

# Case Studies of Audit Activity



Australian taxpayers, in the form of businesses, individuals and Self Managed Superannuation Funds (SMSF), are constantly finding themselves at the mercy of the Australian Taxation Office (ATO) or other government revenue agencies in relation to audits, enquiries, investigations or reviews.

Below are a few examples of Audit Shield clients who filed honest declarations, however, were still sought after by the ATO. Luckily they participated in the Audit Shield service and avoided the costly ramifications.



## Retailer: GST Audit - No additional tax payable

*"Help when we needed it"*

A Melbourne retailer who was experiencing difficult trading conditions received a Goods and Services Tax audit. The financial cost of dealing with the ATO would have been a burden on the client. The outcome for the client was that the audit was dealt with at no cost to the business.

## End Result

Fees of \$6,800 were fully covered by Audit Shield.



## Business Group: Tax Audit - Capital Gains Transaction

*"We have seen an increase in data matching"*

A group of businesses derived a capital gain. The ATO commenced lengthy audit action and support was able to be provided under Audit Shield for not only the firm's assistance but also for legal assistance that was necessary for dealing with the ATO enquiry. The positive outcome for the client was that a robust and measured defence of the ATO claims could be made using the cover available.

## End Result

Fees of \$25,000+ were fully covered by Audit Shield.



## Business Group: Employer Obligations Audit

*"We are thankful we opted into the service"*

A client was selected due to a data matching flag where the ATO believed the employees had claimed more PAYG withholding than the employer had reported. Although the discrepancy was cleared, the client was found to have not paid the correct amount of superannuation and was assessed for \$4,083 in Superannuation Guarantee Charge.

## End Result

Fees of \$7,374 were fully covered by Audit Shield.



## Individual Taxpayer: Tax Audit Review - client 100% correct

*"Audit Shield gave me peace of mind"*

An individual living in country Victoria was data matched by the ATO and certain work related and rental property deductions were questioned. Our tier 2 client firm provided professional assistance and all the ATO questions were resolved. The positive outcome for the client was that they were fully supported by us, the audit assistance professional fee was covered, and the ATO cleared the client.

## End Result

Fees of \$3,450 were fully covered by Audit Shield.



## SMSF: Tax Audit Review - No cost for professional assistance

*"Increased ATO audit activity"*

The ATO undertook a selective audit of a SMSF. This audit focused on the activities of the Trustee. The positive outcome for the client was that the total professional cost of dealing with the investigation questions and liaison with the ATO was covered.

## End Result

Fees of \$6,300 were fully covered by Audit Shield.



## SMSF: Tax Audit Review - No cost for professional assistance

*"Everything was in order and I was still investigated"*

In relation to information provided in the regulatory section of the SMSF's Income Tax Return, the ATO investigated rental income and expenses and member benefit payments over a two year period. The outcome was that the rental property was appropriately owned and accounted for. The member benefit payments had appropriate conditions of release.

## End Result

Fees of \$3,385 were fully covered by Audit Shield.

**If you would like to learn more about our Audit Shield service, please talk to your accountant.**