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Rental bond – 20 September 1985 to 2022–23 financial years

Rental bond data matching program from 20 September 1985 to 2022–23 financial years.

Last updated 21 May 2021

Rental bond data matching

The Australian Taxation Office (ATO) has conducted the rental bond data-matching program since 2005. We intend continuing this data-matching program for another three years. Rental bond data was originally collected with property transfer data for the real property transaction data-matching program.

Following the 2013–14 federal Budget announcements, reporting of property transfer data to the ATO became mandatory from 1 July 2016 with the enactment of the Tax and Superannuation Laws amendment (2015 Measures No 5) Bill 2015.

The real property transactions data-matching program has been amended to support the property transfer data. The rental bond data-

matching program is detailed in this protocol.

Owners of property that produces income have income tax reporting obligations. We use real property rental bond data from state and territory rental bond regulators to identify properties that produce income.

Our data-matching programs follow the Office of the Australian Information Commissioner's (OAIC) *Guidelines on data matching in Australian Government administration* (2014). The guidelines assist Australian Government agencies to 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) and are consistent with best privacy practice.

The ATO has responsibility to protect public revenue and maintain community confidence in the integrity of the tax system.

Our data-matching programs assist us to undertake these responsibilities.

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QC 65695

Why we look at rental bond data

Last updated 21 May 2021

The rental bond data-matching program allows us to identify and address taxation risks including:

- income tax – taxpayers owning income producing property have obligations to report the income generated in their tax returns

- capital gains tax (CGT) – taxpayers disposing of a property may trigger a CGT event. When the property has been used to produce income, this can affect how the CGT event is treated

  - CGT obligations commenced in September 1985, historical rental bond data may be used to support CGT cost base calculations

  - this 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.

QC 9989637

Program objectives

Last updated 21 May 2021

The objectives of this data-matching program are to:

- promote voluntary compliance by communicating how we use external data with our own to help ensure taxpayers comply with

their tax and superannuation obligations

- increase community confidence in the integrity of the tax and superannuation systems and other programs administered by the ATO

- identify property producing income and detect compliance risks and trends

- work with real property intermediaries to obtain an understanding of risks and issues as well as trends of non-compliance

- identify individuals who may be failing to meet their lodgment, correct reporting and/or payment obligations then educate and assist them to comply

- support compliance strategies to minimise future risks to revenue

- help ensure taxpayers are fulfilling their tax and superannuation reporting obligations.

QC 9989629

How we use the data

Last updated 21 May 2021

Rental bond data collected under this program will be compared with information included in tax returns.

The ATO compares this data against our records and other data we hold. This helps us identify taxpayers owning an income producing property who may not be meeting their reporting, lodgment and/or payment obligations.

The program will support client engagement and voluntary compliance through education programs.

Our previous related programs

This is a continuing data-matching program. During the 2018–19 financial year this program, in combination with other data matching and compliance strategies, identified over 12,000 cases where real

property dealings had not been treated correctly and raised an additional $51 million in revenue. This demonstrates the effectiveness of these approaches in protecting public revenue.

Data providers

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

Data will be obtained from the following:

- New South Wales Fair Trading – Professional Standards and Bonds

- Department of Justice and Community Safety – Consumer Affairs, Victoria

- Residential Tenancies Bond Authority – Consumer and Business Services, South Australia

- Bond Administrator – Department of Mines, Industry Regulation and Safety, Western Australia

- ACT Office of Rental Bonds – Access Canberra

- Department of Justice – Office of the Residential Tenancy Commission, Tasmania

- Residential Tenancies Authority, Queensland.

Our formal information gathering powers

The data will be obtained under our formal information gathering powers contained in section 353–10 of Schedule 1 to the *Taxation Administration Act 1953*.

This is a coercive power that obligates the data providers to provide the information requested. We will use the information for tax and superannuation 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 the use of the information is necessary for our enforcement-related activities.

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.

