

Audit Protection Service

Insuring our clients against the cost of random government audits, reviews and investigations

Client Testimonial

I would like to thank you for recommending I take out Audit Protection Insurance. I know I gave you a hard time about it at the time, as my view was that having been in my medical practice for 30 years and never being questioned by the ATO, why should I pay yet another expense?

However, as you know, I "got the call" and if it hadn't been for your presence on the day with the ATO I'm not sure what would have happened. They asked questions and required information that I would have been a stuttering wreck trying to provide.

In the end the members of the ATO were the ones embarrassed by your expertise, knowledge and confidence.

I would recommend anyone to take out this type of insurance. The cost is minimal and benefits potentially great.

Dr Graham Cato

Since launching our Audit Protection Service we have seen our clients directly benefiting from this insurance and saving on the costs of audits.

The Australian Tax Office has announced a blitz on small business, tripling the number of planned risk reviews and audits in the 2010-11 tax year. So it is becoming a case of not if – but when – a business will be audited.

Case Study 1

Our client received advice from the ATO that they were conducting a PAYG withholding audit on his company for the years 30 June 2007 – 30 June 2009. The audit centred on the withholding of tax from payments made to contractors over this period.

The client had been selected because in 2007 their income tax return for 2007 had indicated approximately \$20,000 of payments to contractors and there were no such payments recorded in 2008. This was the fact.

The ATO requested financial information from the client for the period in question. As part of the procedure the ATO visited the client to have discussions with the Financial Controller.

McLean Delmo handled all aspects of the matter on behalf of the client.

Upon completion of the audit the ATO could find no fault with the practice and procedures of the client in relation to their withholding obligations.

The client was one of the first clients to accept our offer of Audit Protection Insurance and for a very small premium saved \$3,658 in accounting fees.

Case Study 2

Another client was contacted by the State Revenue Office in relation to information they had received from a workcover authority indicating that the client had breached the Payroll Tax threshold in the 2008 financial year.

The client advised McLean Delmo who handled all aspects of the audit with the State Revenue Office, allowing the client to concentrate on his business.

Upon review it was quite apparent that the client had not breached any thresholds and the State Revenue Office acknowledged their error.

The fees charged in respect of this audit were not large, but they were covered without hesitation by the Audit Protection Service.

Case Study 3

One of our self managed superannuation fund (SMSF) clients was audited by the ATO in relation to a property investment made by the fund.

Our specialist SMSF advisers reviewed the activities of the fund and prepared the detailed response to the ATO to satisfy them that the property had been purchased in direct accordance with legislative requirements.

Once the audit was complete, the client made a claim to the Audit Protection Service and promptly received the full cost of the audit advice.

What are random government audits, reviews and investigations?

Random audits, reviews and investigations are conducted by the Australian Tax Office (ATO) and other State and Federal Government agencies to ensure business and taxpayer compliance with various tax and legislative requirements such as Income, Land and Payroll Tax, GST, Workers Compensation, Superannuation Guarantee and Compliance and Research and Development Grants.

How likely am I to get a random audit, review or investigation?

The ATO and other federal and state agencies continue to announce significant increases in their audit activity. Now more than ever, individuals, businesses and self managed superannuation funds are at risk of being selected for a random audit or review.

What are the costs to businesses and taxpayers in the event of a random audit, review or investigation?

If your business or individual return is subjected to a random audit, review or investigation you are responsible for the costs involved in providing the required information. Even the simplest enquiry can require hours of work. In some cases when there are complex environments, unusual circumstances, multiple years or multiple companies and trusts thousands of dollars in accounting and legal fees can be incurred.

How can I protect myself from the costs of random audits, reviews and investigations?

We can offer you and your business an Audit Protection Service which can provide you with comprehensive relief from these audit, review and investigation costs. The Audit Protection Service covers:

- Accounting fees in responding to audits, reviews and investigations of your lodged returns, including those from previous years
- Random government audit, reviews and investigations for Payroll Tax, Workers Compensation, Self Managed Superannuation Funds, Income Tax, BAS/GST, FBT, R&D, Superannuation Guarantee and Record Keeping to name a few
- Specialist professional fees if we need to engage a tax expert or lawyer for an opinion or defence.

The Audit Protection Service:

- Provides 100% coverage of our fees (up to a prescribed limit)
- Is tax deductible
- Is underwritten by Vero, a subsidiary of Suncorp Ltd.

To find out more about our Audit Protection Service, please contact your McLean Delmo Partner on 9018 4666.