

# YOUR KNOWLEDGE



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## It wasn't me: the tax fraud scam

**You login to your myGov account to find that your activity statements for the last 12 months have been amended and GST credits of \$100k issued. But it wasn't you. And you certainly didn't get a \$100k refund in your bank account. What happens now?**

In what is rapidly becoming the most common tax scam, myGov accounts are being accessed for their rich source of personal data, bank accounts changed, and personal data used to generate up to hundreds of thousands in fraudulent refunds. For all intents and purposes, it is you, or at least that's what it seems. And, the worst part is, you probably gave the scammers access to your account.

But it's not just activity statements. Any myGov linked service that has the capacity to issue refunds or payments is being targeted. Scammers are using the amendment periods available in the tax law to adjust existing data and trigger refunds on personal income tax, goods and services tax (GST), and through variations to pay as you go (PAYG) instalments. In some cases, the level of sophistication and knowledge of how Australia's tax and social security system operates is next level.

Once the scammers have access to your myGov account, there is a lot of damage they can do. *Continued over...*

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So, how does this happen and why is it so pervasive? Humans are often the weakest link.

Common scams utilise emails (78.9% of reported tax related scams in the last 12 months) or SMS (18.4% of reported scams) that mimic communication you might normally expect to see. The lines of attack used by tax related scammers are commonly:

- Fake warnings about attempted attacks on your account (and requiring you to click on the link and confirm your details);
- Opportunistic baiting where some form of reward is flagged, like a tax refund, that you need to click on the link to confirm and access; and
- Mimicking common administrative notifications from the Australian Taxation Office (ATO) like a new message accessible from a link.

Approximately 75% of all email scams reported to the ATO to March 2024 were linked to a fake myGov sign in page.

## How to spot a fake

Often the first sign that something is amiss is alerts about activity on your myGov account or a change in details - which might seem a little ironic if the way in which scammers got into your account in the first place is via these very same messages. But, there are ways to spot a fake:

- **The ATO, Centrelink and MyGov don't use hyperlinks in messages. If you receive a message with a link, it's a fake.**
- The ATO will not use QR codes as a method for you to access your account.
- The ATO will never ask for your tax file number (TFN), bank account details or your myGov login details over social media. Some scammers have used fake social media accounts mimicking the ATO and other Government agencies. When a query comes in, they respond by asking for information to verify it's you. The ATO will never slide into your DMs. ATO Assistant Commissioner Tim Loh said, "it's like giving your house keys to a stranger and watching them change your locks."
- The ATO do not use pre-recorded messages to alert you to outstanding tax debt.

- The ATO will not cancel your TFN. Some scammers suggest that your TFN has been cancelled or suspended due to criminal activity or money laundering and then tell you to either pay a fee to correct it, or transfer your money to a 'safe' bank account to protect you against your corrupted TFN.
- The ATO will not initiate a conference call between you and your tax agent and someone from a law enforcement agency. In one case, the taxpayer was told that the caller was from the ATO and a person from her accounting firm was on the call as well to represent her and work through a problem. The ATO caller and the tax agent were fake. Just hang up and call our office if you are ever concerned. The ATO will never initiate a conference call of this type.
- The ATO will also not ask you to reconfirm your details because of security updates to myGov. The link, when activated, takes you to a fake myGov web page that can look very convincing.

In general, you should always log into your myGov account directly to check on any details alerted in messages rather than clicking on links. This way, you know that you are not being redirected to somewhere you should not be.

And, don't log into your myGov account on free wifi networks. Ever.

## Who is getting scammed?

There is a pervasive view that older, technology challenged individuals are the most at risk. And while this might be the case generally, scamming is impacting all age groups.

The ATO says that the demographic who most reported providing personal information to scammers was 25 to 34 year olds. And, the younger generation are more likely to fall for investment scams. According to the AFP-led Joint Policing Cybercrime Coordination Centre (JPC3), people under the age of 50 are overtaking older Australians as the most reported victims of investment scams. Australians reported losing \$382 million to investment scams in the 2023-24 financial year. Nearly half (47%) of the investment scam losses involved cryptocurrency.