We will use our secure internet-based data transfer facility to transfer the data from source entities.

Data elements collected

Data will be collected bi-annually through to 30 June 2023.

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 below.

Landlord identification details – individuals

- Given and surnames (if more than one name on the policy)

- Addresses (residential, postal, other)

- Email address

- Phone number

- Unique identifier for the landlord.

Managing agent identification details

- Business name

- Addresses (business, postal, registered, other)

- Contact name

- Contact phone number

- Email address

- Unique identifier of the managing agent.

Rental bond details

- Rental property address

- Period of lease

- Commencement of lease

- Expiration of lease

- Amount of rental bond held

- Number of weeks the rental bond is for

- Amount of rent payable for each period

- Period of rental payments (weekly, fortnightly, monthly)

- Type of dwelling

- Number of bedrooms

- Unique identifier of the rental property.

Number of records

The number of individuals affected by this data collection is expected to be approximately 350,000 each financial year.

Data quality

We anticipate the data quality will continue to be of a high standard. State and territory rental bond regulators use sophisticated computer systems to administer state and territory tenancy laws.

Being responsible for receipt, management and return of residential tenancy rental bonds state and territory rental bond regulators have due diligence obligations to maintain records of a high quality.

The data is sourced from the data 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 task

- verification practices at receipt of data to check against confirming documentation; we then use algorithms and other analytical methods to refine the data.

Data is transformed into a standardised format and validated to ensure it contains the required data elements prior to loading to our computer systems. We undertake program evaluations to measure effectiveness before determining whether to continue to collect future years of the data or to discontinue the program.

To assure data is fit for consumption and maintains integrity throughout the data-matching program, it is assessed against the 11 elements of the ATO data-quality framework:

- accuracy – the data correctly represents the actual value

- completeness – all expected data in a data set is present

- consistency – data values are consistent with values within the data set

- 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 is valid

- timeliness – how quickly the data is available for use from the time of collection

- uniqueness – if duplicated files or records are in the data set

- validity – data values are presented in the correct format and fall within predefined values.

Data retention

The data collection is twice-yearly after 30 June and 30 January each year, through to 30 June 2023.

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

In 2019 the ATO was granted a five-year exemption by the Australian Information Commissioner and Privacy Commissioner to depart from the data destruction requirements of the National Archives of Australia's General Disposal Authority 24 (GDA24) – *Records relating to data matching exercises*. GDA24 has since been revoked.

We destroy data that is 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 the data for seven years from receipt of the final instalment of verified data files from the data providers. We intend to undertake a review by the seven-year anniversary to determine whether the data is still required.

The data is required for this period for the protection of public revenue as:

- taxpayers owning property producing income have income tax reporting obligations

- when an income producing property is subsequently sold it impacts CGT assessment

- property is often held for many years before being transferred or sold, which then triggers CGT event. To identify rental impacts for CGT liability assessment real property rental bond history dating back to 20 September 1985 (the introduction of the CGT regime) is required

- the data enhances our ability to identify taxpayers who may not be complying with their tax and superannuation obligations, which is integral to the protecting the integrity of the tax and superannuation systems

- retaining data supports 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 is also used in risk models, including models that establish retrospective profiles over multiple years aligned with period of review.

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

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

See also:

- [Our lawful role](#)

- [How we undertake data-matching](#)

- [Why we undertake data-matching](#)

QC 9989663

Public notification of the program

We will notify the public of our intention to collect data through to 30 June 2023 by:

- publishing a notice in the Federal Register of Legislation gazettes in the week commencing 17 May 2021

- publishing this data-matching program protocol on our website at **ato.gov.au/dmprotocols**

- advising the data providers, 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 content

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

The Australian Taxation Office (ATO) will acquire rental bond data from state and territory rental bond regulators bi-annually through to 30 June 2023.

