



Tax Probe[®] Plus



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Policy Wording

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About this policy

Words with special meaning

In this insurance policy:

You/your means the policyholder, person(s) or corporate body named in the Schedule.

We/our/us means Vero Insurance Limited
ABN 48 005 297 807.

Some other words used in this policy have special defined meanings. These words are in **bold**. Most of the words we have defined are listed in the ‘Definitions’ on pages 2 to 8 of this policy.

Our agreement – the protection we provide and what it costs you

The insurance we offer is set out in this Policy.

1. These terms and conditions apply if you make a claim – so it is important that you carefully read this Policy, including the Schedule and any endorsements.
2. In the insurance contract between you and us:
 - (a) we agree to provide you with the insurance described in this Policy and in return
 - (b) you agree to pay us the Amount Payable as follows:
 - (i) when you first take out the Policy, the premium and initial government taxes and charges specified in the Schedule;
 - (ii) when you renew the Policy, the premium and government taxes and charges as specified in the renewal notice.
3. This Policy will only respond to claims in connection with an audit that you first received notice of and which is also notified to us in the period of insurance.

If you have not paid us, you have no insurance.

Privacy statement

The Privacy Act 1988 (as amended) now applies and requires us to inform you that:

Purpose of collection

We collect personal information (*this is information or an opinion about an individual whose identity is*

apparent or can reasonably be ascertained and which related to a natural living person) for the purposes of:

- ▼ providing insurance services to you;
- ▼ including to evaluate your application;
- ▼ evaluating any request for amendment to any insurance provided;
- ▼ to provide, administer and manage the insurance services following acceptance of an application;
- ▼ investigating and, if covered, manage claims made in relation to any insurance you have with us or any other companies within the same group.

The personal information collected can be used or disclosed by us for a secondary purpose related to those purposes listed above, but only if you would reasonably expect us to use or disclose the information for this secondary purpose. However for sensitive information, the secondary purpose must be directly related to the purposes listed above.

Disclosure

We may disclose your personal information to, and/or receive some personal information from, when necessary and in connection with the purposes listed above:

- ▼ other members of the group of companies to which we belong;
- ▼ your insurance broker or our agent;
- ▼ Government bodies, loss assessors, claim investigators, reinsurers;
- ▼ other insurance companies, mailing houses, claims reference providers, legal and other professional advisers;
- ▼ other service providers, hospitals, medical and health professionals.

Consequences if information is not provided

If you do not provide us with the information we need we will be unable to administer your policy or manage any claims under your policy.

Access

You can request access to the personal information by contacting Vero Insurance Limited, GPO Box 2068, Adelaide, SA 5001.

In some circumstances we may not agree to allow you access to some or all of the personal information we hold about you such as when it is unlawful to give it to you. In such cases we will give you a reason for our decision.

Other offers

We would like to use your personal information to keep you up to date with the range of other products and services available from us and other companies within the same group. We may give your personal information to our agent or your broker to enable us to send you this information. Please contact us if you do not want us to do this.

Duty of Disclosure

When we insure you, we rely on the information you give us in your application.

So before you enter into the insurance contract you must tell us everything that you:

1. know, or could reasonably be expected to know, that is relevant to our decision whether and on what terms to insure you. You must also do this every time you renew or change the Policy – but only for matters you have not told us about before.

If you do not tell us these things we may do the following:

2. reduce the amount we pay for a claim under the Policy; or
3. refuse to pay a claim; and/or cancel/void the Policy.

You do not need to tell us anything:

4. that we say or indicate that we do not want to know,
5. that we know or, as insurers, we would know,
6. that lessens the risk we insure you against, or
7. that is common knowledge.

Goods and Services Tax (GST)

As part of the premium, we will charge you an amount on account of GST.

You must inform us of the extent to which you are entitled to an input tax credit for that GST amount each time that you make a claim under the Policies.

No payment will be made to you for any GST liability that you may have on the settlement of a claim if you do not inform us of your entitlement or correct entitlement to an input tax credit.

Despite the other provisions of this insurance (including provisions in the policy wording, the Schedule and any endorsement), our liability to you will be calculated taking into account any input tax credit to which you are entitled for any acquisition which is relevant to your claim, or to which you would have been entitled were you to have made a relevant acquisition.

