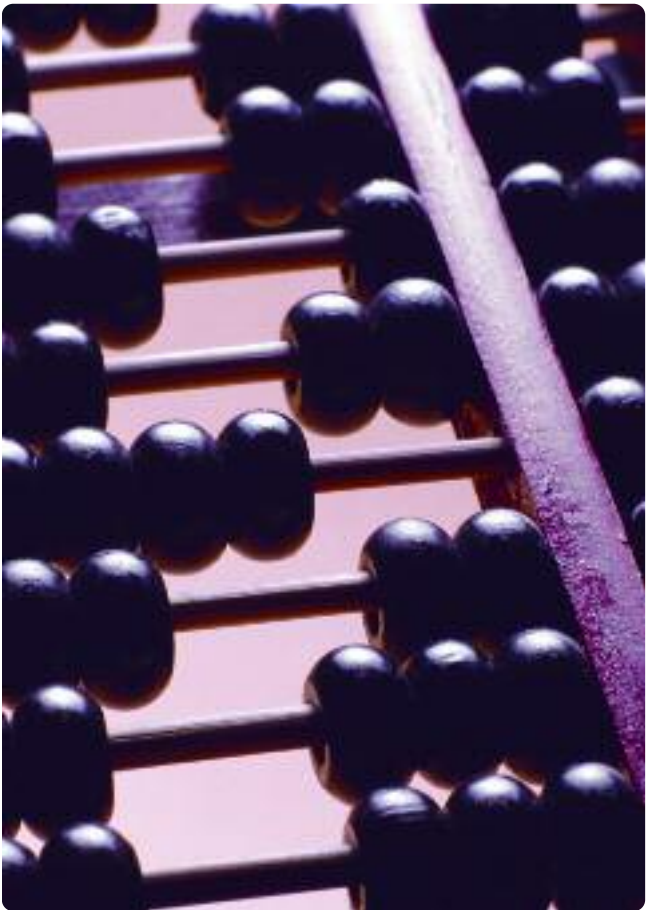


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Tax Probe[®] Plus



Tax Probe[®] Plus

Policy Wording

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Welcome to Vero Enterprise

Vero Enterprise, which is a division of Vero Insurance Limited ABN 48 005 297 807, was the first insurance company in Australia to design and launch a tax audit policy in 1991, and since then has consistently led the insurance market in creating new products in this area and updating its existing products in line with legislation e.g. the introduction of GST in 2000.

We have a dedicated underwriting team and claims handling process which is designed to make the process of Tax Audit Insurance as easy as possible.

Importantly, this policy is written in plain English because we recognise that you already have enough challenges in your business. Our aim is to keep all your dealings with Vero Enterprise simple and straight forward.

About this policy

Words with special meaning

In this insurance policy:

You/your means the policyholder, person(s), **self managed superannuation funds** or companies named in the **schedule**.

“You” is extended to include any company, firm, partnership or trust in which you hold a 50% or more ownership, interest or shareholding, and provided that you have included such an interest in the turnover figures provided.

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 17 to 19 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**.

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 during the **period of insurance**.

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

Duty of Disclosure

Before you enter into a contract of general insurance with us, you have a duty, under the Insurance Contracts Act 1984, to disclose to us every matter that you know, or could reasonably be expected to know, is relevant to our decision whether to accept the risk of insurance and, if so, on what terms.

You have the same duty to disclose those matters to us before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of any matter:

- ▼ that diminishes the risk to be undertaken by us;
- ▼ that is of common knowledge;
- ▼ that we know or, in the ordinary course of our business, ought to know;
- ▼ in respect of which we have waived your duty.

Non-disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the policy in respect of a claim or may cancel the policy.

If your non-disclosure is fraudulent, we may also have the option of voiding the policy from its beginning.

Privacy statement

The Privacy Act 1988 (as amended) 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*) from or about you, for the purposes of providing insurance services to you including:

- ▼ evaluating your application for insurance;

- ▼ evaluating any request for amendment to any insurance provided;
- ▼ issuing, administering and managing the insurance provided following acceptance of an application; and
- ▼ investigating and, if covered, managing claims made in relation to any insurance you have with us or any other companies within the Suncorp 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

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

- ▼ other companies within the Group;
- ▼ your insurance intermediary or our agent;
- ▼ Government bodies, loss assessors, claims 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 we hold about you 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.

Important Notices

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 policy.

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 insured amount 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 insured amount.

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

Cooling Off Period

You have the right to cancel and return the insurance policy by notifying us in writing within 30 days of the date it was issued to you (“cooling off period”), unless you make a claim under the policy within the cooling off period. If you cancel it in this time, we will return the amount you have paid.

