



# Sharing economy accommodation data-matching program protocol

Information on our sharing economy accommodation data-matching program for the period of 2016–17 to 2019–20.

**Last updated** 8 July 2024

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## **Sharing economy accommodation data-matching program overview**

Objectives and purpose of our sharing economy accommodation data-matching program.

**Last updated** 8 July 2024

### **Program overview**

The ATO has a particular focus on all aspects of the sharing economy. We believe that some people using sharing economy platforms are failing to report their income, either on purpose or because they

assume their level of activity constitutes a hobby and doesn't require reporting. Our focus is to ensure that people renting a room, their home while they're away or an investment property through web or app based platforms in the sharing economy understand their obligations.

In 2016 there were approximately 2 million individual taxpayers who reported rental income of \$42 billion and/or claimed rental expenses totalling \$45 billion.

There is an increase in people renting homes, apartments, units or rooms via platform sharing sites to generate income. The increased use of these sites means there is an increased risk of people not understanding their tax obligations when it comes to renting out part or all of their property.

This protocol has been prepared to meet requirements of the Office of the Australian Information Commissioner's (OAIC) (2014) *Guidelines on data matching in Australian Government administration* (the guidelines).

## **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 superannuation systems.

The objectives of the sharing economy accommodation data-matching program are to:

- promote voluntary compliance and increase community confidence in the integrity of the tax system
- identify and educate those individuals failing to meet their registration or lodgment obligations and assist them to comply
- gain insights from the data that may help to develop and implement treatment strategies to improve voluntary compliance; which may include educational or compliance activities as appropriate
- obtain intelligence to increase the ATO's understanding of the behaviours and compliance profiles of individuals and businesses that provide services within the sharing economy
- ensure through compliance activities that short term rental providers comply with their lodgment, correct reporting and

payment of taxation obligations.

The ATO is seeking to obtain external data to cross-reference with its own data to identify relevant cases for administrative action, including compliance and educational strategies.

## **Why we look at sharing economy accommodation data**

The ATO has a particular focus on how we can improve our information to assist individuals to understand the rules around short term rental income and will expand our use of third party data to identify omitted rental income and over claimed deductions.

We also seek to identify taxpayers who use sharing economy rental platforms as a way to disguise their property as being genuinely available for rent by listing the property but not responding to enquiries.

We will match the data provided by the rental platforms against ATO records to identify individuals who rent property on a short term basis but may not be meeting their registration, reporting, lodgment or payment obligations.

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## **Sharing economy accommodation data**

Data we collect under our sharing economy accommodation data-matching program.

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## **How we use sharing economy accommodation data**

The data acquired will be used initially to identify and inform people who rent out all or a part of their property about their taxation

obligations as part of an information and education campaign.

Compliance action may be initiated based on the data acquired.

## **Previous related programs**

No previous data-matching activities have been conducted on the sharing economy – accommodation market sector.

Other sharing economy data-matching protocols have been published in 2015 and 2017 for the ride sourcing industry.

The data sets requested under this program protocol will also include data from sharing economy platforms and/or the financial institutions they use.

## **Data providers**

We are the matching agency and, in most cases the sole user of the data obtained during this data-matching program.

The source entities for this data-matching program include sharing economy – accommodation platforms from whom payments to individuals who rent out short term accommodation are made and the financial institutions used by sharing economy platform providers through which payments are directed to platform users.

## **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 sharing economy platform as a data provider in the program 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 owner provides a platform for short term rental accommodation services
- the data owner provided these facilities in the year(s) in focus
- where the client base of a data owner does not present an omitted income 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 periodically against the eligibility criteria and, if required, will be included in the data-matching program.

## **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 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 fields listed for the 2016–17 to 2019–20 financial years.

