



## Our Audit Shield Service - Your Opportunity For Protection

*Our Audit Shield service provides for the professional costs associated with audit activity. It is an optional service we provide to ensure you do not incur unexpected costs.*

### **Audit activity in relation to your SMSF can be costly and time consuming.**

The cost of additional fees incurred as a result of audit activity can be considerable depending on the length of time involved in the process, which can vary from a phone enquiry to a complete audit of lodged returns.

The Australian Taxation Office (ATO) now has unprecedented access to data matching that makes it simpler and far more likely that they will pursue previously untargeted taxpayers. Our Audit Shield service is an effective mechanism to protect you against unplanned professional fees which can arise as a result of audit activity.

### **SMSF Audit case study:**

The ATO instigated an audit of lodged SMSF Annual Returns on an Audit Shield participant. The audit concentrated on property investment income and expenses, limited recourse borrowing arrangements and member benefit payments.

The outcome of the audit was that the rental property was appropriately owned and accounted for, and the member benefit payments had appropriate conditions of release.

**Professional fees of \$6,225 were incurred, and fully covered by Audit Shield.**

This case study shows how Audit Shield helps to put a participant's mind at ease during a stressful situation, and saves the participant from the significant costs which are associated with audit activity.

### **The benefits of our Audit Shield service:**

- ✓ A cost effective way to avoid the stress and disruptions that can be imposed by audit activity.
- ✓ Professional fees associated with audit activity (up to a prescribed limit) are covered.
- ✓ Payment for your participation in our Audit Shield service is tax deductible.
- ✓ The cover is retrospective, so previously lodged returns are covered automatically.
- ✓ Audit Shield is optional, so you have a choice whether to participate or not.

**For more information contact**

# Audit Shield Service - Frequently Asked Questions



## What is the Audit Shield service?

The Audit Shield service provides for the payment of our professional fees otherwise payable by you when incurred as a result of our accounting firm being required to respond, on your behalf, to an audit, enquiry, investigation or review (audit activity) instigated by the Australian Taxation Office (ATO) or other Australian Government revenue agencies.



## What is the benefit of the Audit Shield service?

Data matching becomes more sophisticated each year. This makes it simpler and far more likely for previously untargeted taxpayers to encounter audit activity, despite compliancy. With the Audit Shield service, you can rest assured knowing that our professional fees will be covered, and the accounting and taxation work will be undertaken, in relation to the audit activity. Often these fees can be greater than those we may charge you for completing the return(s).



## What is included under the Audit Shield service?

Professional fees otherwise payable to us, that have been incurred in responding to audit activity until the completion of the matter, or until the cover limit as stated on your *Client Acceptance Form* is exhausted, will be covered under the Audit Shield service. Fees of any other external specialist (e.g. taxation lawyers) or relevant consultant engaged or instructed by us to assist us in a response to audit activity are also covered. Both during (interim payments) and/or upon conclusion of the audit activity, we will present for payment our fees on your behalf to the insurer for recovery against the policy. Should a difference arise between our fees and the amount available to be covered 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).

## Will my professional fees be covered?

Yes. Costs (professional fees) which are directly related to the work we are required to undertake as a result of audit activity will ordinarily be covered (up to the prescribed cover limit). The cost of these additional fees can be considerable depending on the amount of time required to attend to the audit activity. Standard fees associated with any typical compliance or other work conducted throughout the year are excluded.

## What could the ATO target via audits, enquiries, investigations and reviews of lodged SMSF returns?

- > Asset Valuations
- > Borrowing Rules (LRBAs)
- > Capital Gains Tax
- > Conditions of Release
- > Contributions Tax
- > Disqualified Trustees
- > GST/BAS (if applicable)
- > Income Tax
- > In House Asset Rules
- > Investments in Non Listed Entities
- > Non Arms-Length Transactions
- > Overseas Assets
- > Ownership of Assets
- > Pension/Benefit Payments
- > Preservation Rules
- > Record Keeping
- > Related Party Assets
- > SIS Contraventions
- > Sole Purpose Test
- > Plus much more



## What is not included?

We have carefully selected our Audit Shield policy to provide the widest possible coverage for us and our clients. However, we do remind our clients that such items or circumstances as listed below are not covered:

- > Actions in regard to any notices from the ATO or any other government revenue agency 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 audit activity at a future time; or do not compel you to take any action.
- > If the ATO auditor imposes final culpability/shortfall penalties of 75% or more, and/or the return is deemed to have been fraudulently lodged.
- > Audit activity where notification was given prior to the inception of cover (i.e. prior to our receipt of your participation fee).
- > Excess superannuation contribution tax issues are not included in the SMSF specific cover as these issues are directed at the individual member, not the SMSF.
- > Any fine or penalties imposed or for any amounts payable pursuant to an amended notice of assessment or adjustment including but not limited to additional tax, duty, government impost or similar payments.
- > Costs for work incurred which should have been undertaken prior to the audit activity (e.g. outstanding lodgements).
- > Any matter in relation to applications, assessments or reviews of government benefits or entitlements and any form of activity involving a review relevant to you maintaining industry status, licence compliance, membership or any form of application, registration or re-registration process.



## Is the cost tax deductible?

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

## Who is Vero Insurance and how can they be contacted?

AAI Limited trading as Vero Insurance is a wholly owned subsidiary of Suncorp Group Limited.

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