If your Limit of Indemnity is not sufficient to cover your Loss we will only pay GST (less any relevant input tax credit) that relates to our proportion of your Loss. We will pay that GST amount in addition to your Limit of Indemnity.

‘GST’, ‘input tax credit’, ‘acquisition’ and ‘supply’ have the meaning given in the ‘A New Tax System (Goods and Services Tax) Act 1999’.

Definitions

Amount Payable

Amount Payable means the amount you must pay us as described in clause 2(b) under the heading “Our Agreement” at the beginning of the Policy.

Audit

In relation to Insured Event A, means after the lodgement of your return(s) any audit of, or investigation of, your taxation and financial affairs by the Australian Taxation Office which concerns a Designated Liability and does not include an Excluded Event.

In relation to Insured Event B, means after the lodgement of your return(s) and the making of an assessment (including any self-assessed liability) or the relevant document for a Designated Liability, an audit by the responsible Commonwealth, State or Territory Department Body or Agency which concerns a Designated Liability and does not include an Excluded Event.

Auditor

means an officer who is authorised under Commonwealth, State or Territory legislation to carry out an Audit of your taxation, financial affairs or a Designated Liability.

Concluded Decision

means a written notification of the Auditors' concluded views in connection with a Designated Liability and includes any written statement which is intended by the Auditor to be its findings in connection with a designated liability or the basis upon which it proposes to act in connection with a Designated Liability.

Designated Liability

means your obligation to pay an amount under Commonwealth, State or Territory Legislation.

Excluded Events

means the events specified in the Schedule.

Insured Event A

means – Audits conducted by the Australian Taxation Office but does not include:

- (a) any audit of a superannuation fund for the purposes of determining any matter relating to the superannuation funds', or its trustees', compliance with any of the provisions of the Superannuation Industry Supervision Act 1993 ("SIS"); and
- (b) any audit of superannuation fund contributions arising from or relating to a superannuation funds' compliance with the Superannuation Industry Supervision Act 1993 ("SIS").

Insured Event B

means – Audits conducted by a Commonwealth, State or Territory Department, Body or Agency not included under Insured Event A but does not include any Audit of a superannuation fund, superannuation contribution or superannuation compliance related matters.

Limit of Indemnity

means the sum specified in the Schedule.

Period of Insurance

means the period during which this Policy is current as set out in the Schedule.

Policy

means this Policy.

Prescribed Sales Tax Return and Prescribed Goods and Services Tax Return

means, respectively, any return required to be lodged by you pursuant to relevant Sales Tax or Goods and Services Tax legislation.

Professional Adviser

means:

1. an accountant who is a member of a nationally recognised accounting body, registered tax agent or tax consultant.
2. any other professional person or consultant engaged by or at the recommendation of the accountant with our prior written approval, but does not mean you or any person working for you under a contract of employment.

Professional Fees

means the reasonable and necessary fees, costs and disbursements incurred in connection with an Audit that would be payable by you to your Professional Adviser for work undertaken in connection with an Audit, but does not mean or include fees, costs and disbursements which:

- (a) form part of an annual or fixed fee or cost arrangement; or
- (b) relate to any subsequent objection or appeal or request for review in respect of the audit, or any assessment, amended assessment or concluded decision of the Auditor; or
- (c) were rendered by a third party in relation to which our written consent was not obtained before those fees were incurred; or
- (d) relate to or are associated with the preparation of any accounts, financial statements and/or documents or to any attendance or service which would have been or would or should ordinarily or prudently have been prepared prior to or at the time that the lodgement of any return and/or document was required to be lodged in connection with a Designated Liability.

Record Keeping Audit

means, subject to the definition of Insured Event A, any enquiry or investigation by the Australian Taxation Office which is aimed at determining the extent of your compliance with the record keeping requirements of relevant taxation legislation subject to the Sub-limit of Indemnity.

Schedule

means the most recent Schedule issued by us.

Sub-limit of Indemnity

means the sum(s) specified in the Schedule in relation to an event.