### **From online platforms**

- Listing owner and property details:
  - name
  - contact details (postal address and telephone numbers)
  - date of birth

- rental property address
- listing ID
- owner or listing manager
- room or whole house listing.
- Financial transactions per listing:
  - banking details
  - payment method
  - gross rental income
  - fees or commissions withheld
  - nights booked.
- Property activities:
  - listing date
  - enquiry rates and responses
  - conversion rate (bookings/enquiries)
  - cancellations initiated by guests and host
  - host or owner block outs dates
  - price per night
  - minimum night booking
  - type of booking allowed: instant or contact
  - changes to the listing details such as price change or condition change

## **From financial institutions that the platform providers bank with**

- Payee details:
  - payee account name
  - payee BSB
  - payee account number

- date of payment to the payee
- amount of payment to the payee.

## **Number of records**

The number of individuals affected by this data collection is expected to exceed 190,000 over the time period of the program.

## **Data retention**

The collection of data under this program protocol is expected to occur periodically throughout the period July 2018 to July 2020.

We sought to have the Privacy Commissioner exercise their discretion and allow the ATO to vary from the data destruction requirements contained in the Guidelines.

We were granted to retain each financial year's data for 5 years from the receipt of the last instalment of data on the basis that its retention is required for the protection of public revenue. Data was managed and destroyed in accordance with the requirements of the Guidelines and the National Archives of Australia's General Disposal Authority 24 (GDA24) - Records relating to Data Matching Exercises. GDA24 has been revoked as such further exemption requests are not required.

Destroying the data earlier than the requested timeframe would hinder the ATO's ability to protect public revenue because:

- Individuals identified as not meeting their taxation obligations, including being partly or wholly outside the taxation system, may have been operating that way for multiple years. A retention period of 5 years will enable the ATO to cross reference taxpayer records retrospectively.
- The nature of the discrepancy matching that occurs under this program will be, in some instance, iterative. 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 occur over multiple years.
- It would hinder the ATO's ability to conduct long term trend analysis and risk profiling of the sharing economy - accommodation market.



See the **Variation to the Guidelines** setting out the basis for seeking the variation to the data destruction guidelines and its impacts on individual privacy.

The sharing economy accommodation data-matching program has transitioned to the **Sharing economy reporting regime (SERR)** which commenced from 1 July 2023. To support the transition to this new reporting arrangement, we will retain each financial year's data acquired from this data-matching program for an additional 3 years.

Retaining the data for an additional 3 years will:

- support the transition to SERR since data providers may need to update their data fields and systems to meet the reporting requirements of SERR which may take a significant amount of time to complete
- assist the training of rental property models used for understanding client demographics until enough data is received through SERR
- support research in improving the process to legislate data collection.

The data retained from this data-matching program will not be used for compliance.

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## **Notifying the public of the data-matching program**

How we notify the public about our sharing economy accommodation data-matching program.

**Last updated** 8 July 2024

### **How we notify the public**

We will notify the public of our intention to undertake this program by:

- publishing a notice in the Commonwealth government notices gazette in the week commencing 6 August 2018 - [view the content of the gazette notice](#)
- publishing this data-matching program protocol at [Data-matching protocols](#)
- advising data providers that they:
  - can notify their users - accommodation providers 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 data-matching program**

Online accommodation platforms enable members of the public to book and pay for accommodation services.

The Australian Taxation Office (ATO) will collect data under notice to identify individuals that have or may be engaged in providing accommodation services through an online platform during the 2016–17 to 2019–20 financial years.

The ATO will also acquire details of all payments made by the platform/s to accommodation providers including payments made by international entities for the 2016–17 to 2019–20 financial years.

The data acquired will be electronically matched with certain sections of ATO data holdings to identify taxpayers that can be provided with tailored information to help them meet their tax obligations, or to ensure compliance with taxation law.

