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Property management data-matching program protocol

This protocol contains information on the Property management data-matching program for 2018–19 to 2025–26.

Last updated 26 August 2024

Property management data-matching program overview



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Property management data-matching program overview

Objectives and purpose of our property management program.

Last updated 26 August 2024

Program objectives

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

The objectives of the Property management data-matching program are to:

- identify and educate individuals and businesses who may be failing to meet their registration or lodgment obligations and help them:
 - lodge their income tax returns
 - correctly report assessable income from a rental property in their individual income tax return
 - correctly report associated rental deductions in their individual income tax return
 - comply with capital gains tax obligations for properties used to derive rental income
- gain insights to help develop and implement strategies, which may include educational or compliance activities for individuals and businesses who lease or let real property
- promote voluntary compliance and increase community confidence in the integrity of the tax and super systems.

Why we look at property management data

Sample audits across the Individuals not in business population were conducted under the **Random Enquiry Program**. Findings from these sample audits informed the net tax gap estimate for the 2020–21 financial year, which totalled \$10.2 billion, or 6.3%. Significant drivers leading to the gap include undeclared income, and the incorrect reporting of rental property expenses. The net tax gap for rental property expenses contributed \$1.2 billion, or 12% towards the total Individuals not in business gap for the 2019–20 financial year.

One of our **strategies** to reduce the tax gap is increasing the quantity and quality of the data we collect.

The Property management data-matching program will allow us to identify and address a number of tax risks, including:

- failure to lodge – taxpayers with a rental property may fail to lodge a tax return and their rental property schedule on or before the relevant due date

- omitted or incorrect reporting of income - taxpayers with a rental property may omit or incorrectly report income and deductions in their rental property schedules and associated income tax return labels
- omitted or incorrect reporting of capital gains tax (CGT) - taxpayers with a rental property may omit or incorrectly report cost base elements which are used to determine the net capital gain or loss on a rental property used to generate income.

For more information around rental properties and tax, see:

- [Rental properties 2023](#)
- [Top 10 tips to help rental property owners avoid common tax mistakes](#)
- [Tax-smart tips for your investment property](#)
- [Rental properties – repairs, maintenance and capital expenditure.](#)

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Property management data

Data we collect under our property management program.

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How we use property management data

The data collected under this program will be used to support the correct reporting of rental income, expenses and capital gains tax.

Education and online services

Property management data is available to taxpayers and tax professionals through online services.

The data may be available to:

- tax professionals through
 - pre-filling reports in Online services for agents

- Practitioner Lodgment Service (PLS) through Standard Business Reporting (SBR) enabled software
- nudge messaging
- individual self-preparers through myTax, specifically
 - rental property schedule income and deduction labels
 - rental income tax return labels
 - real time nudge messaging
 - screen prompts and reason codes.

Data analytics and insights

The data helps us:

- inform individuals with a rental property of their tax obligations as part of an educative campaign including
 - advisory educational emails and letters
 - social media
 - posters and toolkits on our website
- identify relevant cases for administrative action including compliance activities and educational strategies
 - after a return is lodged, if we need to verify a discrepancy, we'll contact the taxpayer by phone, letter or email
 - before we take any administrative action, the taxpayer will be able to verify the accuracy of the information we hold. They will have 28 days to respond before we take administrative action associated with Property management data use
- refine our risk models to more accurately identify target populations
- develop tools that assist us to profile taxpayers
- improve the accuracy, completeness, and reliability of this and other investment property related datasets
- avoid unnecessary contact with individuals who are correctly reporting and claiming rental property income and deductions

- make it easier for taxpayers to interact with the system and get their affairs right.

Previous related programs

The Property management data-matching protocol was first published on 17 May 2021 and collected data from the 2018–19 to 2022–23 financial years. This protocol outlines our intention to continue collecting data for the 2023–24 to 2025–26 financial years.

Our collection of data from 2018–19 to 2025–26 financial years helps us:

- understand property management data potential, highlighting areas for action and improvement
- tailor education campaigns to help taxpayers report rental income and expenses correctly
- identify taxpayers who have reported incorrectly and engage in corrective activity
- understand the income and expenses associated with rental properties by linking with other property data sources, including
 - Residential investment property loan 2021–22 to 2025–26 data-matching program protocol
 - Landlord insurance 2021–22 to 2025–26 data-matching program protocol.