The cover we provide

What we cover

1. At the completion of the Audit we will pay you for the Professional Fees that would have been payable in connection with an Audit which commenced and was notified to us during the Period of Insurance.
2. For the purpose of this Policy, the Audit:
 - (a) commences at the time you first receive notice that the Auditor proposed to conduct an Audit, and
 - (b) is completed when:
 - (i) the Auditor has given written notice to that effect; or
 - (ii) the Auditor notifies you that it has made a Concluded Decision of a Designated Liability; or
 - (iii) when the Auditor has issued an assessment or amended assessment of a Designated Liability.

How much we pay

The most we will pay:

1. in respect of an Insured Event is the relevant Limit of Indemnity.
2. in respect of any specified event to which a sub-limit applies, is the relevant Sub-limit of Indemnity.
3. in respect of the total of all claims during the Period of Insurance is the Limit of Indemnity.
4. in respect of the maximum amount we will pay in relation to all Insured Events occurring during any one Period of Insurance, is the relevant Limit of Indemnity stated in the Schedule.

Our liability shall not be cumulative in amount from year to year, nor from one Period of Insurance to another.

Payment of claims

The claim

1. If you want to make a claim under this Policy, you must promptly give us full written details of any proposed Audit as soon as you are aware of the proposed audit.
2. Before retaining any professional other than your Accountant you must obtain our prior approval of that person's engagement and of your fees and disbursements proposed to be incurred by that person.
3. You must:
 - (a) keep us fully informed of all material developments in relation to the claim and the Audit; and
 - (b) take all reasonable steps to minimise cost and delay; and
 - (c) submit to us all accounts for Professional Fees that would have been payable in relation to an Insured Event immediately after the conclusion of the Audit, and
 - (d) ensure that we are provided with fully itemised details of all accounts for Professional Fees sufficient to enable us to determine the nature of the work done and the basis of calculation of the Professional Fees.
4. When you have made a claim:
 - (a) we or our agent may investigate any matter which is or may be the subject of the claim; and
 - (b) you must provide us with direct access at all times to your Professional Adviser; and
 - (c) if we so request, you must instruct your Professional Adviser to assist us in connection with any claim; and
 - (d) you must instruct your Professional Adviser to assist us with any matter we seek to pursue with the department, body or agency conducting the Audit which is or may be the subject of a claim under this Policy.

When We May Refuse a Claim

We may refuse a claim (or part of a claim) if:

1. you have not complied with your Duty of Disclosure; or
2. you have not complied with the terms and conditions of this Policy.

Other important terms

Exclusions

We will not be liable to indemnify you:

1. in relation to Insured Events A and B:
 - (a) if a return or document which is required to be lodged in relation to which the Audit is proposed to be conducted has not been lodged either at all or properly, or by the due date;
 - (b) if the Audit relates to an Excluded Event;
 - (c) in relation to routine enquiries or enquiries from the Auditor which are not identified as being either preliminary to or relating to an Audit being conducted by the Auditor;
 - (d) in relation to an Audit if, prior to the commencement of the Period of Insurance you or any person acting on your behalf:
 - (i) received or have received notice from the Auditor of the proposed Audit;
 - (ii) had information that the Audit was likely to take place;
 - (e) in relation to the Professional Fees of persons or organisations ordinarily resident outside Australia;
 - (f) where there has been:
 - (i) a deliberate act or a fraudulent omission in relation to a return or document or in communications with the Auditor by you or any other person acting on your behalf;
 - (ii) a statement whether orally or in writing by you or by any other person acting on your behalf which was false or misleading in a material particular and/or which was made knowingly, recklessly or negligently to an auditor. In order to avoid doubt, it is declared that this exclusion does not apply

if the false or misleading statement was made relying on representations made by the Auditor, or if you did not and could not reasonably have known that the statement was false or misleading, or if the statement was made on the basis of an honest and reasonable mistake as to what the law was;

- (g) if the audit is conducted specifically for the purposes of determining if any fine, penalty or prosecution action should be imposed in connection with any act or omission by you in relation to a Designated Liability, or in connection with any failure, act or omission arising from, or in connection with your statutory obligations for any Designated Liability;
- (h) if you without lawful justification refused to or failed to comply with a request made by or on behalf of the Auditor for the production of documents or the supply of information;
- (i) in respect of Professional Fees:
 - (i) incurred after the Audit has been completed (including in relation to any objection lodged with the Auditor in respect of the audit or any assessment or amended assessment issued after the Audit is completed);
 - (ii) incurred more than twelve months after the commencement of the Audit, unless you can show that completion of the Audit has been delayed as a result of the conduct of the Auditor;
 - (iii) which are incurred for, or are ordinarily associated with the preparation of your accounts, returns, taxation and financial records or advice which should have been incurred or ordinarily would be incurred for work done prior to or as part of the preparation of your accounts, returns, taxation and financial records prior to the lodgement of your taxation returns, financial records, or any document required by the relevant legislation in connection with a Designated Liability. The Clause titled "The Cover We Provide" sets out when, for the purpose of this Policy, an Audit commences and is completed;

