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QC 103922

Our approach to foreign investment compliance

Our compliance approach and how we engage with a foreign person about their obligations.

Last updated 21 September 2026

About Australian foreign investment rules

Australia has laws governing what a foreign person must do before, during and after they purchase (invest in) Australian assets. These obligations are set out in the Foreign Acquisitions and Takeovers Act 1975 (FATA 1975) and associated legislation. This is to ensure that foreign investment is in line with Australia's national interest and security.

For foreign investment in non-residential Australian assets, see Foreign Investment in Australia. Here you can also find information on the Treasurer's powers, compliance, and reporting requirements.

How to keep up with your foreign investment obligations

Ensure that you keep up to date with any changes in Australian foreign investment rules. The easiest way to do this is to subscribe to our newsletters, RSS news feeds or email subscriptions.

If you find it difficult to understand the rules, you can:

- talk to your adviser
- call us our customer service phone line – **1800 050 377** between 8:00 am and 6:00 pm (AEST or AEDT), Monday to Friday.

If you would like to speak to us in a language other than English, phone the Translating and Interpreting Service (TIS National).

For more information, see Contact us about foreign investment.

How we monitor non-compliance with foreign investment

How we monitor and identify non-compliance:

- using data and analytics to drive early intervention and strive towards our goal of prevention rather than correction
- through information sharing with other agencies and an increasing variety of third-party providers

- by reviewing reports made by the community to identify and treat any non-compliance.

Additionally, after an application is approved, we monitor the foreign person's compliance with the foreign investment rules and take compliance action if a breach occurs.

Action we take if a foreign person does not comply

If you think you have breached your foreign investment obligation, contact us as soon as possible to achieve the best outcome.

If you have information about someone you think may be deliberately breaking our foreign investment rules, you can confidentially report a breach to us.

You can disclose a breach of the foreign investment laws, prior to, or during an investigation to get the best outcome for all parties.

For those who do not comply, we adopt a compliance approach that:

- is responsive to various categories of foreign person behaviour
- seeks to influence that behaviour by encouraging and assisting voluntary compliance.

We use a compliance model which shows the range of client attitudes towards compliance, and:

- summarises the different types of support and intervention we may need to provide to collect the required revenue
- suggests how we can influence client behaviour through our response and interactions.

We share data with a wide range of organisations and government departments, including the Australian Securities and Investment Commission (ASIC), Home Affairs, AUSTRAC, local councils, and state revenue offices.

For more information about compliance and reporting requirements, see Our approach to compliance in Australia.

Our compliance tools

We undertake several investigations including:

- **Covert data matching and detection** – we regularly undertake data matching and sharing with other agencies and organisations to detect instances of non-compliance. During this process, we will covertly monitor foreign persons and their agents.
- **Reviews** – we regularly undertake reviews of foreign persons' affairs that occur after routine checks, information received from other sources including data matching and community tip-offs. During this process, we will use our third-party sources such as other government agencies to verify details.
- **Audits** – during an audit, we will use our third-party sources, such as other government agencies, to find out more details on your affairs. We may need further information and will engage the foreign person in an audit.

What to expect in an investigation process

In most instances, our case officers will contact you by phone or email to advise why we are investigating and explain the investigation process. They may ask you to provide additional information about your investments.

After we complete the investigation, we may:

- direct a foreign person to take an action or actions that will result in compliance, where they were previously breaching the foreign investment rules
- issue infringement notices or penalties to foreign persons for instances of non-compliance
- issue disposal orders, requesting a foreign person to dispose of their investments in Australian residential property
- review and revoke foreign investment approval where a foreign person has provided false or misleading information (or failed to provide important information) when seeking approval (or to obtain approval).
- take further action by applying to the relevant court or tribunal to enforce compliance (see Litigation – our policies).

Examples of compliance actions we have taken

In 2022, we welcomed the decision handed down by the Federal Court of Australia in relation to breaches of the FATA 1975.

Using sophisticated compliance data-matching systems, our investigations into tax evasion and fraud identified several concerning activities by some foreign persons.

In this instance, a foreign person purchased 4 properties without first applying for and receiving foreign investment approval. The foreign person also held 2 established residential properties. These actions are considered serious breaches of the law and warranted a 'high touch' approach in treatment.

The landmark decision handed down in the Federal Court attracted penalties of $250,000. It sent a strong message to foreign persons on the importance of understanding and complying with their foreign investment obligations.

This outcome highlights the effectiveness of our compliance measures and compliance model. Our intention is to use the full force of the law to address any malpractice that exploits or damages the integrity of the tax system.

For more information on the Federal Court outcome, see:

- Australian Taxation Office media release of 11 April, 2022 Residential real estate purchases by foreign person attract $250,000 penalty
- Commissioner of Taxation v Balasubramaniyan [2022] FCA 374 (8 April 2022) (austlii.edu.au).