Data providers

The ATO is the matching agency and in most cases is the sole user of the data obtained during this data-matching program.

We may obtain data from property management software companies and their subsidiaries.

Eligibility as a data provider

We adopt a principles-based approach to ensure that our selection of data providers is fair and transparent.

Inclusion of a data provider is based on the following principles:

- The data owner or its subsidiary operates a business in Australia that is governed by Australian law.
- The data owners provide software solutions for property management.
- The data owner provided software solutions for property management in the years in focus.

If a data provider's client base does not present a risk, or the administrative or financial cost of collecting the data exceeds the benefit the data may provide, the data owner may be excluded from the program.

The data providers for this program will be reviewed annually against the eligibility principles.

See our **Submission to the Information Commissioner** setting out the basis for deviating from the publication of data provider names under the requirements of the guidelines and its impacts on individual privacy.

Our formal information gathering powers

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

This is a coercive power, and data providers are obligated to provide the information requested.

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

Privacy Act

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

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

Data elements we collect

We will collect data from property management software companies for residential and commercial properties.

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

Client identification details – individuals

Identification details include:

- given and surnames (if more than one name)
- dates of birth
- addresses (residential, postal, other)
- Australian business number (if applicable)
- email address
- contact phone number.

Client identification details – non-individuals

Identification details include:

- business name
- addresses (business, postal, registered, other)
- Australian business number
- contact name
- contact phone number
- email address.

Property details

Property details include:

- unique identifier for the property
- property address
- date property first available for rent

- property manager name
- property manager address
- property manager contact phone number
- property manager email address
- property manager ABN
- property manager licence number
- bank account name for landlord
- bank account number for landlord
- bank account BSB for landlord.

Transaction details

Transaction details include:

- period start date
- period end date
- transaction type
- transaction description
- transaction amount
- ingoings and outgoings
- rental property account balance.

Number of records

We expect to collect data on approximately 2.3 million individuals each financial year for this program.

Data quality

We anticipate that the data quality will be of a high standard. Testing via compliance activities found the data to be of good quality and beneficial to the treatment of the rentals omitted income risk.

Property management software providers have sophisticated computer systems. Property management providers operate in cross

jurisdictional legislative frameworks. They must satisfy specific regulatory requirements including licencing, registration, and due diligence obligations to maintain the quality of their records as part of their maintenance and supervision of trust accounts as real-estate businesses.

The data is sourced from providers' systems and may not be available in a format that can be readily processed by our systems. We apply extra levels of scrutiny and analytics to verify the quality of the data. This includes but is not limited to:

- meeting with data providers to understand their data holdings, including their data use, data currency, formats, compatibility and natural systems
- sampling data to ensure it is fit for purpose before fully engaging providers on acquisition tasks
- verification practices at receipt of data to check against confirming documentation. We then use algorithms and other analytical methods to refine the data.

Data retention

We collect data under this program for all financial years from 2018–19 to 2025–26. We collect this data annually following the end of each financial year.

Due to the number of data providers, we collect data periodically. We work cooperatively with data providers and aim to balance our requests against peaks and troughs of demand in a data provider's own business.

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

We will retain each financial year's data for 7 years from receipt of the final instalment of verified data files from all data providers. The data is required for this period for the protection of public revenue due to the following:

- The discrepancy matching that occurs under parts of this program is iterative in nature. This includes the data being used to generate lodgment reviews with subsequent lodgments then being compared

to the transactional data for accuracy. This process can typically occur over multiple financial years.

- Retaining data for 7 years does not change our general compliance approach of reviewing an assessment within the standard period of review, which also aligns with the requirements for taxpayers to keep their records.
- The data enhances our ability to identify taxpayers who may not be complying with their tax and super obligations, which is integral to protecting the integrity of the tax and super systems.
- Real estate, such as a rental property that is sold, potentially triggers a capital gains event. This can include a main residence that has been rented out for a period. A property may be retained for many years prior to disposal. Retaining the data is necessary to assess rental impacts for capital gains events.
- The data is also used in multiple risk models, including models that establish retrospective profiles over multiple years aligned with period of review.
- The data is used to conduct long-term trend analysis and risk-profiling of the rental property market which helps inform education campaigns.

