

## ATO Warns Australians Over Red-Flag Tax Returns

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Australians are being cautioned about a common mistake that could almost guarantee an audit from the Australian Taxation Office (ATO). Millions of taxpayers still need to lodge their tax returns, and experts say one key issue could put them at risk.

The ATO receives information from multiple third-party sources, including banks, private health insurers, real estate agents, major cryptocurrency exchanges, and online payment

platforms such as Stripe and PayPal. This data is often “pre-filled” into taxpayers’ returns to simplify the filing process.

Jacob Fahmy, a chartered accountant and tax agent at Latitude Accountants, told Yahoo Finance that discrepancies between pre-filled information and what appears on a tax return are a major red flag. “If the data in your return doesn’t match what the ATO already has on record, you’re at a higher risk of being audited,” Fahmy said.

Audits can be time-consuming and stressful, even if the errors are unintentional. The ATO uses automated systems to cross-check reported income, deductions, and other financial information against the third-party data it receives. Any inconsistencies can trigger further investigation.

Fahmy recommends that taxpayers carefully review all pre-filled information before submitting their returns. This includes checking salary details, interest earned, investment income, and any government benefits received. For those with more complex financial situations, such as multiple income streams or cryptocurrency transactions, professional assistance is advised.

Cryptocurrency transactions, in particular, have become a focus for the ATO. Exchanges and wallets are required to report user transactions, and Fahmy warns that failing to declare gains or losses accurately could increase the likelihood of scrutiny.

Additionally, claims for work-related deductions or business expenses should be fully supported with receipts and documentation. Inaccurate or exaggerated claims are another common reason the ATO flags returns for review.

Taxpayers who notice mistakes after submitting their returns can lodge an amendment. The ATO encourages individuals to correct errors proactively to avoid penalties or enforcement action.

While audits are not uncommon, Fahmy emphasizes that careful preparation and attention to detail can significantly reduce the risk. “Double-check everything, make sure your figures match the pre-filled data, and keep your records organized,” he said.

The ATO continues to improve its data-matching systems and enforcement efforts, making it increasingly important for Australians to file accurate tax returns. Filing promptly and

accurately not only helps avoid audits but also ensures compliance with tax obligations and avoids potential fines or legal issues.