

Tax Audit (Direct)

Insurance policy



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Important Information

The way we handle your personal Information

We collect personal information from you for the purpose of providing you with insurance products, services, processing and assessing claims. You can choose not to provide this information, however, We may not be able to process your requests. We may disclose information We hold about you to other insurers, an insurance reference service or as required by law. In the event of a claim, We may disclose information to and/or collect additional information about you from investigators or legal advisors. If you wish to update or access the information We hold about you, please contact us.

General Insurance Code of Practice

CGU Insurance proudly supports the General Insurance Code of Practice. The purpose of the Code is to raise standards of practice and service in the general insurance industry.

The objectives of the code are:

- to promote better, more informed relations between insurers and their customers;
- to improve consumer confidence in the general insurance industry;
- to provide better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- to commit insurers and the professionals they rely upon to higher standards of customer service.

Brochures on the Code are available from your nearest CGU office.

Our service commitment

CGU Insurance is proud of its service standards and supports the General Insurance Code of Practice. In an unlikely event that you are not satisfied with the way in which we have dealt with you, as part of our commitment to customer service, we have an internal dispute resolution process in place to deal with any complaint you may have.

Please contact your nearest CGU Insurance office if you have a complaint, including if you are not satisfied with any of the following:

- one of our products;
- our service;
- the service of our authorised representatives, loss adjusters or investigators; or
- our decision on your claim.

Our staff will help you in any way they can. If they are unable to satisfy your concerns, they will refer the matter to their supervisor or manager. If the manager cannot resolve the matter, the manager will escalate the matter to our Internal Dispute Resolution Department.

Brochures outlining our internal dispute resolution process are available from your nearest CGU Insurance office.

Intermediary remuneration

CGU Insurance Limited pays remuneration to insurance intermediaries when we issue, renew or vary a policy the intermediary has arranged or referred to us. The type and amount of remuneration varies and may include commission and other payments. If you require more information about remuneration we may pay your intermediary you should ask your intermediary.

Section 1

How To Read This Insurance Policy

- 1.1** Some of the words in this insurance **Policy** have special meanings. These meanings can be found in Section 9 of the **Policy** ("Words with special meanings"). If a word has a special meaning, it appears in this **Policy** in bold type and with a capital letter. These words may appear without bold type in endorsements in the **Policy** Schedule.

Section 2

The Insurance Contract

- 2.1** **We** agree to provide the **Cover** described in this **Policy** upon full payment of the agreed Gross Premium.
- 2.2** Before this **Policy** came into effect, **We** were provided with information by or on behalf of the **Insured** in the **Proposal**, and perhaps in other ways. **We** have relied on this information to decide whether to enter into this contract and on what terms.
- 2.3** If any of that information is wrong or false, it may affect entitlement to **Cover** under this **Policy**.
- 2.4** This **Policy** is in force for the Period of Insurance stated in the Schedule.
- 2.5** If full payment of the Gross Premium is not made, there is no **Cover**.

Section 3

The Cover We Provide

3.1 The cover we provide

We provide **Cover** up to the **Policy** Limit (see Section 4) for **Costs** arising in connection with **Audits**:

- (a) which commenced while this **Policy** is in force.
For the purpose of this **Policy** the **Audit** will have commenced from the date of receipt of such written notice of **Audit** or other written notice as to the likely conduct of any such **Audit**; or
- (b) which **We** are told about in writing as soon as reasonably possible while this **Policy** is in force; and
- (c) which arises from a **Return** lodged and giving rise to one or more of the types of **Audits** described in Section 3.2.

3.2 The types of audits we cover

We provide this cover in respect of any **Audits** conducted by:

- (a) the Australian Taxation Office; or
- (b) any other Australian (Federal, State or Territory) government authority or agency which has the statutory responsibility to conduct **Audits** in relation to taxation, duties, levies or other such statutory imposts in connection with a **Return**.

Section 4

Limits To The Amount Of Cover

4.1 The policy limit

The **Policy Limit** applies separately in respect of each **Covered Audit** and in the aggregate for all **Covered Audits** while this **Policy** is in force.