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

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Notifying the public of the data-matching program

How we notify the public about our property management program.

Last updated 26 August 2024

How we notify the public

We'll notify the public of our intention to collect 2018–19 to 2025–26 property management data by:

- publishing a notice in the Federal Register of Legislation gazettes in the week commencing 26 August 2024
- publishing this data-matching program protocol on our website at [Data-matching protocols](#)
- advising the data providers that they
 - can notify their clients of their participation in this program
 - should update their privacy policies to note that personal information is disclosed to the ATO for data-matching purposes.

Gazette notice

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

Gazette notice: Commissioner of Taxation – Notice of a Property management data-matching program 26 August 2024

The Australian Taxation Office (ATO) will acquire property management data from property management software companies for 2018–19 through to 2025–26.

The data items include:

- property owner identification details (names, addresses, phone numbers, dates of birth, email addresses, business name and ABNs, if applicable)
- property details (property address, date property first available for rent, property manager name and contact details, property manager ABN, property manager licence number, property owner or landlord bank details)

- property transaction details (period start and end dates, transaction type, description and amounts, ingoings and outgoings, and rental property account balance).

We estimate that records relating to approximately 2.3 million individuals will be obtained each financial year.

The objectives of this program are to:

- identify and educate individuals and businesses who may be failing to meet their registration or lodgment obligations and help them
 - lodge their income tax returns
 - correctly report assessable income from a rental property in their individual income tax return
 - correctly report associated rental deductions in their individual income tax return
 - comply with capital gains tax obligations for properties used to derive rental income
- gain insights to help develop and implement strategies, which may include educational or compliance activities for individuals and businesses who lease or let real property
- promote voluntary compliance and increase community confidence in the integrity of the tax and super systems.

A document describing this program is available at ato.gov.au/dmprotocols.

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

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

A full copy of the ATO's privacy policy can be accessed at ato.gov.au/privacy.

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Variation to the Guidelines

Matters considered for variation to the Guidelines.

Last updated 26 August 2024

Submission to the Information Commissioner

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

The Australian Taxation Office (ATO) is seeking approval for the Property management data-matching program 2018–19 to 2025–26 to vary from one or more of the conditions detailed in Guideline 10 of the Office of the Australian Information Commissioner's *Guidelines on data matching in Australian government administration* (2014) (the Guidelines).

We ask that you exercise your discretion and allow us to refrain from publishing the names of the property management software providers selected to provide data to prevent a commercial disadvantage. This recognises the immaturity of the industry and market, and possible commercial impacts for the chosen data providers over others in the same industry and market segment not chosen to provide data.

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

- unfairly identify property management software companies cooperating with the ATO leading to a potential commercial disadvantage for those named
- damage relationships between named businesses and their customers
- potentially impact the government's intent to promote a 'level playing field' for commercial enterprises.

The ATO appreciate not publishing source entity (data provider) names may have a minor impact on transparency, however we also appreciate that damage and detrimental commercial effects on a source entity requires appropriate mitigation.

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

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

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

Table 1: Matters considered in seeking this variation to the Guidelines

Item	Matter considered	Consideration
10.2.a	The effect that not abiding by the Guidelines would have on individual privacy.	<ul style="list-style-type: none">• We have in place very secure processes for handling and storing data. Once acquired, all data will be stored on our secure computer systems where access is strictly controlled and full audit logs maintained.• The ATO and our staff operate under stringent confidentiality and privacy legislation that prohibits the improper access to or disclosure of protected information. These obligations are supported by significant penalties, including imprisonment. This substantially

