

Data Visibility

15th November 2019

What do we want to achieve today?

- ❖ How would Data Visibility impact your business?
- ❖ Desktop providers vs Cloud base providers
- ❖ What Data would benefit your business?
- ❖ Reporting Obligations vs Compliance Management?
- ❖ Frequency of data Collection
- ❖ Data quality?
- ❖ Understanding your clients needs?
- ❖ Big business vs Small business needs?
- ❖ Value – what data would drive better value outcomes?
- ❖ Current State – what visibility of data do your clients have now?
- ❖ Future State – allowing clients to be in control of their own data

Data Visibility

- ▶ Transparency
- ▶ Community Confidence
- ▶ Clarity

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SMARTER DATA

DATA BACKBONE
STRATEGIC INITIATIVE



Data visibility



The purpose of having a 'Data Window'

What is it?

Visibility of Data

High quality data will be shared with clients & advisors in the channel of their choice to provide transparency to:

- ▶ **Individuals**
(including Sole Traders)
- ▶ **Small Business**
- ▶ **Large Business**
- ▶ **Not for Profit**
- ▶ **Trusts**
- ▶ **Super**

Timely visibility of my data

as it becomes available, anytime throughout the year.

Why?



Unable to map data to labels in non-individual Income Tax Returns



Build trust and confidence with Taxpayers and associated intermediaries



Influence client behavioural shift to reduce downstream compliance activity



Drive data quality uplift



Service the wholesale and retail market



Assist to mitigate Tax Gap



Current State

Data Visibility will plug-in to existing channels

Businesses Business Portal – Transitioning to Online Services for Business



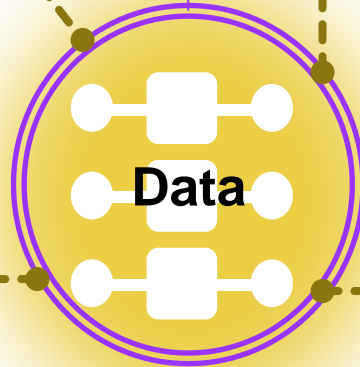
- prepare, lodge and revise activity statements
- view statements of account and find your payment reference number (PRN)
- view your Single Touch Payroll (STP) reports
- request a refund or transfer funds between accounts
- update your business registration details, including email addresses
- register for goods and services tax (GST) and pay as you go (PAYG) withholding
- test, lodge and download files
- lodge various online forms

Practitioner Lodgement Service Partnering with Digital Service Providers Standard Business Reporting (SBR)



- SBR is built into business and accounting software
- Enables preparation of most common government forms directly from financial, accounting or payroll software:
 - prepare & lodge selected electronic forms securely and in real time
 - receive fast confirmation that we have received your lodgement
 - report through a single online channel.

Data protection layer



Online Services for Individuals – myGov & Super

- lodge tax return using myTax with Prefill data
- Year to date STP (inc Super) data
- manage your PAYG instalments
- make a payment or create a payment plan
- Manage superannuation employer contributions
- find super accounts held in a fund, and also those amounts held by us
- find lost and ATO-held super and consolidate your accounts

Online services for agents - TAP



- View and update your clients' registration details
- prepare, lodge, view and print activity statements
- view client account information
- request refunds and credit transfers
- view payment options, make and view payment plans

What data are we sharing now?



Individuals and Sole Traders: Prefilled data

Currently, only **Individuals and Sole traders** have visibility of :

- Information Only
- Transactions Limit
- Available upon lodgment
- No ability to view after lodgment
- Some labels aggregated data not transactional

Prefill data		Individuals (inc Sole Traders) myGov , Business Portal (OSB), SBR	Data
Data Type	Report		
Financial data	Annual Income Investment Report (AIIR)	✓	→ Interest-bearing accounts
		✓	→ Dividends paid
		✓	→ Managed funds distributions
		✓	→ Farm Management Deposit
		✓	→ Foreign Source Income
	Dividend and Interest Schedule	✓	→ Dividend and Interest
Income data	Single Touch Payroll	✓	→ Salary or wages
	Employee Share Scheme	✓	→ Superannuation income and lump sums
	Welfare	✓	→ Details of Employee Share Scheme (ESS) transactions
Sole Trader Income	Business Transactions through Payment Systems	✓	→ Government payments (eg Centrelink and Department of Veterans' Affairs)
	Taxable government grants	✓	→ Credit and debit card transactions processed through merchant (EFTPOS) facilities
	Taxable Payment Annual Report	✓	→ Government grants and industry payments (federal, local, state, territory)
Private Health	Private health insurance	✓	→ Contractor Payments
		✓	→ Medicare levy surcharge details (start and end date of the policy)
Capital Gains Tax	Shares & Units	✓	→ Premiums and Government rebate received
	Property Transfer	✓	→ Details of share disposals - Informative up to 20 transaction limit only
			→ Details of property transfers - Informative up to 5 transaction limit only

Problem?

