The new Enhanced Prefill solution was deployed for Tax Time 2022. The solution was aimed at deterring taxpayers from modifying or deleting bank interest income records that the ATO had high certainty in. It now provides greater certainty for taxpayers when lodging their income tax return with interest income. The statistics showed that the solution had the desired effect on taxpayer behaviour

- The ATO received 20.2 prefill interest records for 11.75 million taxpayers, relating to 2021-22 income. We have locked 13.35 million of these for 8.6 million taxpayers.
- 3.74 million lodgements were received with interest income, with only 0.24% taxpayers adjusting their interest income and providing a reason. The predominant reason for adjusting the interest was 'Child or minor bank account'.
- There has been a 74% drop in the number of cases the OA model would have adjusted for the period July –October 2022 compared to July – October 2021.

For Tax Agent lodgements an error message displays to an agent when their client's total interest income declared is less than the total the ATO holds. We've been able to directly measure the effectiveness of the new solution via this validation error.

- In total this error message has been triggered 50,642 times since deployment (across 28,108 taxpayers).
- 92.3% of tax agents that received the error message increased their clients interest income to at least the amount within the prefill service. (Figure A)

We are also capturing Google Analytics data for myTax lodged returns. We have 3 deterrent messages at each touchpoint prior to the taxpayer adjusting the interest record. From the 2.2million taxpayers that commenced their 2022 tax return from 1 July – 31 October 2022 only 1.31% proceeded to adjust past the first deterrent message. The graph below (Figure C) shows the reduction in taxpayers proceeding to adjust their interest income at each touchpoint.

As a result of the success of the solution, we are looking to expand it to include government welfare income labels.

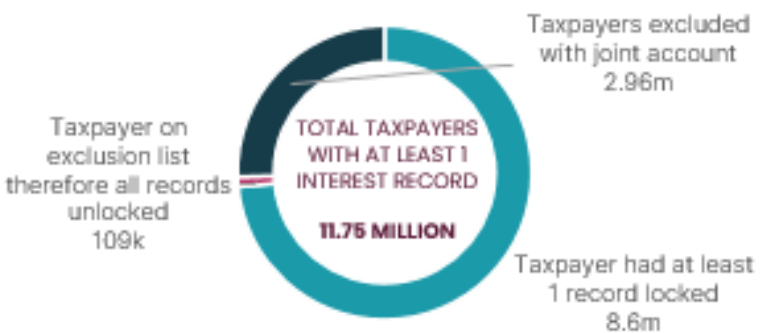

FIGURE A: INTEREST POPULATION

Taxpayers excluded with joint account 2.96m

Taxpayer on exclusion list therefore all records unlocked 109k

TOTAL TAXPAYERS WITH AT LEAST 1 INTEREST RECORD

11.75 MILLION

Taxpayer had at least 1 record locked 8.6m

FIGURE B: TAX AGENT ERROR MESSAGES

619   1,534

Error Message Triggered 28,108

25,955

1 July – 31 October 2022

- TAG Provided adjustment reason – Interest was adjusted
- Interest was increased to match our records to enable lodgment
- Return not yet lodged

FIGURE C: GOOGLE ANALYTICS DETERRENT MESSAGES

29,440
20,405
14,784
5,016

| Deterrent message 1 | Deterrent message 2 | Deterrent message 3 | Adjusted |

—— 1 Jul - 31 Oct 22