		mitigates the risks of breaches of privacy.
10.2.b	The seriousness of the administrative or enforcement action that may flow from a match obtained through the data matching program.	<ul style="list-style-type: none"> Where we propose to take administrative action when a taxpayer may have reported incorrectly, we will differentiate between those that try to do the right thing and those that set out to deliberately avoid their obligations. Documented procedures, including the Taxpayers' Charter and compliance model will be followed to ensure fairness and consistency.
10.2.c	The effect that not abiding by the Guidelines would have on the fairness of the data matching program – including its effect on the ability of individuals to determine the basis of decisions that affect them, and their ability to dispute those decisions.	<ul style="list-style-type: none"> There will be no effect on the fairness of the program or the ability of taxpayers to find out the basis of decisions that impact them or their ability to dispute those decisions. Before any administrative action is undertaken, taxpayers will be given an opportunity (generally 28 days) to verify the accuracy of the information that has been derived from this data matching program. Where administrative action is to be undertaken, we will adhere to the principles established in the Taxpayers' Charter and compliance model to ensure an equitable and

		<p>consistent approach is taken.</p> <ul style="list-style-type: none"> • If a taxpayer does not agree with an assessment, they maintain the right to dispute the decision. They also have the legal right to appeal against those decisions through the courts and tribunals.
10.2.d	The effect that not abiding by the Guidelines would have on the transparency and accountability of agency and government operations.	<ul style="list-style-type: none"> • There will be no adverse effects on the transparency and accountability of government operations by not directly naming data suppliers. • ATO data matching is conducted to address identified compliance risks in a particular market segment. A comprehensive description of the data providers operating in the identified segment is included in the program protocol. The description also identifies the principles and criteria for selecting the data providers. Our practice is to raise awareness of the risk in the particular market segment and ensure all participants are made aware of their obligations and impacts when engaging in that segment. • The program protocol is submitted to the Office of the Australian Information Commissioner and we

		<p>will strictly adhere to the commitments in that document.</p> <ul style="list-style-type: none"> • We will publish a notice with general information about the program in the Federal Register of Legislation – Gazettes before administrative action commences. We will also make a copy of the program protocol available on our website.
10.2.e	The effect that not abiding by the Guidelines would have on compliance of the proposed data matching program with the Australian Privacy Principles.	<ul style="list-style-type: none"> • The data is collected for the stated objectives established in the data matching program protocol.
10.2.f	The effect that complying with the Guidelines would have on the effectiveness of the proposed data matching program.	<ul style="list-style-type: none"> • The effectiveness of the program would be reduced if source entities had to be identified. Their willingness to participate and cooperating with the ATO would likely be compromised.
10.2.g	Whether complying fully with the Guidelines could jeopardise or endanger the life or physical safety of information providers or could compromise the source of information provided in confidence.	<ul style="list-style-type: none"> • Not abiding by all the requirements of the Guidelines would not influence or affect the personal safety of any individual identified as part of the program or compromise the source of the information provided in confidence.
10.2.h	The effect that complying fully with the	<ul style="list-style-type: none"> • Not allowing the exemption under the

Guidelines would have on public revenue – including tax revenue, personal benefit payments, debts to the Commonwealth and fraud against the Commonwealth.

current program may cause us to miss potential breaches of taxation laws and subsequent non-payment of tax. This would result in the Commonwealth foregoing taxation revenue.

- There are risks to the integrity of the taxation system when people fail to comply with their obligations. Abiding by all the requirements of the guidelines will reduce the effectiveness of the proposed compliance activity. We would miss the opportunity to educate those taxpayers trying to do the right thing and deter those that are non-compliant from repeating the behaviour.
- The effect of abiding by all the requirements in the Guidelines could negatively impact both public revenue and the confidence the public and government have in the ATO as an administrator of the tax system. People not complying with their taxation obligations, including those operating outside the system, set a bad example to compliant taxpayers and may encourage their non-compliance. Maintaining community and government confidence

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

		<p><i>Administration Act 1953.</i></p> <ul style="list-style-type: none"> • The reasons for proposing to operate outside requirements of the Guidelines are detailed above.
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Table 2: Matters considered in seeking this variation to the Guidelines

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

Paragraph or Guideline	Requirement	Action taken or to be taken
Paragraph 6	Status of the Guidelines	Our commitment to complying with the Guidelines is embedded in our data management policies and principles and clearly stated in the chief executive instruction.
Guideline 1	Application of the Guidelines	<p>We apply the Guidelines for all data matching programs where it is anticipated the program will include records of 5,000 or more individuals resulting in detrimental administrative action.</p> <p>We recognise that programs where there are multiple data sources but with common objectives and algorithms are treated as a single data matching program.</p>

