CAANZ Innovation Challenge: Problem statements

Problem statement 1: Tax data visibility

How can we automate and streamline the tracking of client's tax data, particularly PAYG instalment payments, to eliminate manual data sourcing, cross-checking and data entry?

Current state

- No automated tracking or alerts in ATO portal or ATO Mate for client installment payments.

- No integration between systems.

- No holistic client view despite MyGov ID linkages.

- No notification system for payment requirements.

- Current manual processes:

    - Individual portal login to look up per client .

    - Manual checking of PAYG requirements.

    - Manual payment tracking and reconciliation.

    - Separate tracking needed for multiple PAYG statements.

    - Cross-checking required between systems.

Opportunity

Transform tax data management through technology that could benefit Australian accounting firms and their clients by creating a solution to:

- Automate PAYG tracking.

- Enable bulk client management.

- Provide real-time payment visibility.

- Integrate with existing systems.

- Reduced manual processing time.

Problem statement 2: System integration

How can we better align (or integrate) our client database with ATO/ABR/ASIC systems, particularly on TFN identification and analysis, to avoid time-consuming manual searching, cross-checking and updating?

Current state

- No integration between client database and ATO/ABR/ASIC systems

- Director ID and Tax File Numbers (TFN) are identifiers, but the accountant must manually update each government system for their client. Director ID cannot be used as a search function.

- The situation where a client has multiple entities and none are integrated – these multiple entities require separate manual updates across multiple government systems.

- Clients can have multiple PAYG statements for each entity and if the incorrect entity is paid, you can not transfer it to another entity.

- Can a 'parent' be created that would allow you to update the 'parent' and everything else will cascade?

Opportunity

Create a unified system for aligning client data with the ATO that could:

- Enable single-point updates across government systems.

- Automate multi-entity management.

- Streamline client data synchronisation.

- Reduce payment confusion, errors and manual handling.

Problem statement 3: Cyber security resilience

How can we tackle the risk of cyber attacks on our client's sensitive data (such as TFNs) and/or have the capabilities to address the outfall of such an attack for the continued use of a 'compromised' TFN?

Current state

Compromised TFN scenario:

When a client's Tax File Number (TFN) is compromised, there is no solution or replacement available. The TFN is frozen permanently.

For access, the accountant or individual must call the ATO to request a 24-hour access window. During this limited access, all work must be completed from scratch as no pre-fill options are available.

This situation commonly occurs through security breaches, such as when a company's payroll system is compromised.

Fraudulent tax return process:

A significant issue occurs when fraudulent tax returns are lodged.

A bad operator submits an unauthorised return, then changes the bank account or payment details to redirect funds. Neither the client nor accountant is aware until either:

- They attempt to lodge the legitimate return.

- A notification appears in the MyGov account.

Once discovered, the return must be investigated and removed from the client's account.

Despite payments often being made to different names, there are no automated safety checks to flag these discrepancies. The end result is the TFN being frozen.

Identity management complexities:

- Identity verification is complicated by minor name discrepancies in records.

- Life changes like divorce create additional verification challenges.

- New anti-money-laundering legislation adds further identity verification requirements.

Opportunity

Develop solutions for protecting and managing tax identifiers that could:

- Create new TFN protection mechanisms.

- Streamline recovery processes.

- Enable secure authentication methods.

- Support AML compliance requirements.