

Tax Audit Protection - Questions & Answers

Tax & Government Audit Protection service - what is it and how can it assist me?

If a Government Agency conducts an audit, review, or investigation of one of your lodged returns, you will likely want us to either respond, or to assist you in your response. Our Tax Audit Protection service covers the professional fees associated with us having to prepare relevant documentation for the audit, and for any communications with the agency during the audit. As these fees would generally be payable by you, it is an effective solution to these unexpected costs.

What types of audits are covered?

There are a very large number of audits, reviews and enquiries which are being initiated by various agencies every day. The good news is that the vast majority will be covered under this service. Whilst the list of audits covered is quite extensive, common audits covered are:

- ✓ ATO Income Tax audits & reviews
- ✓ BAS audits and enquiries
- ✓ Workers Compensation
- ✓ Centrelink
- ✓ FBT
- ✓ Payroll Tax
- ✓ Self Managed Superannuation Fund reviews

Audits can be of current year returns or even prior years returns.

What fees will be covered?

Any of this firm's fees which are specifically associated with attending to or responding to a covered audit, review, or investigation of one of your lodged returns by a Government Agency, will be covered up to the specified limit. In addition, if we need to seek legal or specialist consultancy advice to either respond to the audit or to mount a defense, these fees may also be covered. The fees will be covered until the audit is complete, or the specified limit (as stated on your acceptance form) is exhausted.

Who is Agile?

Agile Underwriting Services (Agile) arranges policies for and on behalf of certain Underwriters at Lloyds (the Insurer). Lloyds underwrites the Tax Audit Protection Insurance policy held by our firm. If you participate in our service, we will need to provide your turnover category and your group entity details to Agile.

Who is Covered and what are Related (Associated) Entities?

An individual, trust, partnership or company is considered a related entity and can therefore be included under a single cover if:

- (a) they are an individual, company, firm, partnership or trust which holds at least a 50% ownership, interest or shareholding in the entity covered; and/or
- (b) they are a company, firm, partnership or trust in which the entity covered holds a 50% or more ownership, control, interest or shareholding; and/or
- (c) they are spouses and non-working children of individuals that are included in the cover as a result of (a) and earn under \$50,000 per annum;

It should be noted that any individuals included in the policy as a related entity, must receive the majority of their income from within the nominated group.

Self Managed Superannuation Funds can't be grouped however can be covered separately under a SMSF policy.

Is the cost tax deductible?

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

What Items and Audits are not covered under our Audit Protection Service?

- (1) Audits, reviews, or investigations where notification was given to either you or to us prior to or on the same day of you confirming your participation in our Audit Protection Service;
- (2) Audits, reviews, or investigations arising directly from a preliminary or comprehensive review which was underway prior to you accepting the service;
- (3) Audits, reviews, or investigations of returns which have NOT already been lodged at the time of audit initiation, or where the return has been lodged more than three months outside of the agreed lodgment date.
- (4) Audits where the auditor imposes a final shortfall or culpability penalty at 50% or greater;
- (5) Where the primary reason for the audit was the result of a material error or omission;
- (6) Fines or other punitive costs such as penalty tax, costs or interest;
- (7) Failure to respond, or failure to produce documentation or information in a timely manner to the Auditing agency;
- (8) Audits of returns related to a mass marketed tax minimisation scheme without a prior product ruling;
- (9) Costs accrued after the audit, review or investigation has been completed;
- (10) Costs for work incurred which should have been done prior to the audit, review or investigation taking place.