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## Other scams

Scammers are in the business of scamming and they will use every trick and opportunity to part you from your money.

### Investment scams.

**Pig butchering.** Pig butchering is a tactic where scammers devote weeks or months to building a close relationship with their victims on social media or messaging apps, before encouraging them to invest in the share market, cryptocurrency, or foreign currency exchanges. Victims think they are trading on legitimate platforms, but the money is siphoned into an account owned by the scammers, who created fake platforms that look identical to well-known trading and cryptocurrency sites. Scammers will show fake returns on these platforms to convince victims to invest more money. Once they have extracted as much money as possible, the scammers disappear with all the invested funds.

**Deepfakes.** Deepfakes are lifelike impersonations of real people created by artificial intelligence technologies. Scammers create video ads, images and news articles of celebrities and other trusted public figures to promote fake investment schemes, which can appear on social media feeds or be sent by scammers through messaging apps. Unusual pauses, odd pitches, or facial movement not matching their speaking tone are often giveaways but increasingly, the fakes are difficult to spot.

### Invoice scams

The names and details of legitimate businesses are used to issue fake invoices with the money transferred to the scammer's account. These scams are often tied to cyber breachers where hackers have accessed your systems and have identified your suppliers.

### Bank scams

There has been a lot in the media of late about people receiving phone calls purporting to be from their bank, advising them there is a problem with

their account, and then walking them through a resolution that involves transferring all their money into a 'safe' scammers account. Victims commonly state that they believed the scammer because of the level of personal information they relayed.

Your bank will never send an email or text message asking for any account or financial details, this includes updating your address or log in details for phone, mobile or internet banking.

A CHOICE survey found that four out of five of the victims of banking scams in their report said their banks did nothing to flag a scam before they transferred their money to the perpetrator.

The Australian Banking Association have stated that, if not already, banks will introduce warnings and payment delays by the end of 2024. And, in addition to other measures, they will limit payments to high-risk channels such as crypto platforms.

## What to do if you have been scammed

### myGov

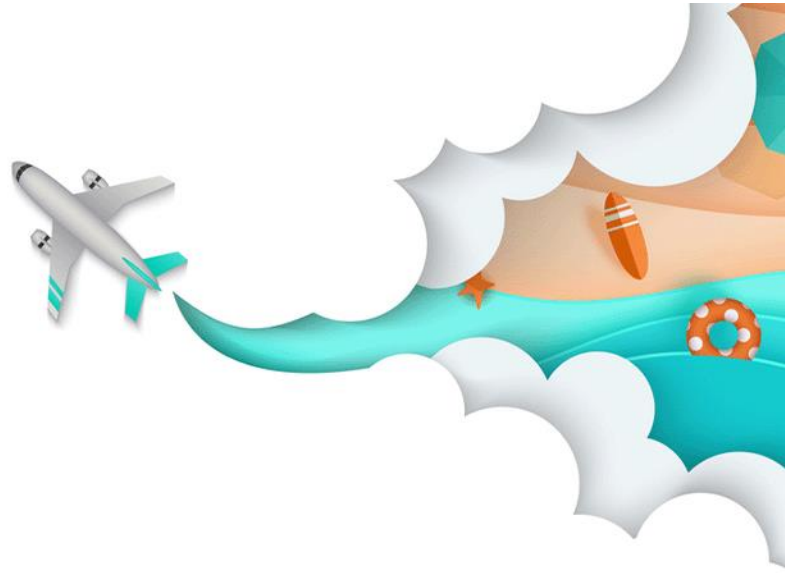
If you have downloaded a fake myGov app, have given your details to a scammer, or clicked on a link from an email, text message or scanned a QR Code, contact Services Australia Scams and Identify Theft Helpdesk on **1800 941 126**, or [get help with a scam here](#).

