



# Industry coding of business returns – August 2002

The Tax Office provides the Australian Bureau of Statistics (ABS) with aggregate and client record data for use in the preparation of the national accounts.

14 September 2016

The Tax Office changed the basis of its industry coding of income tax returns as from 1 July 1996. The coding structure used is the *Australian and New Zealand Standard Industrial Classification (ANZSIC)*, modified for use by the Tax Office.

## Background

The Tax Office provides the Australian Bureau of Statistics (ABS) with aggregate and client record data for use in the preparation of the National Accounts and related economic survey work. The industry code is an important element of the data provided.

The Australian and New Zealand Standard Industrial Classification (ANZSIC) was originally developed for use in Australia and New Zealand in the production and analysis of industry statistics. It replaced the Australian Standard Industrial Classification (ASIC) and the New Zealand Standard Industrial Classification (NZSIC) which were in use for many years.

There was extensive consultation with stakeholders aimed at ensuring that the ANZSIC reflected the structure of Australian and New Zealand industry and the needs of users of statistics. Emphasis was placed on alignment with the international standards, primarily the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 3, to provide significant improvements in the international comparability of industry statistics.

The change to the new standard ANZSIC addressed problems encountered in the preparation of the National Accounts. A flow-on benefit to the ABS was that it allowed them to make greater use of Tax Office data as an alternative to some of their regular surveys. This has reduced the administrative burden on the business community.

Another direct benefit is the ability to more readily use aggregate industry-based statistical data produced by the two organisations, or any other organisations, using the ANZSIC standard.

**Why a modified ANZSIC?**



**Industry code booklet**



**Industry vs occupation**



**ELS software**



**Need for increased accuracy**



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## Why a modified ANZSIC?

14 September 2016

The Tax Office uses a modified version of ANZSIC with coding required to a five digit level. This gives the Tax Office the flexibility to be more responsive to changing business trends and provide the capability to identify emerging industries.

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## Industry code booklet

14 September 2016

An industry code booklet containing alphabetic and numeric ordered lists of the new codes has been printed and copies are available from the Tax Office. This booklet was produced with the assistance of the ABS and includes the more commonly used descriptions of business activity. The booklet has been designed to be 'user friendly' and will, we hope, make it easier to 'industry code' returns more accurately.

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## Industry vs occupation

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Industry classification should not be confused with the classification of occupations. Of key interest to the Tax Office and the ABS is the industry of businesses in which economic activities take place. The activities of the business operation, rather than the occupations of its employees or the trade qualifications of a sole trader, are the major consideration.

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## ELS software

14 September 2016

ELS software producers were offered an ABS-developed software product, the *ANZSIC Coder*, for inclusion with their ELS software. The coder software provides functionality to make the determination of the appropriate code for any particular business activity fairly simple and straightforward. Some ELS software producers have included the coder in their software while others have built similar functionality into their software using the associated *ANZSIC Coder* data files.

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## Need for increased accuracy

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As mentioned earlier, the industry code is a critical element of the data provided to the ABS for use in their economic surveys and in the preparation of the National Accounts. It follows that for the benefits to Government and the business community (through a reduction in the need for ABS surveys) to be realised, it is essential that the industry description and code provided in tax returns be as accurate as possible.

Within the Tax Office there have been instances where, as a result of inaccurate industry coding, some taxpayers have unnecessarily either received Tax Office instructional material or been subjected to some scrutiny. Improved accuracy in the industry code will improve Tax Office service delivery and increase the accuracy of the National Accounts.

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