The data items include:

- landlord and Managing agent identification details (names, addresses, email addresses, phone numbers, etc)

- rental bond transaction details including

  - rental property address

  - period of lease

  - commencement of lease

  - expiration of lease

  - amount of rental bond held

  - number of weeks the rental bond is for

- amount of rent payable for each period

- period of rental payments (weekly, fortnightly, monthly)

- type of dwelling

- number of bedrooms

- unique identifier of the rental property.

We estimate records relating to approximately 350,000 individuals will be obtained each financial year.

The data will be acquired and matched against ATO records to identify and address taxation risks including:

- income tax – taxpayers owning income producing property have obligations to report the income generated in their tax returns

- capital gains tax (CGT) – taxpayers disposing of a property may trigger a CGT event. When the property has been used to produce income, this can affect how the CGT event is treated.

Taxation obligations we look at also include registration, lodgment, reporting and payment responsibilities.

The objectives of this program are to:

- promote voluntary compliance by communicating how we use external data with our own to help ensure taxpayers comply with their tax and superannuation obligations

- increase community confidence in the integrity of the tax and superannuation systems and other programs administered by the ATO

- identify property producing income and detect compliance risks and trends

- work with real property intermediaries to obtain an understanding of risks and issues as well as trends of non-compliance

- identify those individuals who may be failing to meet their lodgment, correct reporting and/or payment obligations then educate and assist them to comply

- support compliance strategies to minimise future risks to revenue

- help ensure that taxpayers are fulfilling their tax and superannuation reporting obligations.

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) and are consistent with good privacy practice.

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

QC 9989647

Our lawful role

Last updated 21 May 2021

Legislated functions

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

Compliance with these obligations is a matter we take 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.

The ATO carries out its 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 identity and deal with non-compliant behaviour. Data-matching also provides assurance that taxpayers are meeting their obligations.

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 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.

See also:

- 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.

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, superannuation 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 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.

QC 9989663

How we undertake data matching

Last updated 21 May 2021

Identity matching

The ATO's identity-matching capability is used to identify individual and or non-individual entities reported to us from external sources. The process is mainframe-based and uses an ATO-designed software solution (technical standard). Aligning with guideline 4.7, this standard supports all our data-matching programs.

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 three-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 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 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.

See also:

- How we use data-matching

What we do before we amend a return

Where we detect a discrepancy that requires verification, we will contact the taxpayer by phone, letter or email.

Before any administrative action is taken, taxpayers will be given the opportunity to verify the accuracy of the information obtained by us. Taxpayers will be given at least 28 days to respond before administrative action is taken.

For example, where discrepancy-matching identifies that a taxpayer may not be reporting all their income, but in fact they're reporting the income under another entity, 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 superannuation obligations, including registration requirements, lodgment obligations and payment responsibilities.

In cases where taxpayers fail to comply with these obligations, after being reminded, prosecution action may be instigated in appropriate circumstances.

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

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 by:

- using the online complaints form at **ato.gov.au/complaints**
- phoning our complaints line on **1800 199 010**
- using the National Relay Service (NRS) call numbers ☒ (if you have a hearing, speech or communication impairment)
- sending us a free fax on **1800 060 063**
- writing to us at

ATO Complaints
PO Box 1271
ALBURY NSW 2640.

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

More details on the process can be found on the OAIC website at oaic.gov.au/privacy/privacy-complaints ⏏.

QC 9989634

Why we undertake data matching

Last updated 21 May 2021

Meeting our accountability

To effectively administer the tax and superannuation 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 superannuation 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 taxpayers are reporting their obligations correctly would be to contact every taxpayer directly.

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 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 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.

Our quality assurance framework

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 data-matching guidelines.

Costs and benefits of data-matching

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 continue to grow, which increases the benefits from data matching.

Data matching and the insights it provides help us:

- deliver tailored products and services that underpin 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 superannuation systems because we can

  - make better, faster and 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

  - 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, 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.

See also:

- Data matching protocols

QC 9989680

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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