



## Online tax schemes on the rise

The ATO is warning the community to be alert for potentially dodgy tax schemes which are spreading online.

**Last updated** 30 January 2025

The ATO is warning the community to be alert for potentially dodgy tax schemes which are spreading online, including through social media.

Acting Deputy Commissioner Sarah Taylor is urging individuals to be wary of online promotion of tax schemes promising to significantly reduce or avoid tax altogether.

‘Sometimes tax schemes can be peddled as investment schemes. We don’t want to see honest people lured into unlawful tax schemes with false promises of high returns and tax savings – if an offer seems too good to be true, it probably is,’ Ms Taylor said.

‘Those who invest in unlawful tax schemes stand to lose their hard-earned cash, and risk paying tax with interest and heavy penalties.’

‘Promoters of these schemes are often opportunistic and target vulnerable people. Protect yourself and your money by getting advice from a registered tax practitioner before committing to anything,’ Ms Taylor said.

The ATO’s website lists a number of tax schemes to look out for. In one particular recent scheme, individuals are being advised to invest in a start-up company that allegedly qualifies as an early-stage innovation company (ESIC). By investing in an ESIC, they’re told they can then claim the early-stage investor tax offset on shares purchased through the financing arrangement.

The ATO is concerned individuals may be entering into these arrangements under the belief they are entitled to the tax benefits claimed using the financing arrangements. We are also concerned that the companies may not qualify as ESICs.

Another type of tax scheme being promoted in the community promises individuals they can avoid paying tax by setting up a purported non-profit foundation and diverting their income to it. These schemes are not effective and the individuals will still have to pay the tax on the income.

If you are approached with tax arrangements that sound like either of these examples, or sound too good to be true, seek advice from a registered tax practitioner and report it to the ATO.

The ATO takes a strong stance against all types of unlawful tax schemes and their promotion.


‘Promoting and participating in unlawful tax schemes are not victimless crimes. Those who choose to engage in these behaviours are attempting to obtain an unfair advantage over those who do the right thing,’ Ms Taylor said.

‘We take targeted action against unlawful tax schemes that promote tax avoidance behaviours and against those who promote these schemes. We are committed to helping protect the community against misinformation about schemes spread on various channels.’

If you are offered an unlawful tax scheme, you should reject it and report it to the ATO confidentially by:

- completing the **tip-off form** on the ATO website
- phoning the tip-off hotline on **1800 060 062**.

If you suspect that you’ve inadvertently become involved in an unlawful tax scheme, you should also contact the ATO immediately. If you proactively approach the ATO, you may be eligible for a reduction in any penalties imposed.

To check if a tax practitioner is registered, use the Tax Practitioners Board's [public register](#) .

More information about unlawful tax schemes can be found at [ato.gov.au/taxschemes](https://ato.gov.au/taxschemes).

QC 103750

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