

24 May 2019

Mr W Gale
Gale Family Superannuation Fund
27 Yaldara St
CARSELDINE QLD 4034

Bonus Protection in our Audit Shield Service

Dear Wayne,

The Australian Taxation Office and other relevant government revenue agencies are active in conducting audit activity, so we offer our Audit Shield service as an effective mechanism to protect you against unplanned professional fees which can arise as a result.

Take advantage of this offer promptly to enjoy extended protection at no extra cost. This service commences the next business day after your payment is received, and expires on **30 June 2020**.

Benefits of the Audit Shield service:

- **Relief:** In the event that you are subject to an audit, enquiry, investigation or review in relation to your lodged returns, the associated professional fees (up to a prescribed limit) are covered.
- **Retrospective protection:** Previously lodged returns are covered automatically.
- **Simple claim process:** In the event of a claim, we manage the process on your behalf.
- **You have a choice:** The offering is optional, so there is no compulsion to participate.

Important information about the Audit Shield service:

- Supported by thousands of accounting firms across Australia, over 500,000 businesses and individuals participate in the comprehensive Audit Shield service annually.
- We hold a tax audit insurance policy in our business name. By proceeding with our Audit Shield service, we will include you and your entities in our policy.
- The policy we hold is a group policy underwritten by AAI Limited (trading as Vero Insurance).
- Payment is tax deductible. In addition, included in your payment is a fee payable to us. This is simply used as recovery of our administrative costs for managing this service.
- You can continue to benefit from the service on the proviso that we are acting as your registered tax agent.
- Participation in this service is not automatic.

To be protected by Audit Shield, simply provide payment as indicated on the *Client Acceptance Form*. We have worked closely with our service provider and Macquarie Bank to offer you an automated payment portal (DEFT Payment Systems). Please note that this portal is for Audit Shield service payments only. All payments related to this service must be made via this secure system and will remain in our control.

If you do not want to participate, you don't have to do anything but if you wish to formally decline, please follow the instructions on the *Client Decline Form*. If you have any queries with respect to this offer, refer to the enclosed FAQs or contact us.

Yours faithfully,



Sam Greco
Sam Greco & Co.

CLIENT ACCEPTANCE FORM

Gale Family Superannuation Fund
 27 Yaldara St
 CARSELDINE QLD 4034

Tax Invoice
 TAI-19139477

 Ref: GALE0010
 24 May 2019

This *Client Acceptance Form* is your invitation to participate in the Sam Greco & Co Audit Shield service. Participation in the Audit Shield service is active the next business day upon receipt of payment. Liability limited by a scheme approved under Professional Standards Legislation. This document serves as a tax invoice/receipt upon payment.

Details
 Expiry Date: 30 June 2020 at 4p.m.
 Level of Cover: \$ 10,000.00
 Turnover Category: Self-Managed Super Fund

Name of Entities / Individuals to be covered:
Gale Family Superannuation Fund

Payment

Fee for Audit Shield service participation:	\$ 290.91
GST Added:	\$ 29.09
<u>Amount Due:</u>	\$ 320.00

Privacy Statement
 By paying this invoice, and in the event of any claims, you authorise us to provide reasonable personal/private information about you and/or any related entity to support the claim.

-----<----- For cheque payments, please detach beneath this line and forward it along with your cheque payment in the enclosed envelope ----->-----



DEFT Reference Number: 404251191394774

<p>BPAY</p> <p>To pay via BPAY, use the following details:</p>  <p>Bill Code: 253575 Bill Reference: 404251191394774</p> <p>Contact your participating financial institution to make a payment from your cheque or savings account.</p>	<p>Mail</p> <p>Post cheques to: GPO BOX 794, BRISBANE QLD 4001.</p>  <p>Cheques must accompany this form and are payable to: Audit Shield - Sam Greco & Co Please note this GPO Box is for cheque payments only.</p>	<p>Total Due</p> <p>\$320.00</p>
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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.

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, review or examination (audit activity) of your lodged returns or your financial compliance obligations 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 tax payers 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.

Important information:

If an official enquiry, official investigation, official review or official examination escalates or results in an audit, then this will be viewed as one audit for the purposes of this service.

Is it possible to arrange a pro rata fee for the Audit Shield service?

Yes, depending on your date of payment a pro rata fee may be available. Please speak with us to discuss the specifics of this option.



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.

Postal Address: GPO Box 3999, Sydney NSW 2001

Telephone: 13 18 13

Email: veroinformation@vero.com.au



CLIENT DECLINE FORM

Gale Family Superannuation Fund

Client Code: GALE0010

DEFT Reference Number: 404251191394774

If you do not wish to participate in our Audit Shield service, please decline by following the instructions listed below:

- Step 1.** Visit <https://pay.auditshield.com.au/samgreco>
- Step 2.** Click the 'Decline Participation' link at the bottom of the page.
- Step 3.** A form will appear with the pre-loaded type of query (Decline participation). Complete the other mandatory fields.

By following the steps listed above, you are acknowledging that you have been offered participation in the Sam Greco & Co Audit Shield service and do not wish to participate. You acknowledge that you will be excluded from the coverage the service provides and will be charged separately for any professional fees and/or costs that may occur in the event of any audit activity by the Australian Taxation Office (ATO) or any other government body.