### Tax scams

Before acting on any instructions, please contact us and we will verify the information for you.

If you have already acted, contact the ATO to verify or report a scam on **1800 008 540**.

The Government use external agency recoveriescorp for debt collection but we will advise you if you have a tax debt outstanding.



# Property and ‘lifestyle’ assets in the spotlight

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**Own an investment property or an expensive lifestyle asset like a boat or aircraft? The ATO are looking closely at these assets to see if what has been declared in tax returns matches up.**

The Australian Taxation Office (ATO) has initiated two data matching programs impacting investment property owners and those lucky enough to hold expensive lifestyle assets.

## Investment property

What investment property owners declare and claim in their personal income tax returns is a constant focus for the ATO. Coming off the back of data matching programs reviewing residential investment property loan data, and landlord insurance, the ATO have initiated a new program capturing data from property management software from the 2018-19 financial year through to 2025-26. Data collected will include:

- Property owner identification details such as names, addresses, phone numbers, dates of birth, email addresses, business name and ABNs, if applicable;
- Details of the property itself - property address, date property first available for rent, property manager name and contact details, property manager ABN, property manager licence number, property owner or landlord bank details; and
- Property transaction details - period start and end dates, transaction type, description and amounts, ingoings and outgoings, and rental property account balances.

While the ATO commit to specific data matching campaigns, since 1 July 2016, they have also collected data from state and territory governments who are required to report transfers of real property to the ATO each quarter.

This latest data matching program ramps up the ATO’s focus on landlords, specifically targeting those who fail to lodge rental property schedules when required, omit or incorrectly report rental property income and deductions, and who omit or incorrectly report capital gains tax (CGT) details.

## Lifestyle assets

Data from insurance providers is being used to identify and cross reference the ownership of expensive lifestyle assets. Included in the mix are:

- Caravans and motorhomes valued at \$65,000 or over;
- Motor vehicles including cars & trucks and motorcycles valued at \$65,000 or over;
- Thoroughbred horses valued at \$65,000 or over;
- Fine art valued at \$100,000 per item or over;
- Marine vessels valued at \$100,000 or over; and
- Aircraft valued at \$150,000 or over.

The data collected is substantial including the personal details of the policy holder, the policy details including purchase price and identification details, and primary use, among other factors.

The ATO is looking for those accumulating or improving assets and not reporting these in their income tax return, disposing of assets and not declaring the income and/or capital gains, incorrectly claiming GST credits, and importantly, omitted or incorrect fringe benefits tax (FBT) reporting where the assets are held by a business but used personally.

# Is the RBA to blame? The economic state of play

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**The politicians have weighed in on the Reserve Bank of Australia’s economic policy and their reticence to reduce interest rates in the face of community pressure. We look at what the numbers are really showing.**

Treasurer Jim Chalmers has stated that global uncertainty and rate rises are “smashing the economy”.

Former Treasurer Wayne Swan weighed in and told Channel 9 that the RBA was, “putting economic dogma over rational economic decision making, hammering households, hammering Mums and Dads with higher interest rates, causing a collapse in spending and driving the economy backwards” and that the RBA was, “simply punching itself in the face.”

Australian mortgage holders and renters have had no relief from interest rates following 13 successive interest rate rises to the official cash rate since May 2022.

## **The Reserve Bank’s position and the flow through effects**

The Reserve Bank of Australia (RBA) Board opted to maintain the official cash rates at 4.35% at its September Board meeting. The rationale is that inflation remains persistently high and has been for the last 11 quarters. The consumer price index (CPI) rose 3.9% over the year to the June quarter and remains above the RBA’s target range of 2-3%.

But, it is not persistently high inflation that is causing the politicians to weigh in. RBA Governor Michele Bullock has warned that “it is premature to be thinking about rate cuts” and “the Board does not

expect that it will be in a position to cut rates in the near term.”

The Australian Bureau of Statistics (ABS) June Quarter National Accounts paint a bleak picture of the Australian economy. Per capita GDP fell for the sixth consecutive quarter by -0.4% to -1.5%. The longest consecutive period of extended weakness ever recorded.