Guideline 2	Deciding to carry out or participate in a data matching program	<p>We conduct a cost-benefit analysis and consider alternate methods prior to proposing to conduct a data matching program.</p> <p>Further, we have rigorous governance arrangements, processes, and system controls in place to protect the privacy of individuals.</p>
Guideline 3	Prepare a program protocol	<p>Prior to conducting a data matching program, we prepare a data matching program protocol, submit this to the Office of the Australian Information Commissioner and make a copy publicly available on the ATO website.</p> <p>When elements of a data matching program change, the protocol is amended, a copy of the amended protocol is provided to the Office of the Australian Information Commissioner and updated on our website.</p>
Guideline 4	Prepare a technical standards report	Documentation is prepared and maintained to satisfy the requirements of a technical standards report.
Guideline 5	Notify the public	We publish notification of our intention to undertake a data matching program in

		<p>the Federal Register of Legislation – Gazettes prior to the commencement of the program.</p> <p>This notice will include the following information as required by the Guidelines:</p> <ul style="list-style-type: none">• a brief description of the objectives of the data matching program• the matching agency and (where appropriate) source entities involved in the data matching program• a description of the data contained in the data set involved in the data matching program• the categories of individuals about whom personal information is to be matched• the approximate number of individuals affected• reference to our privacy policy. <p>Notification of the program is also published on our website and data providers are advised they can advertise their participation in the data matching program.</p>
Guideline 6	Notify individuals of proposed	Prior to taking any administrative action as a result of the data

	administrative action	matching programs, individuals and other entities are given at least 28 days to verify the accuracy of the information provided to us by third parties.
Guideline 7	Destroy information that is no longer required	We regularly review our requirement to continue to retain data and destroy those datasets no longer reasonably necessary.
Guideline 8	Do not create new registers, data sets or databases	We do not create new registers or databases using data obtained in the course of a data matching program.
Guideline 9	Regularly evaluate data matching programs	Programs are evaluated within 3 years of the commencement of the data matching program. These evaluations are provided to the Office of the Australian Information Commissioner on request.
Guideline 10	Seeking exemptions from Guideline requirements	When we intend to vary from the requirements of the Guidelines, we seek the approval of the Office of the Australian Information Commissioner and provide documentation to support the variance.
Guideline 11	Data matching with entities other than agencies	<p>We undertake our own data matching programs. This function is not outsourced.</p> <p>Where data is obtained from an entity other than an individual, we</p>

		usually do so using our formal information gathering powers. In these instances, the entities are advised they may notify their clients of their participation in the data matching program.
Guideline 12	Data matching with exempt agencies	<p>We do not usually undertake data matching with agencies that are exempt from the operations of the <i>Privacy Act 1988</i> under section 7 of that Act and that are subject to the operation of the Guidelines (i.e. any data matching undertaken with an exempt agency would usually be for fewer than 5,000 individuals).</p> <p>In the event a data matching activity would otherwise be subject to these Guidelines except for the exemption status, we still adhere to the principles of the Guidelines and prepare a program protocol, seeking to vary from the Guidelines by not publicly notifying of the program and publishing the protocol. We would still lodge a copy of the protocol with the Office of the Australian Information Commissioner.</p>
Guideline 13	Enable review by the Office of the Australian Information Commissioner	We would not prevent the Office of the Australian Information Commissioner from reviewing our data

		matching activities and processes. These activities and processes have been reviewed by the Australian National Audit Office and Inspector-General of Taxation.
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Our lawful role

Our legislative functions and the policies and procedures we follow for a data-matching program.

Last updated 26 August 2024

Our powers of administration

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

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

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

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

We take our obligations seriously. Failure to address non-compliant behaviour has the potential to undermine community confidence in the integrity of the tax and super systems and our capability to administer those systems.