- ❖ Lack of visibility to Non Individual Tax and super clients
- ❖ Building Trust and Confidence with our clients
- ❖ Transparency will drive better downstream compliance behaviour
- ❖ Enhance digital data driven interactions inbound and outbound
- ❖ No ability to pre populate reporting
- ❖ Limited frequency in exposing data
- ❖ Better Data Quality

Data Window – Testing & Feedback



Feedback from our testing:



Showing clients what data we hold on them, particularly data sourced from third parties will foster **transparency and trust in the ATO.**



Individuals

“It is reassuring that ATO is taking steps to improve transparency”

“It would be good to know what the ATO holds on me”



Small Business

“I want to have access to seeing both personal and business information I would love to know what data you hold on me”

“I would like to use it for business loan and for insurance etc.”



Tax Agents

(regarding extending visibility)

“Good opportunity to extend that information to other entities such as super funds and trust returns, deceased estates”

“Financial data should be available for companies and trusts as well”



ATO staff

“If clients can have access to this information, they could be prepared and better informed.”

“Being able to view same info when having conversations with clients would make my job easier.”



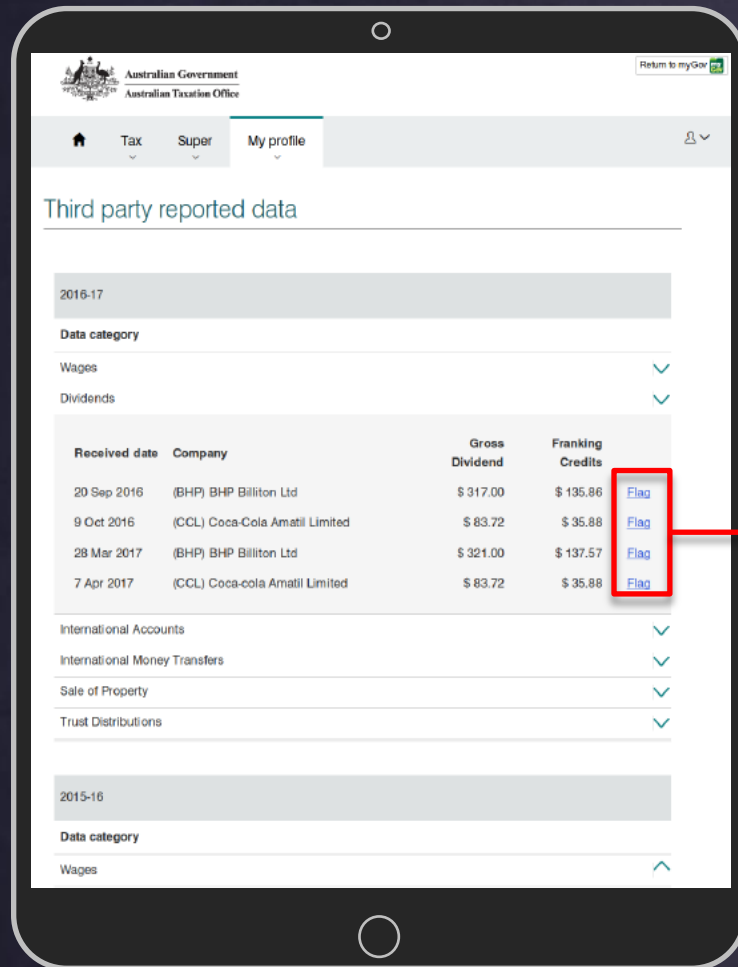
Digital Service Providers

Interest shown from presentation at Services for Tax Practitioners event.

Follow up Data Window workshop in November

with DSP's attending including:
CatSoft, Reckon Elite, Xero, Etax, Wolters Kluwer, Reckon APS, Class Limited DDS Live, TaxLab & MYOB.

Data Window Concept and Prototype



→ Tax Agents

Interested in extending visibility to other entity types:

“Good opportunity to extend that information to other entities such as super funds and trust returns, deceased estates”

“Financial data should be available for companies and trusts as well”

Usefulness of data window:

“Being able to access this kind of information and make it transparent would be very helpful”

“Would use definitely, we do a lot of tax planning, knowing this information in advance we could provide better business advice and structuring”

“The data window would be useful. It is good to know what information you guys have access to. Knowing what you have access to and sharing that with clients so they have more integrity”

→ Small Business

I want to have access to seeing both personal and business information

I would love to know what data you hold on me
I would like to use it for business loan and for insurance etc.

→ Individuals

It is reassuring that ATO is taking steps to improve “Transparency”

It would be good to know what the ATO holds on me

→ Staff

If clients have access to this information they could be prepared and better informed

Being able to view same info when having conversations with clients would be a better client and staff experience

‘Flag’ Functionality

The intent of the flag function is to provide a way for clients to ‘dispute’ the data and flag that it may belong to another person, company or entity; or that the description or amounts may be incorrect.

