

Case Studies of Audit Activity

Australian taxpayers, in the form of businesses, individuals and Self Managed Superannuation Funds, are constantly finding themselves at the mercy of the Australian Taxation Office (ATO) or other government agencies for the purpose of audits, enquiries, investigations or reviews.

Below are a few examples of Audit Shield clients who had lodgements which were thorough and honest, however were still sought after by the ATO. Luckily they all had Audit Shield in place to avoid the costly ramifications!

Type: Payroll Tax Investigation

End Result: Fees of \$8,801 were fully covered by Audit Shield.

A Queensland based entity was selected in respect of whether or not the right amount of payroll tax was paid and whether grouping was relevant. All queries with regard to grouping were satisfactorily responded to but the client was still found to have slightly understated one contractor payment and some minor superannuation which resulted in the authority issuing an assessment for \$1,553.

Type: Stamp Duty Enquiry

End Result: Fees of \$1,210 were fully covered by Audit Shield.

The matter was in respect of a Deed of Settlement which the OSR were arguing should have been subject to Stamp Duty for this Western Australia based Audit Shield user. It was deemed that Stamp Duty should have been paid on the transaction and an assessment was issued for \$13,490. Penalties were successfully argued down to nil.

Type: Land Tax Audit

End Result: Fees of \$2,708 were fully covered by Audit Shield.

A New South Wales based client completed a questionnaire in regards to his land holdings to be used to determine whether he is liable for Land Tax.

The outcome was that property was found not to be primary production land and the client was assessed for \$4,300 worth of Land Tax.

Type: Income Tax (CGT) Review

End Result: Fees of \$9,625, including \$1,671 of legal fees, were fully covered by Audit Shield.

A review of the use of CGT Small Business Concessions on a gain of around \$5 million reduced down to around \$450,000 was conducted on a Tasmanian based client.

After providing all the responses and obtaining some legal advice to further validate the clients position, the outcome was that the ATO accepted the returns as lodged.

Type: Employer Obligations Audit

End Result: Fees of \$7,374 were fully covered by Audit Shield.

A Victorian based client was picked due to a data-matching flag where the ATO believed the employees had claimed more PAYG withholding then the employer had reported.

Although the issue of the mismatch of PAYG withholding was cleared, the client was found to not have paid the correct amount of superannuation and was assessed for \$4,083 in Superannuation Guarantee Charge.

If you would like to learn more about our Audit Shield service, please talk to your accountant.