See Residential compliance for more guidance on compliance and penalties for residential land.

How we correspond with you

You may receive correspondence by email, SMS or post about your foreign investment in Australian residential property.

The table below lists some examples of correspondence you may receive from us.

Australian Taxation Office correspondence and delivery channel

Correspondence type	Delivery channel
An approval or no-objection notification, with conditions You may receive this letter if you have been granted approval to purchase residential real estate, where you must comply with the conditions listed on the letter.	• Post • Email
A request for information letter You may receive this letter as you are subject to an investigation. You will need to provide us with the required information listed in the letter.	• Post • Email
A request to take action to resolve an identified breach letter You may receive this letter as you are subject to an investigation. You should provide all the information requested as soon as practicable.	• Post • Email
A finalisation of review (or audit) letter You may receive this letter as an investigation has concluded. You do not need to do anything further.	• Post • Email
A prompter-type reminder to meet the conditions on your approval, such as a reminder to construct a dwelling. You may receive the letter as a result of sophisticated ATO data analytics and profiling. You must follow the directions listed on the correspondence to avoid future compliance action.	• Post • Email
A reminder to lodge an application or vacancy fee return You may receive this letter as you have not made a lodgment with us. You need to follow the instructions and lodge as soon as practicable.	• Post • Email • SMS
A reminder to pay a fee or infringement letter	• Post • Email

You may receive this letter as you have not paid the fee issued to you. You need to pay as soon as practicable.	• SMS

What we expect from compliance action

As an outcome of our compliance actions, we expect to see:

- improved behaviours and increased voluntary compliance
- increased understanding and knowledge of foreign investment obligations
- opportunities for future compliance actions
- improvements in our processes and systems, including data quality and accuracy.

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Report a breach of Australian foreign investment rules

How to tell us confidentially if you suspect, know, or have breached Australia's foreign investment rules.

Last updated 23 September 2026

When to report a breach

You can confidentially report a breach of the foreign investment rules. This includes whether you suspect or know of a breach.

If you have breached your foreign investment obligations, contact us as soon as you can. We will prioritise your issue and help you to comply with the rules.

Who can report a breach

We welcome information from anyone in the community with concerns about suspected illegal activities by a foreign person owning Australian residential property. Your information will help us safeguard Australia's national interest, businesses and economy.

If you are a foreign person, you should also tell us if you think you have broken the foreign investment rules. If you let us know as soon as possible, the penalty may be lower than if we detect your breach.

What types of breaches you can report

Some examples of breaches you can report to us include:

- Purchasing and financing properties
- Purchasing established dwellings
- Purchasing vacant land
- Occupying a dwelling
- Third parties
- Officer of a corporation
- Failing to register

Purchasing and financing properties

A foreign person may have broken the rules by:

- purchasing a property without foreign investment approval
- purchasing an established dwelling as a foreign non-resident. For more information, see *Guidance Note 6 – Residential Land* on the Foreign investment website
- failing to register their property on the Register of foreign ownership of Australian assets (the Register)
- providing money to purchase an Australian property but hiding the true owner by not registering the property title in the name of the foreign person.

Failing to register

A foreign person may have broken the rules if they **do not**:

- register their investment on the Register within the prescribed timeframe
- update the details of the asset if their situation changes.

Purchasing established dwellings

For purchases before 1 April 2025, a foreign person may have broken the rules if they do any of the following:

- purchase an established dwelling but do not live in it while they are in Australia
- rent out or demolish the established dwelling acquired as their principal place of residence
- purchase an established dwelling but do not sell the property within 6 months of their temporary residency visa expiring
- purchase an established dwelling for redevelopment but rent it out instead of redeveloping it to increase the number of dwellings
- purchase more than one established dwelling as a temporary resident
- purchase an established dwelling but don't redevelop it within 4 years
- demolish an established dwelling but do not replace it with 2 or more dwellings
- do not sell an established dwelling previously used for staff accommodation and leave it vacant for 6 months or more.

From 1 April 2025 to 30 June 2029, foreign persons are banned from purchasing established dwellings in Australia (limited exceptions apply). The government has extended the ban, which was due to end on 31 March 2027. This includes temporary residents purchasing an established dwelling for use as a principal place of residence.

A foreign person may have broken the rules if they purchase an established dwelling after 1 April 2025 unless they are exempt or one of the limited exceptions apply.

Purchasing vacant land

A foreign person may have broken the rules if they purchase vacant land but don't develop it by constructing one or more dwellings on the property within 4 years.

Occupying a dwelling

A foreign person may be in breach of the rules if they provide incorrect information to us about whether a dwelling was vacant or occupied.