Data Window

Third-Party Data Types

→ Relates to many entity types

- Financial data**
 - ✓ Interest-bearing accounts (savings accounts, term deposits and fixed interest securities)
 - ✓ Interest distributed by private companies
 - ✓ Dividends paid
 - ✓ Managed funds distributions (Managed investment funds and Attribution managed investment trusts (AMIT) income details)
 - ✓ Farm Management Deposit - interest
 - ✓ Farm Management Deposit – deposits & repayments – informative only
- Foreign income**
 - ✗ Income from foreign sources (pensions and annuities, employment, investment, business, capital gains on overseas assets)
 - ✗ Transferring funds between countries
 - ✗ AUSTRAC
- Insurance**
 - ✗ Insurance policies for luxury items (eg boats, enthusiast motor vehicles, thoroughbred races horses, fine art and aircraft)
- Investment sales**
 - ✓ Details of share disposals - Informative up to 20 transaction limit only
 - ✓ Details of property transfers - Informative up to 5 transaction limit only
- Motor vehicle registrations**
 - ✗ Australian state and territory motor vehicle registrations (eg newly registered, sold and transferred)
- Rental income**
 - ✗ Rent and insurance payments received
 - ✗ Rental bond money
- Exotic Investments**
 - ✗ Crypto Currency
- Assets – SMSF**
 - ✗ Owner of High Value Assets (Paintings, Cars)
- Share Economy**
 - ✗ Gig economy income data (e.g. from ride sourcing)

We receive data from a range of third-party sources, including banks, financial institutions and other government agencies.

We validate this data and match it against our own information to identify where people and businesses may not report all their income.

→ Individual related

- Employee Share Scheme**
 - ✓ Details of Employee Share Scheme (ESS) transactions
- Single Touch Payroll**
 - ✓ Salary or wages
 - ✓ Superannuation income and lump sums
 - ✓ Government payments (eg Centrelink and Department of Veterans' Affairs)
- Private health insurance**
 - ✓ Premiums and Government rebate received
 - ✓ Medicare levy surcharge details (start and end date of the policy)
- Study and training support loans**
 - ✓ Higher Education Contribution Scheme (HECS)
 - ✓ Higher Education Loan Program (HELP)
 - ✓ Student financial supplement scheme (SFSS)
 - ✓ Student start-up loan (SSL)
 - ✓ Supplement loan scheme (SLS)
 - ✓ Trade Support Loans (TSL)
- Visa details**
 - ✗ Departure and re-entry details when travelling overseas
- Superannuation**
 - ✓ Personal Super Contribution Deductions
- Deductions**
 - ✗ ATO app - Deductions uploaded

→ Business / Sole trader related

- Business Transactions through Payment Systems**
 - ✓ Credit and debit card transactions processed through merchant (EFTPOS) facilities
 - ✓ Online selling (eg payments from eBay or PayPal)
 - ✓ Other online payments (eg Airtasker or Uber)
- Reportable taxable payments**
 - ✓ (only for sole traders) Payments made to consultants, contractors, independent contractors and subcontractors
- Taxable government grants**
 - ✗ Government grants and industry payments (federal, local, state, territory)
 - ✗ Childcare service and educator payment

Key:

- ✓ Available in current pre-fill service for individuals
- ✗ Data currently not available in the pre-fill service



Future acquired data including but not limited to:

Bank data - home loan data | Short term rental | Property Manager reports | Stata Management Accounts | Insurance data – income protection and landlord | Gifts & Donations | Novated leases

High Level Design

Users want the data window to provide the ability:

- for a client's intermediary to view information
- to share information
- to compare data window information with tax time information
- to notify the ATO if the information is incorrect
- to notify the ATO why the information is incorrect
- to receive notification regarding the outcomes of incorrect information etc brought to the ATO's attention
- to update incorrect information
- to see the dates information was reported and received by the ATO
- to see the source of the data (name and ABN of the reporter)
- to see if the information has been updated (currency)
- to drill down to the transaction level to see the detail
- to have confidence the information is accurate, complete and timely
- to tailor information
- to view information in real time
- to understand the information through clear terminology, explanations and definitions
- to save and/or export the information
- to see what portion of the dividend is theirs
- to see data sorted into categories
- to see a total amount for everything shown in a category
- access support if they have any questions
- to view this information at any time throughout the year
- to access the information on their mobile phone or tablet
- to see information that is not prefilled on the Income Tax Return
- (as a business) to see both personal information and business data
- (as an agent) to see their client's risk rating
- (both businesses and agents) to view this information in their business management software

Design Options

- **What data would best service your clients?**
- **What functions are most relevant?**
- **Self Service Pathway – an ability to correct data?**
- **Risk Ratings for Tax agents and their clients?**
- **Phased approach?**

Next Steps

- ❖ **Lead time required?**
- ❖ **Requirements?**
- ❖ **Questions?**