Section 5

What Is Not Covered

We do not **Cover Costs** arising from, in respect of or in relation to any of the following:

- 5.1 Audits** conducted by the Australian Prudential Regulatory Authority.
- 5.2 Audits**, notice of which or other facts, circumstances or information as to the likely conduct of an **Audit**, was received by the **Insured** or any person acting on the **Insured's** behalf prior to the inception date of this **Policy**.
- 5.3** Any fraudulent, dishonest, criminal or malicious act or omission committed by or on behalf of the **Insured**.
- 5.4** False or misleading statements in a material particular and where the reason for such statement can be attributed to deliberate evasion, recklessness or carelessness by or on behalf of the **Insured**. This Exclusion will not apply where a false or misleading statement results from such **Insured** being misled by the government agency conducting such **Audit**, or where such **Insured** could not have reasonably been expected to know that a statement was false or misleading.
- 5.5** Any criminal prosecution of the **Insured**.
- 5.6** An **Audit** conducted by the Australian Taxation Office only, in respect of which the Australian Taxation Office has imposed a final culpability penalty in excess of 75% of the tax payable.
- 5.7** In respect of any **Audit** which results from the **Insured** or any person acting on their behalf becoming aware of an error or deficiency in any information, **Return** or other documentation furnished to the relevant government authority or agency and not notifying the relevant government authority or agency of the error or deficiency without delay.
- 5.8** Inquiry, investigation, review, examination or audit conducted for the sole purpose of determining to what extent any fine or penalty should be imposed or whether any prosecution action should be commenced against the **Insured**.
- 5.9** Any **Audit** which is initiated to determine the **Insureds'** liability to pay any form of tax, levy, duty, penalty, as a result of participation in any marketed or mass marketed tax avoidance or tax minimisation scheme or arrangement unless the scheme or arrangement has received a prior product ruling in its favour from the relevant government agency.
- 5.10** Any legal action instituted by the **Insured** unless it is at **Our** direction.
- 5.11** Any **Audit** or **Return** where the **Insured**, at the commencement of the **Audit**:
 - (a) is bankrupt within the meaning of the Bankruptcy Act 1966, or insolvent as defined under the Corporations Act 2001, or in liquidation or in administration or in receivership; or
 - (b) has collective turnover in the last completed financial year which is greater than \$75,000,000.
- 5.12** Any **Return** lodged more than three months after the lodgement date prescribed in any authorised extension of time for lodgement and approved in writing by the relevant government authority or agency.
- 5.13** **Audits** directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with:
 - (a) any act of **Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the loss, damage, illness, injury, death, cost or expense.
 - (b) any action in controlling, preventing, suppressing, retaliating against, or responding to any act of **Terrorism**.
- 5.14** An appeal to:
 - (a) reconsider a **Reviewable Decision** (except in respect of a **Self Managed Superannuation Fund**) to an administrative tribunal constituted to hear appeals; or
 - (b) reconsider a **Reviewable Decision** in respect to a **Self Managed Superannuation Fund**, which was lodged without **Our** prior written consent.

Section 6

Investigation And Settlement Of Claims

6.1 We must be told about audits

The **Insured** must tell **Us** in writing about an **Audit** as soon as possible and while this **Policy** is in force. If this is not done the **Insured's** right to **Cover** under this **Policy** may be affected.

6.2 Audit co-operation

Each **Insured** must:

- (a) diligently do, and allow to be done, everything reasonably practicable to avoid or lessen the **Costs** incurred in relation to an **Audit** (or **Covered Audit**) otherwise **Covered** by this **Policy**;
- (b) immediately give **Us** all the help and information that **We** reasonably require to:
 - (i) investigate any **Audit**; and
 - (ii) assess the **Costs** incurred in respect of an **Audit** for which **Cover** is sought under this **Policy**;including but not limited to:
 - (1) the number of external accounting or bookkeeping staff used in connection with an **Audit**;
 - (2) the work undertaken;
 - (3) the number of hours involved and the hourly rate;
 - (4) the total disbursement costs and the total **Costs** incurred where they exceed \$500; and
 - (5) provide full details as described in (1) to (4) above in respect of **Costs** incurred when other professionals are engaged by the **Insured**.

6.3 We can protect our position

When **We** receive a notification of an **Audit**, or of a fact or circumstance which may give rise to an **Audit** which may be **Covered** under this **Policy**, then **We** can take whatever action **We** consider appropriate to protect **Our** position. This does not, however:

- (a) indicate that any **Insured** is entitled to be **Covered** under this **Policy**; or
- (b) jeopardise **Our** rights under the **Policy** or at law.