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

- section 3A of the **Taxation Administration Act 1953**

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

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

Data-matching guidelines we follow

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

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

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

The Privacy Act

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

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

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

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

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

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

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



Find out more about how we protect your privacy.

How we protect your personal information

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

Keeping data safe

The data-matching program will be conducted on our secure systems that comply with the requirements of:


- the [Australian Government Information Security Manual](#)  produced by the Australian Signals Directorate, which governs the security of government information and communication technology (ICT) systems
- the [Australian Government Protective Security Policy Framework](#) , which provides guidance on security governance, personnel security, physical security and information security.

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

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

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

Data destruction

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

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

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

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

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

Our record management practices allow us to satisfy the OAIC guidelines and Australian Privacy Principle 11 (APP11) contained in Schedule 1 of the *Privacy Act 1988* and in particular:

- APP11.1 – An APP entity must take reasonable steps to protect information from
 - misuse, interference, and loss
 - unauthorised access, modification, or disclosure
- APP11.2 – APP entity must take reasonable steps to destroy or de-identify information it no longer needs.

Our on-disclosure provisions

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

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

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

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

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Why we undertake data matching


Why we conduct data-matching programs and the costs and benefits of data matching.

Last updated 26 August 2024

Meeting our accountability

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

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

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

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

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

Uses of data-matching

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

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

Data-matching also assists us in effectively promoting voluntary compliance by notifying the public of areas and activities under scrutiny.

Costs and benefits of data-matching

The [costs](#) of our data-matching activities are more than offset by the [benefits](#).

Costs

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

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

Benefits

The use of data is increasingly common across government agencies and the private sector. The use of data, computer power and storage continues to grow, which increases the benefits from data matching. Data matching and the insights it provides help us:

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

- deterring behaviours so taxpayers adhere to their obligations
- detecting taxpayers who are not complying with their obligations, in particular targeting those that continue to deliberately abuse the tax and super systems
- enabling enforcement activity and recovery of tax revenue
- directing compliance activities to assure that wider risks to revenue do not exist.


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How we undertake data matching

Systems and processes we use in data-matching activities.

Last updated 26 August 2024

Data-matching process

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

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

Additional manual processes may be undertaken where high confidence identity matches do not occur, or a decision taken to destroy the data with no further action. Our manual identity-matching

process involves an ATO officer reviewing and comparing third-party data identity elements against ATO information on a one-on-one basis, seeking sufficient common indicators to allow confirmation (or not) of an individual's identity. We commonly call this process manual uplifting.

Data analysts use various models and techniques to detect potential discrepancies, such as under-reported income or over-reported deductions. Higher risk discrepancy matches will be loaded to our case management system and allocated to compliance staff for actioning.

Lower risk discrepancy matches will be further analysed, and a decision made to take some form of compliance or educational activity, or to destroy the data.

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

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

How we amend a return

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

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

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

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

For example, where discrepancy-matching identifies that a taxpayer may not be reporting all their income but appears they're reporting the

income in another taxpayer's return, the taxpayer will be given the opportunity to clarify the situation.

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

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


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

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

Making a privacy complaint

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

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

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

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

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Data quality

How we assure data is fit for use and quality assurance processes we undertake.


Published 26 August 2024

Quality assurance processes

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

These assurance processes include:

- registering the intention to undertake a data-matching program on an internal register
- risk assessment and approval from the data steward and relevant senior executive service (SES) officers prior to any data-matching program being undertaken
- conducting program pilots or obtaining sample data to ensure the data-matching program will achieve its objectives prior to full datasets being obtained
- notifying the OAIC of our intention to undertake the data-matching program and seek permission to vary from the data-matching guidelines (where applicable)
- restricting access to the data to approved users and access management logs record details of who has accessed the data
- quality assurance processes embedded into compliance activities, including
 - review of risk assessments, taxpayer profiles and case plans by senior officers prior to contacting taxpayers
 - ongoing reviews of cases by subject matter technical experts at key points during the life cycle of a case
 - regular independent panel reviews of samples of case work to ensure our case work is accurate and consistent.

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

How we ensure data quality

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

data asset and what it can be used for.

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

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

This framework outlines 6 core DQ dimensions:

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

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

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

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

This includes but is not limited to:

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

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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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