

### **Are you immune from a government agency audit?**

- No. The reality is that irrespective of how well your financials and statutory reporting are, you can still be selected for a government audit.
- You have a potential exposure if you are an Individual; Self Employed; Trust; Self Managed Super Fund; Business or trading entity; association; or not-for-profit organisation that should be or is lodging returns with State or Commonwealth Government Agencies that administers taxes, duties, superannuation and workers compensation.
- If subject to a 'return or compliance' audit, you'll want to be in a financial position to engage your professional advisers to assist in responding.
- The professional fees incurred can be substantial with the majority of costs typically incurred in responding to the initial range of documents and financial records sought and, if proceeding to a comprehensive audit, preparation.
- Audit Insurance covers these professional fees incurred, but not any amended assessment or any fines or penalties imposed.
- There is clear evidence that you'll achieve a far smarter audit outcome and likely reduced fines or penalties if you engage your professional adviser, rather than trying to resolve on your own.
- Some claim examples – (a) ATO audit on 'rental property', 1 year, \$5,700; (b) ATO audit of a Self Managed Super Fund, \$4,300; (c) NSW Workers Comp audit, 5 year period, \$13,100; (d) Vic Payroll Tax audit, 3 years, \$9,345; (e) ATO GST audit, 4 quarters, \$26,900; (f) ATO FBT audit, 2 years, \$7,400; and (g) a 1 quarter BAS audit, expended to a 12 quarter BAS audit and then expended into 3 year Income Tax audit, \$53,500.

### **What to do?**

Talk to your account executive. They can obtain an initial indicative quote and discuss options. Audit Insurance cover can be readily placed. Our best advice is don't delay, as most government audits are unannounced and unbudgeted!

**Audit Insurance – Application Form – Byrons Chartered Accountant – Ref. No. 09/06/02829**

**What is included?** 'Professional Fees' incurred (up to the 'Shared Limit') to manage any audit initiated by a 'Government Agency' against 'You' or on any previously lodged return and that arises during the 'Period'. 'Professional Fees' incurred must be fair & reasonable for the type of audit being conducted. 'Government Agency' is limited to those agencies that administer taxes, duties, superannuation or workers compensation. 'You', being those names listed under 'Step 1' below, will be liable for any 'Professional Fees' incurred over the 'Shared Limit'. The 'Period' is the 12 month period from the date Audit Services Pty Ltd receives this 'Application Form' and payment of the 'premium' in their office. At the end of 12 months, Audit Services Pty Ltd will invite renewal.

**What is excluded?** (1) Where a return has been prepared or lodged recklessly or fraudulently; (2) A return is lodged more than 3 months outside the prescribed date; (3) Where You are not fully compliant and registered with relevant Government Agencies; (4) Any verbal or written advice or notice of a pending audit has already been received by You or your adviser(s); (5) Additional Professional Fees incurred because You have failed to maintain and retain proper records as stipulated by the various government agencies You deal with; (6) Any verification type activity or audit for the sole purpose of validating entitlement to a refund prior or subsequent to payment; (7) Any activity that involves the maintenance of any operating licenses, memberships, registrations, workplace practices, regulatory or industry processes and the like; (8) Education, training, implementation etc., due to a change in government or industry policies, regulations and by-laws; (9) An audit that relates to the deduction, rebate or claim for tax or duty relief arising out of a mass marketed product or scheme unless the product or scheme has received prior written approval from the relevant Government Agency; (10) Activities involving money laundering, failure to declare foreign income or the use of tax havens or the like; (11) Any amended assessments, fines or penalties imposed; (12) Professional Fees incurred for any legal proceedings taken against You or initiated by You; or (13) You have entered into any form of bankruptcy, administration, receivership, liquidation, insolvency (voluntary or otherwise), winding up or a similar process.

**STEP 1.** List the names of Individuals, Trusts, Superfunds, Operating or other entities (*entities must have common majority ownership*) to be insured. PLEASE PRINT CLEARLY & SEPARATE THE NAMES WITH A COMMA.

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**STEP 2.** Tick the 'Shared Limit' of professional fees required. The '\$xxx' amount is the annual premium to be paid. The 'Shared Limit' selected should ensure sufficient professional fees coverage in the event of being exposed to more than one audit or a multi year audit. Names listed in Step 1. above share the 'Shared Limit' selected, which is the maximum amount available during the subscription period. The annual premium includes GST, stamp duty & an administration fee.

<b>Individual Only</b> (including spouse/partner)	<input type="checkbox"/> \$5,000 / <b>\$118</b>	<input type="checkbox"/> \$10,000 / <b>\$163</b>		
<b>Client Group</b> (including associated individuals)	<input type="checkbox"/> \$5,000 / <b>\$233</b>	<input type="checkbox"/> \$10,000 / <b>\$368</b>	<input type="checkbox"/> \$15,000 / <b>\$568</b>	<input type="checkbox"/> \$20,000 / <b>\$668</b>
	<input type="checkbox"/> \$25,000 / <b>\$878</b>	<input type="checkbox"/> \$30,000 / <b>\$1,193</b>	<input type="checkbox"/> \$35,000 / <b>\$1,453</b>	<input type="checkbox"/> \$50,000 / <b>\$2,748</b>

**STEP 3.** Sign: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Contact number: (\_\_\_\_) \_\_\_\_\_

Your postal address: \_\_\_\_\_

Your email address: \_\_\_\_\_ (for ease of contact if we have any questions re this form)

**STEP 4.** If paying the premium by EFT: BSB: 332027 Acct: 552229946 Name: Audit Services P/L Trust Account: Reference used: \_\_\_\_\_

**STEP 5.** Mail this form (plus your cheque for the premium amount, if not paying by EFT) to Audit Services Pty Ltd, PO Box 20756, WORLD SQUARE NSW 2002. Our ABN is 93 108 815 194. After receipt of premium, Audit Services Pty Ltd will mail a Tax Invoice & Insurance Certificate. For assistance, please phone (02) 9261 4228 or email [audit@auditservices.com.au](mailto:audit@auditservices.com.au). AI Returns & Compliance 0609