6.4 GST basis of settlement

Where payment is made under this **Policy** for the acquisition of goods, services or other supply, **We** will reduce the amount of the payment by the amount of any input tax credit that the **Insured** is, or will be, entitled to under A New Tax System (Goods and Services Tax) Act 1999 in relation to that acquisition, whether or not that acquisition is made.

Where payment is made under this **Policy** as compensation instead of payment for the acquisition of goods, services or other supply, **We** will reduce the amount of the payment by the amount of any input tax credit that the **Insured** would have been entitled to under a New Tax System (Goods and Services Tax) Act 1999 had the payment been applied to such goods, services or other supply.

Section 7

Other Matters

7.1 The proposal

The **Proposal We** were given by or on behalf of the **Insured** before this **Policy** commenced, is taken to be a separate **Proposal** for each natural person who is an **Insured**. If there is any fact or misstatement in the **Proposal** that relates to one natural person who is an **Insured**, **We** do not attribute it to any other natural person who is an **Insured**, for the purposes of this **Policy**.

7.2 Authority to accept notices & to give instructions

The persons listed as the **Insured** in the Schedule are appointed individually and jointly as agent of:

- (a) each **Insured**; and
- (b) any person who is entitled to a benefit under this **Policy** (when they request **Cover** or suffer a loss under this **Policy**) in all matters relating to this **Policy**, and to **Audits Covered** by it.

In particular (but without limitation) the persons listed in the Schedule as the **Insured** are agents for the following purposes:

- (i) to give and receive notice of **Policy** cancellation, to pay premiums and to receive any return premiums that may become due under this **Policy**; and
- (ii) to accept endorsements or other notices provided for in this **Policy**; and
- (iii) to give instructions to solicitors or counsel that **We** appoint or agree to, and to receive advice from them and to act on that advice; and
- (iv) to give **Us** information relevant to this **Policy**, which **We** can rely on when **We** decide whether to accept the risk, and set the **Policy** terms or the premium.

7.3 Singular & plural

The singular includes the plural and the plural includes the singular, except if the context requires otherwise.

7.4 Payment in Australian dollars in Australia

All premiums and **Costs** must be paid in Australian dollars in Australia.

7.5 Law of the policy

This **Policy** is governed by the law of the Territory or State where the **Policy** was issued, which is stated in the Schedule. The courts of that place have exclusive jurisdiction in any dispute about or under this **Policy**.

7.6 Territory covered by this policy

Cover under this **Policy** is restricted to **Audits** conducted in the Commonwealth Australia.

7.7 Schedule must be included

This **Policy** is only legally enforceable if it includes a Schedule signed by one of **Our** officers or agents.

7.8 Disclosure of information to us in respect of the cover and the audit (or covered audit)

The solicitors instructed by **Us** to act on behalf of the **Insured** for any **Audit** (or **Covered Audit**) are at liberty

to disclose to **Us** any information they receive in that capacity, wherever they obtain it from, including from the **Insured**. By claiming under this **Policy**, the **Insured** authorises such solicitors to disclose this information to **Us** and waives all claim to legal professional privilege which might otherwise prevent those solicitors from disclosing this information to **Us**.

7.9 Paragraph headings

The paragraph headings in this **Policy** are included for the purpose of reference only and do not form part of this **Policy** for interpretation purposes.

Section 8 Cancelling The Policy

8.1 We can cancel the policy

We may cancel this **Policy** at any time in accordance with the relevant provisions of Section 60 of the Insurance Contracts Act 1984, by giving notice in writing to the **Insured** of the date from which cancellation is to take effect.

We may deliver this notice to the **Insured** personally, or post it by registered or certified mail (to the **Insured's** broker or to the address the **Insured** last gave **Us**). Proof that **We** mailed the notice is sufficient proof that the **Insured** received the notice.

8.2 After cancellation pursuant to Section 8.1, **We** will refund the premium for the time remaining on the **Policy**, less any non-refundable duties, unless an **Insured** has made a fraudulent claim under the **Policy**.

Section 9 Words With Special Meanings

9.0 Whenever the following words are used in this **Policy** in bold type and with a capital letter, they have the special meanings set out below. These words may appear without bold type in endorsements in the **Policy** Schedule.