- (j) where:
 - (i) the collective annual turnover of the policyholder and/or any related entity in the latest financial year exceeds \$100,000,000; or
 - (ii) at the commencement of the Audit, the Client is bankrupt within the meaning of the Bankruptcy Act, 1966 or insolvent or under external administration within the meaning of the Corporations Law;
- 2. in relation to Insured Event A, if a return in relation to which the Audit is proposed to be conducted:
 - (a) has not been lodged either at all or properly, or by the due date; or
 - (b) was not prepared or reviewed by an Accountant prior to dispatch;
 however in the case of:
 - (i) a Prescribed Sales Tax Return, Prescribed Goods and Services Tax Return, Business Activity Statement (BAS); or
 - (ii) a return in respect of income derived from:
 - (a) income earned under a contract of employment or service between you and a third party (but not where the income is paid by a company in which you are a director or have a controlling interest);
 - (b) payments from superannuation, pension or other retirement benefits received by you;
 or
 - (c) income derived from personal investments upon which you are not wholly or mainly dependent for support;

this exclusion will not apply;

- 3. in relation to Insured Event A if the audit is commenced or is conducted specifically for the purposes of determining your taxation liabilities and liability to pay tax, interest additional tax or penalty as a result of participation in any Mass Marketed Tax Avoidance Scheme (where the participation has resulted from an introduction proposal or recommendation made by you;

- 4. if you fail to comply with any requirement or obligation imposed upon you by an relevant legislation;
- 5. if, in relation to taxation matters you:
 - (a) have not maintained records which:
 - (i) you are either required to keep or should or would keep in the ordinary course of business, either properly or at all; or
 - (ii) would be kept ordinarily in relation to a Designated Liability; or
 - (b) are notified by the Auditor that you have not satisfied record keeping requirements or that the standard of records (including accounting and/or taxation records kept by you) are unsatisfactory;
- 6. In relation to Insured Event A if the Auditor imposes Culpability Penalties at the rate prescribed by the Auditor from time to time where there is no reasonably arguable case.

Obligations relating to tax authorities

As a condition of cover, you must:

- 1. lodge taxation and other returns within the time limits prescribed by statute or, if an extension is granted by the Auditor, within the further period granted;
- 2. pay all taxes by their respective due dates or if an extension is granted by the Auditor, within the further period granted;
- 3. respond to letters, requests and enquiries from the Auditor within a reasonable time;
- 4. make full and complete declarations of:
 - (a) all relevant liabilities including income and capital gains derived by you and of all Commonwealth, State or Territory taxation liabilities due to be paid or remitted by you during each year of income covered by this Policy, and
 - (b) all deductions including capital losses or other amounts claimed by you in respect of the same period.

Miscellaneous matters

Law

This Policy is governed by the law of the State or Territory in which it was issued.

Termination and cancellation

If you have not complied with your obligations under this Policy, we may cancel this Policy by giving you notice in writing effective at 4:00pm on the third business day after the day on which notice was given to you. If we cancel this Policy, we will refund to you part of the premium paid, calculated by reference to the unexpired portion of the Period of Insurance.

Notification and communication

1. Every notice of communication you are required to give or make under this Policy must be sent in writing to us at the address or facsimile number of our Head office or State office, or to such other address as we may direct from time to time.
2. Every written notice or communication we are required to give or make under this Policy will be sent in writing to you at the address or facsimile number specified in the Schedule or as notified by you from time to time.
3. A written notice or communication when sent by post to you or your appointed agent will be deemed to have been received by you on the third day following the day of posting.
4. A written notice or communication sent by facsimile to you or your appointed agent will be deemed to have been received by you on the date of transmission.

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Vero Insurance Limited
ABN 48 005 297 807
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