## **Household spending weakest since COVID Delta**

Household spending fell by -0.2% in the quarter, the weakest growth rate since the Delta-variant lockdown affected September quarter 2021.

## **Discretionary spending – travel and hospitality impacted most**

The ABS says that we spent less on discretionary items (-1.1%), particularly for events and travel. It will come as no surprise that spending on hotels, cafes and restaurants was down 1.5%. Spending on food also fell -0.1% as households looked to reduce grocery bills.

## **Household savings lowest since 2006**

The savings ratio remains low. Households saved only 0.9% of their income over the year. This was the lowest rate of annual saving since 2006-07. Net savings reduce when household income grows slower than household spending.

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### **Economic growth from Government spending**

The Australian economy did grow by 0.2%, the eleventh consecutive quarter of growth but the growth rate was unimpressive. The ABS says that, “the weak growth reflects subdued household demand, which detracted 0.1 percentage points from GDP growth while government consumption contributed 0.3 percentage points, the same contribution to growth as previous quarter.”

Government spending increased by 1.4% over the quarter. Commonwealth social assistance benefits to households led the rise, with continued strength in expenditure on national programs providing health services. State and local government expenditure also rose with increased employee expenses across most states and territories.

### **The RBA’s position on interest rates**

The RBA is on a narrow path. It’s trying to bring inflation back to target within a reasonable timeframe while preserving the gains in the labour market over the last few years. The RBA expects to reach this target range by the end of 2025.

Through 2022 and 2023, most components of the CPI basket were growing faster than usual (the CPI is literally a basket of 87 types of expenditure across 11 groups such as household spending, education and transport.) Over the last 18 months, the price of goods has come down as supply disruptions like COVID-19 and the war in Ukraine have eased, and are now growing close to the historical average.

The key problem areas are housing costs and services. In housing, the growth is from increased construction costs and strong increases in rent. For services, while discretionary spending is down, as we can see from the June National Accounts, inflation in this category remains high at 5.3% to the June quarter. Wage increases and lower productivity, combined with the increased costs of doing business (electricity, insurance, logistics, rent etc) are all impacting.

The RBA is keen to point out that inflation causes hardship for the most vulnerable in our community. Lower income households tend to allocate more of their spending towards essentials, including food, utility bills and rent. Higher income households tend to spend more on owner-occupied housing as well as discretionary items such as consumer durables.

Younger households and lower income households have been particularly affected by cost-of-living pressures.

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## **\$81.5m payroll tax win for Uber**

Multinational ride-sharing system Uber has successfully contested six Revenue NSW payroll tax assessments totalling over \$81.5 million. The assessments were issued on the basis that Uber drivers were employees and therefore payroll tax was payable.

The Payroll Tax Act 2007 (NSW) imposes the tax on all taxable wages paid or payable by an employer. The Act also extends to contractors by capturing payments made “by a person who, during a financial year, supplies services to another person under a contract (relevant contract) under which the first person (designated person) has supplied to the designated person the services of persons for or in relation to the performance of work.”

So, are Uber drivers employees? The New South Wales Supreme Court says no. Among the reasons is that, “amounts paid or payable by Uber to the drivers or partners were not for or in relation to the performance of work ...and are not taken to be wages paid or payable.”

The payroll tax assessments were revoked.

Uber is a special case because of its method of operation. Businesses working with contractors need to be vigilant that they have assessed the relationship with their contractors correctly.



One of the great challenges that all investors face is that there is no easy or quick way to investment success. Aesop's fable of the tortoise and the hare is a useful metaphor. You have to use the time on your side – which could be over multiple decades – to capture the returns of the markets effectively, but often slowly. In the short-term, market returns can be disappointing. The longer you can hold for, the more likely the returns you receive will be at worst survivable, and hopefully far more palatable. It is time that allows small returns to compound into large differences in outcome for the patient investor. The reality is that markets go up and down with regular monotony.

