Beware of ATO data-matching: motor vehicles



Individuals and businesses beware, the first data-matching program of 2021 calendar year has been initiated by the ATO and it relates to motor vehicle registries data. Information such as identification details (including names, addresses, DOB, ABNs) as well as transaction details (eg price of vehicle, type of transaction, vehicle garage address etc) will be acquired for the 2019-20 to 2021-22 income years. It is expected that records of around 1.5m individuals will be obtained each financial year and the program will encompass both new and second-hand cars.

We’re barely one month into 2021 and the ATO has already started another data-matching program. While this motor vehicle registries data-matching program has been running for around 16 years in various iterations, particular care should be taken for the current data-matching program as many businesses including sole traders would have taken advantage of the increase in the instant asset write-off threshold to purchase motor vehicles.

Information will be acquired from motor vehicle registry authorities from all States and Territories for the 2019-20 through to 2021-22 income years including:

* identification details – names; addresses; phone numbers; date of birth for individuals; ABN; Australian company numbers for the purchasers, sellers, licenced dealers, fleet managers, leasing companies (or representatives); and the registering person for an unincorporated body.
* transaction details – date of transaction; type of transaction; sale price of the vehicle; market value of the vehicle; vehicle garage address; type of intended vehicle use; vehicle make; vehicle model; vehicle body type; year of manufacture; engine capacity or number of cylinders; tare weight; gross weight; VIN; registration number; transaction receipt number; state stamp duty exemption; reason for stamp duty exemption; and dealer licence number.

The ATO estimates that records relating to approximately 1.5m individuals will be obtained each financial year and will be matched with internal data holdings to identify relevant cases for administrative action as well as determine the risk profile of taxpayers buying, selling or acquiring cars.

The data matching program will encompass both new and used cars, any vehicles transferred or newly registered between 2019-20 to 2021-22 financial years with a purchase price or market value equal or greater than $10,000 will be captured.

The data obtained will be used by the ATO in multi-pronged compliance programs to identify taxpayers buying or selling motor vehicles who may not be meeting their obligations to register and lodge returns (including activity statements) and ensure the correct reporting of income and entitlement to both deductions and input tax credits. This will involve luxury car tax, fringe benefits tax, fuel schemes, and income tax obligations.

The ATO will also be using the data to support modelling/case identification and to provide a holistic view of a taxpayer’s financial position in order to identify higher risk taxpayers with outstanding lodgments or undeclared income whose asset holdings may not be proportionate to their declared financial position. Following on from this, the data will also be used to support various taskforce programs including those delving into the black economy.

Specifically in relation to the seller of motor vehicles, the ATO is seeking to use the data-matching program to identify cases for investigation aimed at licenced dealers, fleet managers, leasing companies or representatives to determine whether the use of interposed proxy ownership is used to conceal the real accumulation of wealth, and “therefore represent a material threat to public revenue”.

Each financial year’s data from the program will be retained by the ATO for 5 years from the receipt of the final instalment of verified data files. Therefore, taxpayers need to beware that the data obtained is likely to be used in different matching processes over multiple financial years. According to the ATO, the 5 year period supports its ability to conduct longer term analysis of the risks associated with asset accumulation.

Have you purchased a motor vehicle?

If you or your business has purchased a motor vehicle in the current data-matching program period, and you’re not sure whether you’ve done the right thing in relation to various tax obligations, whether it be LCT, GST, FBT, FTC, or income tax, we have the expertise to help.

Thomson Reuters Tax & Accounting