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## Tax Compliance Update

### ATO starts major credit and debit card Data Matching Program

The Tax Office (ATO) is undertaking a major compliance program which will involve electronically matching transactions of approximately 200,000 businesses with certain sections of ATO data holdings to identify non-compliance with registration, reporting, lodgment and payment obligations under taxation law.

To do so it has received data from banks that identifies credit and debit card sales made by Australian businesses.

This data is matched against taxpayer records to identify those participating in the cash economy and who are potentially skimming some or all of their cash takings or in other ways not reporting all of their income.

This project uses data relating to transactions conducted between 1 July 2009 to 30 June 2010.

#### How the ATO uses the data

The Tax Office says that bank data is used to improve compliance with tax obligations by allowing the ATO to:

- ✓ Identify businesses that are operating underground and not participating in the tax system;
- ✓ Identify businesses that are potentially skimming some or all of their cash takings or in other ways not reporting all their income;
- ✓ Identify businesses that are reporting sales outside the benchmark ratio of cash sales to total sales for their industry segment; and
- ✓ Establish benchmark ratios for cash sales to total sales for particular industry segments.

“ACCOUNTANTS  
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Where appropriate, the data obtained will be used to support default assessments of a business's tax liabilities.

For the period 1 July 2009 to 30 June 2010, the ATO will request and electronically match data relating to credit and debit card sales of entities within various industries from the following sources:

- Commonwealth Bank of Australia;
- Westpac Banking Corporation;
- ANZ Banking Group Limited;
- National Australia Bank Limited;
- Bendigo and Adelaide Bank Limited;
- Bank of Queensland Limited; and
- BWA Merchant Services Pty Ltd.

The ATO is urging businesses that have under-reported their income to contact them to make a voluntary disclosure of any under-reported amounts.

#### **Tax return blitz continues for separated parents**

The Child Support Agency (CSA) has recently signed a new agreement with the ATO, continuing a blitz on separated parents who fail to lodge tax returns.

Under the old agreement, the CSA collected \$82 million over four years by intercepting the tax returns from separated parents with a child support debt.

During this period, the ATO also referred 4,438 separated parents for prosecution for failing to lodge tax returns, resulting in 2,193 convictions.

The enforcement process begins with a letter from the ATO to the person required to lodge a tax return outlining their responsibilities.

Failure to lodge may result in fines or referral for prosecution.