*'The stock market is a device for transferring money from the impatient to the patient.'* - Warren Buffet.

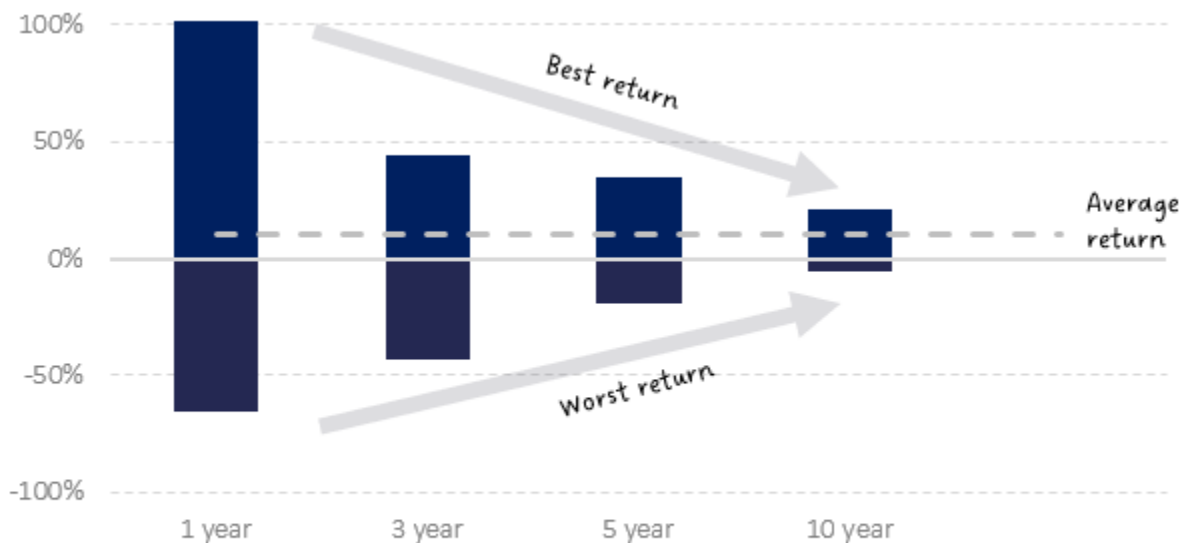
If you want to be a good investor, you have to be patient. On your investing journey, you will spend a lot of time going backwards, recovering from the set back and then surging forward again, often in short, sharp bursts of upward market movement. You just have to stick with it. Remember that you have to be in the markets to capture their returns. Impatient investors tend to lose faith in their investments too quickly, often with painful consequences.

There are no certainties in investing, but investors can give themselves the best chance of achieving their expectations by allowing the passage of time to let short term uncertainty be overwhelmed by long term expected outcomes.

'In the short run, the market is a voting machine but in the long run, it is a weighing machine.' - Benjamin Graham

The figure below is a powerful graphic demonstrating the benefit of convergence towards stock market expectations enjoyed by investors who befriend time.

Figure 1: Converging stock market outcomes as holding period increases, Jul-1926 to Jul-2024



Source: Albion Strategic Consulting. Periods on an annualized, monthly rolling basis. Omits 'Best return' outcomes for 1 year to May-33 and Jun-33 due to axis limitation. See endnote for details on data used.

## Risk warnings

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**Past performance is not indicative of future results and no representation is made that the stated results will be replicated.**

**Data used:**



**Albion World Stock Market Index:** Jul-26 to Dec-74 - Fama/French Total US Market Research Index. Jan-75 to Jun-89 – 40% Fama/French International market Index, 60% Fama/French Total US Market Research Index. Jul-89 to Jun-08 - 5% Fama/French Emerging Markets Index, 65% Fama/French International market Index, 30% Fama/French Total US Market Research Index. Jul-08 to present - Vanguard Total World Stock Index I VTWIX. Data in nominal terms and presented in USD.

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