

## **AUDIT SHIELD SERVICE - MOST COMMONLY ASKED QUESTIONS & ANSWERS**

### **What is the Audit Shield Service?**

Audit Shield Service provides for the payment of the professional fees otherwise payable by you when incurred as a result of this firm being required to respond, on your behalf, to an Audit, Review or Investigation by the Australian Taxation Office (ATO) or other Government body (e.g. State Revenue Office). It provides our clients with a fixed, cost effective solution to guard against unbudgeted professional fees, which may be incurred as a result of such an audit, review or investigation.

### **Will my accounting fees be covered in the event of an Audit, Review or Investigation?**

Yes, costs (fees) which are directly related to us attending to an Audit, Review or Investigation by the ATO, or any other Government body will ordinarily be covered (up to the limit specified on your acceptance form). The cost of these additional audit fees can be considerable depending on the length of time involved to properly attend to the matter. Normal fees associated with any usual accounting work carried out throughout the year are excluded.

### **What Audits, Reviews and Investigations are covered?**

Income Tax  
GST/BAS  
Fringe Benefits Tax  
Employer Obligation Reviews  
Record Keeping  
Capital Gains Tax  
Payroll Tax  
Workcover/Workers Compensation  
Self Managed Superannuation Funds (cover available separately)  
And many other lodged returns

### **What is the benefit of the Audit Shield Service?**

As described above, the fees incurred for us to correctly respond to, and resolve an Audit, Review or Investigation of your lodged returns can be considerable. Often these fees can be greater than those we charge you for completing your annual return/s. The ATO now has unprecedented access to data matching that makes it simpler and far more likely that they will audit or review previously untargeted taxpayers.

### **Who is AAI Limited?**

AAI Limited trading as Vero Insurance is a wholly owned subsidiary of Suncorp Group Limited.  
Vero contact details: GPO Box 3999, Sydney, NSW 2001; Tel: 13 18 13; Email: [veroinformation@vero.com.au](mailto:veroinformation@vero.com.au)

### **What professional fees are covered?**

Fees normally payable by you up to the completion of the Audit, Review or Investigation, or until the cover limit as stated on your acceptance form is exhausted. Fees of any other outside person (e.g. taxation lawyers) or relevant consultant engaged or instructed by us to assist us in a response are also covered.

Upon conclusion of the audit, we will present for payment our fees on your behalf to the insurer for recovery against the policy. Should a difference arise between our bill and the amount available to be recovered against the policy, we may need to seek the shortfall payment of our fees from you.

Your cover begins from the next business day after our receipt of your participation fee. (see the attached Client Acceptance Form for further details)

### **Is the cost tax deductible?**

Yes, a tax deduction should ordinarily be claimable for your participation fees.

### **We have carefully selected our Audit Shield policy to provide the widest possible coverage for us and our clients. We do remind our clients however that such items or circumstances as listed below are NOT COVERED:**

- Audits, Reviews or Investigations where notification was given prior to the inception of cover or your confirmation of participation;
- Punitive costs such as penalty tax, costs, interest or any fine;
- If the ATO auditor imposes final culpability/shortfall penalties of 75% or more, and/or the return is deemed to have been fraudulently lodged;
- Costs for work incurred which should have been done prior to the Audit, Review or Investigation taking place;
- Marketed, Mass Marketed, or Tax Exploitation Scheme or arrangements without a product ruling;
- Any matter in relation to Child Support or Child Support Agency;
- Actions in regards to letters from any authority that are educational or advisory in nature; or merely suggest, invite or propose actions to be taken by you; or act as a warning to you that you may be selected for an audit at a future time; or do not compel you to take any action

# ATO Compliance Program 2012-13: No longer if, but when?



**The ATO is tightening their risk profiling system by targeting areas across their whole database, irrespective of what industry or category of the taxpayer.**

Tax Commissioner, Michael D'Ascenzo, explained,

*We check over 600 million transactions a year. This means that we can detect those who do not report all their income from things like dividends and interest, capital gains, and foreign income.*

**Businesses will be targeted in relation to the following compliance risk areas by:**

- Conducting reviews into industries with a focus on unrecorded and unreported cash transactions (p24).
- Ensuring businesses are correctly registered in the tax and superannuation systems will be a focus, with 35,000 GST registration application reviews being conducted alongside 500 enterprise reviews (p25).
- Undertaking 1,500 reviews and 100 audits to ensure SME businesses have systems that adequately support the correct reporting of GST and excise (p35).
- Undertaking approximately 1,000 reviews and audits associated with the sale, transfer and acquisition of property (p35).
- Reviewing the tax affairs of over 4,300 SMEs to ensure they are reporting the correct amount of PAYG withholding (p36).

**Superannuation will be targeted in relation to the following compliance risk areas by:**

- Identifying around 400 audits with employers that are seen to be high-risk of failing to pay employee superannuation contributions, including an industry focus on cafes and restaurants, real estate businesses, and carpentry businesses in home building or construction (p58).
- Checking of superannuation guarantee compliance through 3,000 employer reviews (p58).
- Contacting around 13,000 employers regarding complaints about unpaid superannuation (p58).
- Focussing on excess contributions paid into superannuation funds (p59).



**This year the ATO will put under the microscope:**

- People who fail to declare all their income.
- Property-related tax issues.
- Employers who do not meet their superannuation obligations.