Code Of Practice

We have adopted the General Insurance Code of Practice developed by the Insurance Council of Australia (ICA). The Code is designed to promote good relations and good insurance practice between insurers, authorised representatives and consumers.

The Code sets out what we must do when dealing with you. Please phone us if you want more information about the Code.

Interested Parties

We will not insure the interests of any person other than you, unless you have notified us in writing of such interest, and the interest has been noted in the **schedule**.

Claims Procedure

You must follow the procedures outlined if your affairs are going to be investigated and you wish to make a claim under this policy:

Notification

- (a) You must telephone us directly on 1300 888 073 or give written notice to us that an **audit** or **investigation** is to be conducted by a relevant government authority or agency within one month of being advised. The written notice must include a copy of the notice from the government authority or agency that clearly identifies the type of audit to be conducted, or
- (b) Where an **audit** or **investigation** has commenced in the absence of any notification document being issued by the government authority or agency you must provide us with a completed claim form with details of the date of the first visit by the officer of the government authority or agency, together with the officer's full name, title and telephone contact details within one month of the first visit.

Making A Claim

In addition to the above, you must submit the following in respect of a claim:

- (a) a detailed breakdown of the **professional fees** incurred as evidenced by the professional's tax invoice identifying partners/employees involved, activities undertaken, number of hours involved, any disbursement costs, the hourly rate and total amount of **professional fees** incurred.
- (b) upon completion of an **audit** or an **investigation**, final written confirmation from the relevant government authority or agency advising that the **audit** or **investigation** has been finalised.

Conduct of the claims

- (a) If we request, you are required to instruct your **professional adviser** to assist us in connection with any claim, and to give us direct access to your **professional adviser** at all times
- (b) You must take all reasonable steps to minimise costs or delays
- (c) You must assist us with any matter we reasonably request including without limitation providing further information or documentation that we may request or assisting us if we seek

to pursue with the department, body or agency conducting the **audit** or **investigation** which is or may be the subject of a claim under this policy.

- (d) You must tell us of any other insurance you have that may also cover a claim under this policy.

When We May Refuse a Claim

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

- (a) you have not complied with your duty of disclosure; or
- (b) you have not complied with the terms and conditions of this policy; or
- (c) it is in any way fraudulent.

Miscellaneous matters

Law

This policy is governed by the law of the State or Territory in which you are located.

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 and it is a non-installment premium 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 Vero Enterprise Insurance, GPO Box 2068, Adelaide, SA 5001.
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.

Making a Complaint

Resolving your complaints

If you think we have let you down in any way, or our service is not what you expect, please tell us so we can help.

You can tell us . . .

By phone

We will put you in contact with an appropriate person to deal with your complaint.

In writing

Please send us the full details of your complaint together with any supporting documents and an explanation of what you want us to do. Your letter or email will be directed to the appropriate person.

In person

If you would like to come in to talk to us at your local or state branch, please call and we will arrange an appointment for a meeting.

What we will do to resolve your complaint

When you first let us know about your complaint:

- ▼ it will be handled by the person who has authority to deal with it, and
- ▼ this person will listen to you, consider the facts and contact you to resolve your complaint as soon as possible, usually within 24 hours.

If you are not satisfied with this person's decision on your complaint, then it will be referred to the relevant manager, who will contact you within 5 working days.

If you are not satisfied with our decision, then it will be referred to Vero General Management in Head Office who will consider all aspects of your complaint.

We will then send you our final decision within 15 working days from the date you first made your complaint.

If your complaint remains unresolved

We expect our procedures will deal fairly and promptly with your complaint. However, if you are not satisfied with our final decision you can choose to have the matter resolved externally, for example, mediation, arbitration or legal action.

You can also raise your complaints directly with the General Insurance Enquiries and Complaints Scheme administered by Insurance Ombudsman Service Limited (IOS). This is an independent body and its service is free to you. We agree to accept the IOS's

decision. Again, you have the right to take legal action if you are not satisfied with the IOS's decision.

You must contact the IOS within 3 months of receiving our final decision.

For more information contact IOS on 1300 780 808, national toll free (local call fee applies) or write to them at:

Insurance Ombudsman Service Limited
PO Box 561
Collins Street West
Melbourne VIC 8007.

The cover we provide

What is an audit?

The audit of a **return** submitted by you or on your behalf by the Australian Tax Office (ATO), or any Australian Commonwealth State or Territory department, body or agency, or authority which is duly authorised to conduct such an audit, or a **record keeping audit** but excluding

- ▼ any audit of a superannuation fund for the purposes of determining any matter relating to the superannuation fund's, or its trustee's compliance with any of the provisions of the Superannuation Industry (Supervision) Act 1993 (SIS) unless the Superannuation Optional Cover is selected and an additional premium paid.

