat their competitors and the community will likely try to cheat their customers too.

Building and construction, cafes and restaurants and hairdressing and beauty services topped the list of industries the ATO was tipped off

about in 2023–24.

'15,516 tip-offs were received from New South Wales residents in 2023–24, followed closely by Victorians (11,256 tip-offs) and Queenslanders (10,629 tip-offs).'

'The number of reports we have received tells us that Aussies have had enough. Dodging your tax obligations clearly no longer passes the 'pub test'. We're receiving tip-offs from other businesses, customers, members of the community, employees, and even family and friends.'

Mr Goding added that while Sydney and Melbourne had the most tip-offs, reports are not only coming from capital cities. The top 5 regional post codes that we received tip-offs from this year were all from Queensland:

- 4215 – Southport
- 4670 – Bundaberg
- 4350 – Toowoomba
- 4740 – Mackay
- 4510 – Caboolture.

'Community tip-offs are one of our best sources of information when it comes to tackling the shadow economy,' Mr Goding said.

The ATO receives almost 1,000 tip-offs every week from people who know or suspect tax evasion.

'When we receive information through a tip-off, we cross check the information and assess whether further action is required.' Mr Goding said.

Approximately 90% of tip-offs analysed by the ATO in 2023–24 were deemed as being suitable for further investigation.

This investigation is then carried out by specialised teams and taskforces within the ATO, including the cross-agency Shadow Economy Taskforce.

Community tip-offs are helping us crack down on businesses using dodgy electronic sales suppression tools (ESSTs), for example. Earlier this year, we **uncovered** businesses using ESSTs to avoid paying tax to the tune of \$23 million. Results that wouldn't have been possible without community tip-offs.

'A tip-off can provide the ATO with crucial information it needs as part of an investigation, sealing the fate of those who intentionally do the wrong thing,' Mr Goding said.

Making a tip-off only takes a few minutes and you can remain anonymous. To find out how to report suspected tax evasion or shadow economy activity visit www.ato.gov.au/tipoff.

Businesses who have been operating in the shadow economy are encouraged to speak to their registered tax professional or the ATO to work to get it right.

Examples

The below examples are indicative of shadow economy behaviours that the ATO has investigated as a result of community tip-offs.

Sabrina's fish and chip shops

Sabrina is the owner of several fish and chip shops. Her businesses have always been cash businesses which made it easy to pay her employees from the till and under-declare her takings. Sabrina knew participating in the shadow economy wasn't right but she continued to try to find ways to avoid her tax obligations.

Tech-savvy Sabrina caught wind of a product that could help her reduce her tax income – an electronic sale suppression tool (ESST). She purchased a new point-of-sale system for her stores from a dodgy operator who attached a cloud-based ESST to it.

For a while, Sabrina continued to run her businesses as usual. The illegal ESST manipulated the stores' transaction records and she was able to delete and re-sequence transactions at the touch of a button.

Sabrina used the extra money to quickly pay off a large mortgage on a seaside property, buy a boat and transfer money to her family overseas.

What Sabrina didn't know was that one of her employees had noticed something strange. When closing up for the day, Paul observed that the point-of-system transaction record was showing unusually low profits for one of their busiest days. He proceeded to look over the previous week's transaction records and found that this discrepancy kept occurring. Paul found this suspicious, so he made a tip-off to the ATO.

After the tip-off was received, the matter was referred to a specialist shadow economy audit team who began an investigation into Sabrina's tax affairs. On closer inspection, the team discovered:

- Sabrina's personal spending was up to 8 times the amount declared as income
- her business' income was underdeclared and the funds were deposited directly into her personal bank accounts
- unexplained transfers of money to overseas accounts
- evidence of an ESST attached to the businesses point-of-sale system.

After a full review, the team found that over 5 years of Sabrina running her businesses, there was close to \$4 million of business income not reported.

There was also strong evidence to show that Sabrina had knowledge of correct business processes but made a deliberate choice to not declare her income correctly in her tax returns. The team referred Sabrina and her fish and chip shops to the Australian Federal Police for criminal investigation.

In the end, Sabrina was liable for \$1.4 million in estimated income tax and penalties and the ATO seized her seaside property and boat to recover her unpaid tax debt.

Penny's hair salon

Penny owns a home hair salon and believes she has cracked the code to making money through her business while skipping out on paying tax. She only accepts cash payments from customers and pays her employees in cash as well.

Penny thought she could hide her business income by:

- advertising her business only through local Facebook groups
- not registering her business
- operating without an ABN
- not reporting her business income in her tax returns.

Malcolm, Penny's friend, noticed Penny's posts on social media showing her jet-setting on luxurious overseas holidays and wearing

high-end clothes. While Malcolm knows Penny's runs her own business from home, he had heard her complaining about her lack of appointments and so he became suspicious of her lifestyle.

Malcolm decided to conduct his own research and had his hair cut at Penny's salon. He watched her practice of only dealing in cash, refusing to accept Malcolm's debit card. After his appointment, Malcolm contacted the ATO tip-off hotline with his concerns.

The case was referred to the Shadow Economy Taskforce, who launched an investigation and identified:

- Penny's business was not registered for GST or Pay as you go withholding.
- Penny's business had not lodged Single Touch Payroll data.
- Penny's income tax returns were up to date but she had never declared any business income.
- AUSTRAC data showed significant cash deposited and withdrawn from Penny's bank account.

After Shadow Economy officers spoke with Penny, it was clear that she understood her obligations as a business owner.

Intentionally not declaring your income has consequences and Penny faced owing the ATO more than \$1 million in penalties alone.

Notes to journalists

- A high-resolution headshot of ATO Assistant Commissioner Tony Goding is available from the ATO media centre.
- Media grabs of ATO Assistant Commissioner Tony Goding discussing the shadow economy are available from the ATO media centre.
- ATO file footage is available for download and use in news bulletins from the ATO media centre.

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