The data to be collected may contain all or a selection of the fields listed for the 2016–17 to 2019–20 financial years:

#### **From online platforms:**

Listing owner and property details

- Name
- Contact details (postal address and telephone number(s))
- Date of birth
- Rental property address
- Listing ID
- Owner/listing manager
- Room or whole house listing

#### Financial transactions per listing

- Banking details
- Payment method
- Gross rental income
- Fees/commissions withheld
- Nights booked

#### Property activities

- Listing date
- Enquiry rates and responses
- Conversion rate (bookings/enquiries)
- Cancellations initiated by guests and host
- Host/owner block outs dates
- Price per night
- Minimum night booking
- Type of booking allowed: instant or contact
- Changes to the listing details, price change, condition change etc.

#### **From financial institutions that the platform providers bank with:**

##### Payee details

- Payee account name
- Payee BSB

- Payee account number
- Date of payment to the payee
- Amount of payment to the payee

It is estimated that records relating to up to 190,000 individuals will be obtained.

The purpose of this data-matching program is to ensure that taxpayers are correctly meeting their taxation obligations in relation to providing accommodation services. These obligations may include registration, lodgment, reporting and payment responsibilities.

The program objectives are to:

- Promote voluntary compliance and increase community confidence in the integrity of the tax system.
- Identify those individuals failing to meet their registration and/or lodgment obligations and assisting them to comply.
- Gain insights from the data that may help to develop and implement treatment strategies to improve voluntary compliance; which may include educational or compliance activities as appropriate.
- Obtain intelligence to increase the ATO's understanding of the behaviours and compliance profiles of individuals providing accommodation services.
- Ensure compliance with registration, lodgment, correct reporting and payment of taxation obligations.

A document describing this program has been prepared in consultation with the Office of the Australian Information Commissioner. A copy of this document is available at [ato.gov.au/dmprotocols](https://ato.gov.au/dmprotocols)

The ATO complies with the Office of the Australian Information Commissioner's (OAIC) (2014) Guidelines on data matching in Australian government administration which includes standards for data matching to protect the privacy of individuals. A full copy of the ATO's privacy policy can be accessed at [ato.gov.au/privacy](https://ato.gov.au/privacy).

## Variation to the Guidelines

Matters considered for variation to the Guidelines.

**Last updated** 8 July 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 sharing economy - accommodation data-matching program 2016–17 to 2019–20 to vary from one or more of the conditions detailed in Guideline 10 of the Office of the Australian Information Commissioner's (OAIC) (2014) *Guidelines on data matching in Australian government administration* (the Guidelines).

We are seeking to retain each financial year's data for 5 years from receipt of the final instalment of verified data files from the data providers. We consider that a variation from the usual retention periods for this data-matching program is in the public interest as:

- a retention period of 5 years will enable the ATO to cross reference taxpayer records retrospectively
- the nature of the discrepancy matching that occurs under this program will be, in some instances, iterative, occurring over multiple years
- it would enable the ATO to conduct long term trend analysis and risk profiling of the short term accommodation market
- destruction of the data would inhibit the ATO's ability to identify taxpayers who may be subject to administrative action and therefore result in loss of public revenue
- whilst increased data retention periods may increase privacy risk, we have implemented a range of safeguards to appropriately manage and minimise any increased risk.

The retention period sought aligns with the requirement for taxpayers to keep their records.

This program will be 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

## Matters considered in accordance with Guideline 10.2

This section outlines matters considered against the requirements of Guideline 10.2 in seeking this variation.

**Table 1: matters considered in accordance with Guideline 10.2**

Guideline	Matter considered	Consideration
10.2.1	The effect of not abiding by the specified requirements of the Guidelines would have on individual privacy	<ul style="list-style-type: none"><li>• Retaining data for a period of 5 years increases the risk that an individual's privacy could be breached. To diminish this risk the ATO has in place very secure processes for the handling and storage of data. Once acquired, all data will be stored on our secure computer systems where access is strictly controlled and full audit logs maintained.</li><li>• The ATO and our staff operate under stringent privacy and</li></ul>