9.1 Audit

Any official inquiry, investigation, review, examination or audit (including record keeping, record retention and client risk reviews) conducted by a government authority or agency in respect of a:

- (a) **Return** submitted by, or on behalf of the **Insured**; or
- (b) **Compliance Obligation**;

But **Audit** shall not mean:

- (i) a review relevant to the **Insured** maintaining its industry status, license to conduct or operate its business, gain or maintain membership or any form of occupational health and safety type compliance;
- (ii) any form of practice or procedural audit of your client or practice files;
- (iii) any activity involving a government authority or agency gathering information or data that is not part of an **Audit** of a **Return** or **Compliance Obligation**;
- (iv) any activity involved in the familiarisation education, training, application, implementation, process or operation of:
 - (1) any amendments or changes to existing, or
 - (2) the introduction of new legislation or industry regulation.
- (v) telephone communication from the Australian Tax Office.

9.2 Insured

Any:

- (a) person; and/or
- (b) company, firm, partnership or trust, that is not a superannuation fund; and/or
- (c) **Self Managed Superannuation Fund**;

any **Subsidiary** of the entities listed in 9.2 (b) above, and in respect of which have been declared to **Us** in the **Proposal** by the **Insured** as requiring **Cover** under this **Policy**.

9.3 Compliance obligation

Means an official inquiry, investigation, review, examination or audit conducted by:

- (a) the Australian Taxation Office; or
- (b) any other Australian (Federal, State or Territory) government authority or agency that is authorised to undertake such inquiry, investigation, review, examination or audit of a **Return**;

in relation to whether or not the **Insured** has met their tax or financial compliance obligations with that government authority or agency.

9.4 Costs

Reasonable and necessary fees, charges and disbursements of an accountant, bookkeeper or BAS agent domiciled in Australia (and where required qualified/registered) or by any other external professional person or consultant domiciled in Australia engaged by the accountant, bookkeeper or BAS agent for work undertaken solely in respect of a **Covered Audit**.

Costs does not include amounts payable pursuant to an amended **Return** including and not limited to any additional tax, duty, government impost or similar, penalties or fines, imposed by a government agency or authority following an **Audit**.

9.5 Cover

Reference to '**Cover**' under this **Policy** shall mean indemnity and indemnity shall not include any component of profit.

9.6 Covered audit

An **Audit**, the **Costs** in relation to which **We** may agree to cover under this **Policy**.

9.7 Policy

The Insurance **Policy** made up of:

- (a) this **Policy** document
- (b) the Schedule to this **Policy**
- (c) the endorsements, if any, contained in the Schedule.

9.8 Policy limit

The limit stated in the Schedule as the "Sum Insured". See also Section 4 of this **Policy**.

9.9 Principal

A sole practitioner, a partner of a firm, or a director of a company, which firm or company is **Covered** by this **Policy**.

9.10 Proposal

- (a) The written proposal form (the date of which is stated in the Schedule) together with any supplementary material completed by or on behalf of the **Insured**, that was given to **Us**; or
- (b) The information provided via a database software program identifying an **Insured**;

and which is relied on by **Us**, to effect this **Policy**.

9.11 Return

Any documentation legally required to be lodged with the Australian Taxation Office, or any other Australian (Federal, State or Territory) government authority or agency.

9.12 Reviewable decision

As defined in Section 10 of the Superannuation Industry (Supervision) Act 1993.

9.13 Self managed superannuation fund

A fund which is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993 and which has:

- (a) fewer than five members; and
- (b) each individual trustee of the fund or director if a corporate trustee of the fund is a member of that fund; and
- (c) each member of the fund is a trustee; and
- (d) no trustee of the fund receives remuneration for their services from the fund.

9.14 Subsidiary

Any entity which a **Insured** holds at least 50% ownership interest or shareholding, unless the entity wishes to be separately nominated as an **Insured** using the database software program provided.

9.15 Terrorism

Terrorism includes any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- (a) involves violence against one or more persons; or
- (b) involves damage to property; or
- (c) endangers life other than that of the person committing the action; or
- (d) creates a risk to health or safety of the public or a section of the public; or
- (e) is designed to interfere with or to disrupt an electronic system.

9.16 We or Us or Our

CGU Professional Risks, CGU Insurance Limited
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