Third parties

A third party, such as a stockbroker, lawyer, solicitor, conveyancer, real estate agent or other adviser, may have broken the rules relating to residential land, if they knowingly assist another person to breach the law by doing any of the following:

- aiding, abetting, counselling, or procuring a contravention
- inducing (by threat, promise or otherwise) a contravention
- conspiring with others to affect a contravention
- being, directly or indirectly, knowingly concerned in, or party to, a contravention.

For examples of third-party breaches, see *Guidance Note 14 – Compliance and Penalties (Residential Land)* on the Foreign investment website.

Officer of a corporation

An officer of a corporation may be subject to penalties if they authorise or permit a breach of the foreign investment rules, or fail to prevent such a breach from occurring.

How to report a breach of the foreign investment rules

If you know or suspect someone is breaking the foreign investment rules or want to tell us about your breach, you can report it by:

- completing the tip-off form
- phoning us on **1800 060 062**

  - if you prefer to speak to us in a language other than English, phone the Translating and Interpreting Service
  - if you are outside Australia, phone our overseas enquiries line
  - if you are a tax professional, you can provide information by phone on **13 72 86** (Fast Key Code **4 3**).
- writing to us – mark your letter 'in confidence' and post it to

  AUSTRALIAN TAXATION OFFICE
  TAX INTEGRITY CENTRE
  LOCKED BAG 188
  ALBURY NSW 2640.

When we receive information through a tip-off, we will cross check the information provided and decide if further action is needed. It's important to include as much detail as possible so we can investigate fully.

How to complete the tip-off form

Complete the ATO tip-off form on our website or in the ATO app and select **Start**.

If you are voluntarily reporting a breach you have made as a foreign person, include as much detail as possible.

At **Who is this about** select who you are reporting for:

- **Individual**, include their
  - property address
  - name (or the name of their company)
  - phone number
  - social media details (for example, username and profile address)
  - nationality.
- **Business**, include the
  - business name
  - Australian business number (ABN) (if known)
  - business address

  - phone number
  - website details
  - social media details (for example, webpage and profile addresses).
- **What is this about** – select **Other**, then **Illegal purchase of Australian property by a non-resident**.
- **Provide as much detail as possible about the reported behaviour**, including
  - activities and behaviour that may be in breach of the foreign investment rules
  - the name of the property being reported and, if known
    - the purchase date and price
    - the selling agent
    - the status of the property (if it is vacant, rented or owner occupied)
    - any other information you have about this property.
- Include your **contact details** as we may need to contact you for more information. Your details remain confidential in accordance with privacy laws.

Before submitting the form, check you have provided the relevant information and supporting documentation. Provide as much detail as you can so we can fully assess the information.

Remember to make a note of the reference number when you submit the form. You will need to quote it if you want to add information later.

Examples of past tip-offs of foreign investment breaches

Examples of cases we received as a tip-off include:

- Illegal purchase of established dwelling
- Renting out an established dwelling
- Not redeveloping and renting
- Incorrect statement in vacancy fee return

Illegal purchase of established dwelling

We received a community tip-off about a foreign non-resident who didn't apply for foreign investment approval before buying an established residential property. As this was a breach of the rules, the foreign person had to pay a $12,600 infringement penalty.

The foreign person was unable to move into the property or redevelop it to create 2 new dwellings. This was considered contrary to national interest and the foreign person had to sell the property.

Breach of conditions – renting an established dwelling

A tip-off was made about a foreign person who had rented out their established residential property through a real estate agent. This was in breach of the conditions listed on their foreign investment approval.

The foreign person had to pay a $12,600 infringement penalty and move into the property as a condition of their foreign investment approval.

Breach of conditions – not redeveloping and renting

A member of the building and construction industry made a tip-off that 3 properties were held by an individual foreign person and associated trusts in breach of their foreign investment approval conditions. They breached the conditions of their approval by renting out one established property and not redeveloping the others within the approved timeframe. Infringement penalties were imposed and the properties had to be sold.

Incorrect statement in vacancy fee return

A foreign person stated in their vacancy fee return that they had occupied their dwelling for 6 months or more in accordance with the vacancy fee rules. However, our investigation showed the person was overseas for more than 6 months of the year.

We helped the person understand that having a friend occupy the residence did not meet the definition of 'residential occupation' as defined by the foreign investment rules. They had to pay a $89,300 vacancy fee liability.

How your privacy is protected

Your privacy is protected by the *Privacy Act 1988* and the strict secrecy provisions of the *Income Tax Assessment Act 1936*, the *Taxation Administration Act 1953* and other tax laws.

Due to privacy laws, we are unable to share details specific to any foreign investment compliance investigation. We won't be able to tell you of the outcome of our investigations. We equally respect your privacy in reporting the suspected breach, as well as the privacy of the owner of the reported property.

For more information, see ATO privacy policy.

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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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