		<p>secrecy 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.</p>
10.2.2	<p>The seriousness of the administrative or enforcement action that may flow from the data-matching program</p>	<ul style="list-style-type: none"> <li>• An extension of the retention period will not affect the seriousness of the administrative action that may flow from the match, but will assist in detecting non-compliance or taxation fraud.</li> <li>• Where we propose to take administrative action where 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.</li> </ul>
10.2.3	<p>The effect that not abiding by the</p>	<ul style="list-style-type: none"> <li>• There will be no effect on the fairness</li> </ul>

	<p>specified requirements of the Guidelines would have on the fairness of the program – including its effect on people’s ability to find out the basis for decisions that affect them and their ability to dispute those decisions</p>	<p>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.</p> <ul style="list-style-type: none"> <li>• Before any administrative action is undertaken, taxpayers will be given at least 28 days to verify the accuracy of the information that has been derived from this data-matching program.</li> <li>• 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 consistent approach is taken.</li> <li>• 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.</li> </ul>
10.2.4	<p>The effect that not abiding by the specified requirements of the Guidelines would have on the transparency and accountability of</p>	<ul style="list-style-type: none"> <li>• There will be no adverse effects on the transparency and accountability of government operations.</li> <li>• A program protocol is submitted to the</li> </ul>



	government operations	<p>Office of the Australian Information Commissioner and we will strictly adhere to the commitments in that document.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
10.2.5	The effect that not abiding by the specified requirements of the Guidelines would have on compliance of the proposed program with the Australian Privacy Principles in the <i>Privacy Act 1988</i>	<ul style="list-style-type: none"> <li>• There will be no effect on compliance with the Australian Privacy Principles contained in Schedule 1 to the <i>Privacy Act 1988</i> due to longer retention of the data. The data is collected solely for the stated objectives established in the data-matching program protocol.</li> </ul>
10.2.6	The effect that abiding by all of the requirements of the Guidelines would have on the effectiveness of the proposed program	<ul style="list-style-type: none"> <li>• The effectiveness of the program would be reduced if the data retention period is not extended.</li> <li>• There would be a significant reduction in our ability to detect incorrect reporting and taxation fraud without assessing</li> </ul>

		<p>trends in the data collected.</p> <ul style="list-style-type: none"> <li>• The destruction of the data in accordance with the current guidelines would impact the integrity of the taxation system by: <ul style="list-style-type: none"> <li>– limiting our ability to identify taxpayers who may be subject to administrative action</li> <li>– resulting in the loss of revenue</li> </ul> </li> </ul>
10.2.7	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"> <li>• 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.</li> </ul>
10.2.8	The effect that abiding by all the requirements of the Guidelines would have on public revenue – including tax revenue, personal benefit payments, debts to the Commonwealth and fraud against the Commonwealth	<ul style="list-style-type: none"> <li>• Not allowing the variation to the data retention period of the current program would cause us to miss potential breaches of taxation laws and subsequent non-payment of tax. This would result in the Commonwealth foregoing taxation revenue.</li> <li>• There are risks to the integrity of taxation</li> </ul>

		<p>system when people fail to comply with their obligations. Abiding by all of 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.</p> <ul style="list-style-type: none"> <li>• The effect of abiding by all of the requirements in the guidelines could negatively impact both public revenue and the confidence the public and government have in the ATO as the administrator of the taxation system. Maintaining community and government confidence in the taxation system is critical to our ongoing role.</li> </ul>
10.2.9	Whether abiding by all of the requirements of 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"> <li>• Upon receipt of a freedom of information request only information relating to the taxpayer's own affairs will be released to the taxpayer concerned.</li> </ul>

10.210	<p>The legal authority for conducting the proposed program in a way inconsistent with the specified requirements of the Guidelines</p>	<ul style="list-style-type: none"> <li>• There is no specific legislative power authorising the conduct of this program inconsistent with the Guidelines.</li> <li>• 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"> <li>– Section 3A of the <i>Taxation Administration Act 1953</i></li> <li>– Section 8 of the <i>Income Tax Assessment Act 1936</i></li> <li>– Section 1–7 of the <i>Income Tax Assessment Act 1997</i></li> <li>– Section 356–5 in Schedule 1 of the <i>Taxation Administration Act 1953</i></li> </ul> </li> <li>• The reasons for proposing to operate outside requirements of the Guidelines are detailed above.</li> </ul>
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## Consistency with requirements of the Guidelines

