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## RENTAL BOND DATA MATCHING PROGRAM CONTINUES

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Investment property owners beware! The ATO has signalled that its rental bond data matching program will continue to the 2025-26 income year. This program first commenced in 2005 and collected data dating back to 1985, the year that CGT was first introduced. It has continued since then.

Rental bond data will be collected from the following State and Territory bond regulators twice a year for the 2023-24 to 2025-26 years:

- 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; and
- Residential Tenancies Authority, Queensland.

Specific data items collected will include:

- Individual client details (names, addresses, email addresses, phone numbers, unique identifier for the landlord).
- Landlord and Managing agent identification details (business names, addresses, contact names, email addresses, phone numbers, unique identifier of the managing agent).
- Rental bond transaction 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, type of dwelling, number of bedrooms, and unique identifier of the rental property).

According to ATO estimates, records relating to around 900,000 properties will be obtained each financial year. This data will be used to identify under-reporting or non-reporting of income in tax returns, the misapplication of CGT provisions leading to under or non-reporting in relation to sale of properties, and non-compliance with foreign investment laws.

In combination with other data matching and compliance strategies, the ATO notes that the rental bond data matching program identified approximately 5,600 taxpayers where real property dealings had not been treated correctly in the 2022-23 financial year alone. This led to an additional \$23m in revenue being raised.

The identity matching process within any ATO data matching program employs over 60 sophisticated identity-matching techniques to ensure the correct taxpayer is linked to the data and uses multiple identifiers to obtain a match. An additional manual process may be undertaken in instances where a high confidence identity match does not occur and involves an ATO officer reviewing and comparing third-party data identity elements against ATO information on a one-on-one basis.

Once an identity match is obtained, data analysts within the ATO then use various models and techniques to detect potential under-reported income or over-reported deductions. Higher risk discrepancy matches are then loaded into ATO's case management system and allocated to compliance staff for actioning. Lower risk discrepancy match will be further analysed to discern whether further action is required.

The compliance team will then contact the taxpayer usually by phone, letter or email to clarify or verify the discrepancy. Taxpayers will have up to 28 days to verify the accuracy of the information from the data matching and respond prior to the initiation of any administrative action. Taxpayers that disagree with any ATO decision regarding the information obtained from data matching programs can request a review by lodging an objection.

## **CONTACT**

If you have any queries, please feel free to contact us.

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