



“The Bottom Line” SIMMONDS LE-FEVRE

Client Newsletter – Tax & Super

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AI AND QUALITY DATA: A Powerful Tool for the Tax Office

About this newsletter

Welcome to the **Simmonds Le-Fevre** client information newsletter, your monthly tax and super update keeping you on top of the issues, news and changes you need to know. Should you require further information on any of the topics covered, please contact us via the details below.

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After the September 11 attacks on the World Trade Center in New York in 2001, it was understood that intelligence and security authorities around the world dramatically increased their technological and detection capabilities.

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AI And Quality Data: A Powerful Tool for the Tax Office ... Cont

And, apparently, not long after, many revenue authorities around the world were said to similarly have sought better technological and detection capabilities.

In short, revenue authorities (like business) moved with the technological changes.

The same is now true of the use of AI by revenue authorities. Or at least by the Australian Taxation Office (ATO).

In a recent speech to “The AI Summit Australia”, a Deputy Commissioner of Taxation emphasised that using AI in conjunction with the ATO’s collected data is becoming an increasingly powerful tool for the ATO. And not just in relation to detecting tax fraud. The Deputy Commissioner also pointed out AI’s ability in “analysing deductions” and “identifying income”.

He concluded by saying that the ATO’s approach is not to deploy AI just for the sake of AI, but to “combine quality data, strong analytics, AI capabilities and human judgement to solve real problems”.

In other words, the ATO indicated that the combination of “AI” and “quality data” means it is becoming increasingly effective in matching its data with a taxpayer’s information in determining whether taxpayers (of all sorts) are declaring all their income and properly claiming deductions and, in the end, paying the right amount of tax.

In this regard, the ATO recently advised that it will continue its passenger movements data-matching program, which will use passenger movement information from the Department of Home Affairs to help the ATO identify incorrect tax reporting. And this next round is due to run from the 2026-27 financial year through to the 2028-29 financial year.

And in relation to data matching generally, the ATO has advised that when using data matching information against tax returns, in relation to assessable income it looks at such things as interest and investment income, employment income, government payments, capital gains tax from the disposal of shares and property, employment-related foreign source income, payments made to contractors in the building and construction industry, and many other things.



And the upshot of this for all taxpayers is that at the very least it seems that gone are the days when taxpayers could take a “calculated risk” about whether to declare certain income or to claim certain deductions. At the most, it requires them to be very vigilant in their own tax affairs.

So, if you think this type of matter is relevant to you in any way in this new age of AI and data matching, make an appointment to see us to discuss the matter.

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.