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

**Table 2: consistency with requirements of the Guidelines**

Guideline	Purpose	Action taken/To be taken
Paragraph 6	Status of the Guidelines	The 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 Guide	<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.</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	Considerations before conducting 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</p>

		controls in place to protect the privacy of individuals.
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	Technical standards report	Documentation is prepared and maintained so as to satisfy the requirements of a technical standards report.
Guideline 5	Notify the public	<p>We publish notification of our intention to undertake a data-matching program in 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"> <li>• a brief description of the objectives of the</li> </ul>

		<p>data-matching program</p> <ul style="list-style-type: none"> <li>• the matching agency and description of the data source involved in the data-matching program</li> <li>•</li> <li>• a description of the data contained in the data set involved in the data-matching program</li> <li>• the categories of individuals about whom personal information is to be matched</li> <li>• the approximate number of individuals affected</li> <li>• reference to our privacy policy.</li> <li>• 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.</li> </ul>
Guideline 6	Notify individuals of proposed administrative action	<p>Prior to taking any administrative action as a result of the data-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.</p>

Guideline 7	Destroy information that is no longer required	We are seeking to vary from this requirement.
Guideline 8	Do not create new registers, datasets or databases	We do not create new registers or databases using data obtained in the course of a data-matching program.
Guideline 9	Data-matching program evaluations	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	Variations to 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 usually do so using our formal information gathering powers. In these instances the entities are advised they are able to notify their clients of their participation in the data-matching program.</p>



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	<p>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</p>

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## Our lawful role

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

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## 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) (2014) Guidelines on data matching in Australian Government administration 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 superannuation 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 identify and deal with non-compliant behaviour. It helps provide assurance that taxpayers are meeting their obligations.

## 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.

We comply with 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*. Penalties include terms of imprisonment in cases of serious contravention of these provisions.

## Keeping data safe

Data-matching programs are conducted on our secure systems that comply with the requirements of the:


- [Australian Government Information Security Manual](#)  produced by the Australian Cyber Security Centre, which governs the security of government information and communication technology (ICT) systems
- [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 (APP 11) 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
- domestic and international partners under tax disclosure and tax treaty arrangements
- 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 tax 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** 8 July 2024

## Meeting our accountability

To effectively administer the tax and superannuation systems, we are 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](#) [\[7\]](#) (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](#) [\[8\]](#) (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 may not be in full compliance with their obligations, as well as those that may be operating outside the tax and superannuation 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 the records of thousands of taxpayers. We do this to ensure compliance with lodgment and reporting obligations. This would otherwise be a resource-intensive exercise.

Data matching also assists us to effectively promote voluntary compliance by notifying the public of risk areas and activities under scrutiny.

## Costs and benefits analysis

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 are 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
- 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. Data, data usage, computer power and storage continue 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 taxpayers and agents by providing tailored messages in our online services
- enable early intervention activities, as our goal is prevention rather than correction
- maintain community confidence in our ability to administer the tax and superannuation 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 superannuation systems by
  - providing education to assist taxpayers to do the right thing
  - deterring behaviours so taxpayers adhere to their obligations



- detecting taxpayers who are not complying with their obligations, targeting those that continue to deliberately abuse the tax and superannuation 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.

Published 8 July 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. These techniques use 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 data no longer required. 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 enough 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 superannuation systems, only staff 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 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 identify 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 it appears they're reporting the income in another taxpayer's return, they will be given the opportunity to clarify the situation.

The data may also be used to ensure 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.


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## **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 client contact
  - 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 champions 6 primary 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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