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60,000 tax cheat tip-offs

Tip-offs to the Australian Taxation Office (ATO) have reached an all-time high with close to 60,000 tip-offs received between June and May 2019 – almost double the number of the previous year. The ATO thinks the number of tip-offs will reach around 70,000 for the full financial year.

Common problem areas that people feel obliged to report include suspected tax evasion, illegal phoenix activity, and the black economy. More than half of all tip-offs received were for suspected under reporting of income or about the cash economy, for example businesses demanding cash from customers or paying their workers cash in hand.

The effectiveness of the tip-off line has led the ATO to dub it the “crime stoppers” for tax.

ATO Assistant Commissioner Peter Holt suggests that the people doing the right thing “...have had enough of competitors cheating the system and getting an unfair advantage.”

The tip-off line has been so successful that a new and improved “Tax Integrity Centre” launched this month to provide a single point of contact for reporting suspected tax evaders.

- Deleting transactions on the point of sale system
- Claiming work-related expenses the taxpayer is not entitled to
- Attempts to avoid paying child support or other obligations by appearing to earn less income than what the person receives
- Failing to lodge returns or keep records
- Arrangements that promise tax benefits like fabricated deductions or schemes out of step with the intention of the law

Business owners are reported for:

- Claiming personal expenses on a business account so they can claim deductions
- Paying employees late or less than they should
- Not paying superannuation or other employee entitlements

The top 5 ‘tip-offs’ to the ATO

- Under-reported income 31%
- Cash economy 27%
- Non-lodgement 25%
- Inadequate or no superannuation paid 8%
- Over-stating expenses 3%

Some of the typical behaviours reported include:

- Discounts for cash, cash deals without a receipt or a discount for cash/mates rates
- Jobs paying cash wages without payslips or superannuation entitlements
- Not ringing up a sale on the till or keeping the till drawer open
- Having two sets of books

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