For the purpose of this policy, the **audit** commences at the time you or your **professional adviser** first receive notice that the **auditor** proposed to conduct an **audit**, and is completed when:

- (a) the **auditor** has given written notice to that effect;
- (b) the **auditor** notifies you that it has made a **concluded decision** about your **returns**; or
- (c) when the **auditor** has issued an assessment or amended assessment of your **returns**.
- (d) in the absence of (a), (b) or (c) where your **professional adviser** declares in writing that such an **audit** has been concluded.

You can claim for the **professional fees** reasonably and necessarily incurred by you in connection with an **audit** which commenced during the **period of insurance** as described under "What we cover" if:

- ▼ "Tax Probe®" is shown under "What's Covered" in the **schedule**;
- ▼ the **audit** was notified to us during the **period of insurance**;
- ▼ the claim is not excluded under the "What we exclude" column.

✓ What we cover

Audits

Following the completion of an **audit** we will pay for the **professional fees** reasonably and necessarily incurred by you in connection with an **audit** which commenced and was notified to us during the **period of insurance**,

provided that you

- ▼ lodge taxation and other **returns** and pay all taxes within three months of the time limits prescribed by statute or, if an extension is granted by the **auditor**, within the further period granted;
- ▼ respond to letters, requests and enquiries from the **auditor** within a reasonable time;
- ▼ make full and complete declarations of all relevant liabilities, 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 all deductions including capital losses or other amounts claimed by you in respect of the same period.

✗ What we exclude

Audit by a Commonwealth, State or Territory department, body or agency or the ATO.

We will not pay:

- ▼ in respect of any **audit** where a **return** has been lodged:
 - i. more than three months after the lodgement date prescribed; or
 - ii. after the date prescribed by an authorised extension;
- ▼ if the **audit** is conducted by the Australian Prudential Regulation Authority;
- ▼ in respect of any **audit** where a **return** has been prepared lodged or submitted dishonestly or fraudulently, and where the supporting documents have been falsely created or collected;
- ▼ in respect of any **audit** where the Australian Taxation Office has imposed a final shortfall or culpability penalty of 40% or more, or where another **auditor** assesses your behaviour as being a case of deliberate evasion or recklessness;
- ▼ in respect of any routine enquiries, or enquiries from the **auditor** which are not identified as being either preliminary to, or relating to an **audit** of a **return**;
- ▼ for **professional fees** that are:
 - i. associated with any criminal prosecution;
 - ii. associated with any **return** lodged outside the **territorial limits**;
 - iii. in respect of any person or organisation ordinarily resident outside the **territorial limits**;
 - iv. 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 have been 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 your **returns**;
- ▼ for any:
 - i. amounts sought by any amended notice of assessment;

✓ What we cover

Additional Expenses

If we agree to pay a claim under this section we will reimburse you for additional expenses for:

- ▼ travel and accommodation expenses incurred by you or your employees

if they are reasonably and necessarily incurred to substantiate the claim.

Optional covers

1. Director Tax Probe®

If “Director – Tax Probe®” is shown on the **schedule** under “Interested Parties” then we will extend the definition of you for this policy to include all directors named under “Interested Parties” and identified by Director – Tax Probe®.

✗ What we exclude

- ii. additional tax, duty government impost or the like;
- iii. fine or penalty imposed;
- iv. costs in legally pursuing or defending any legal actions against you or initiated by you (unless it is at our discretion);
- ▼ in respect of:
 - i. a fraudulent claim;
 - ii. a claim arising from any circumstances known to you, or any person acting on your behalf, taking out this policy;
 - iii. verbal or written notice of an impending **audit** given to you or any person acting on your behalf, prior to you taking out this policy;
 - iv. an **audit** with a notification date prior to you taking out this policy;
- ▼ in respect of any **audit** that includes a refund or claim for tax or duty relief arising out of an arrangement, facility, financial structure or the like adopted for the principal purpose of obtaining that refund or relief, unless the arrangement has received prior written approval from the relevant government or government authority or agency before being offered to you or the general public;
- ▼ in respect of any form of managed investment

✓ What we cover

2. Investigation Cover

Where “Optional Cover – Investigation” is shown in the **schedule**, the term **audit** is amended to include **investigation** which is defined as:

any official inquiry, investigation, examination or review in respect of a **return** by any Federal, State or Territory government or statutory authority duly authorised to conduct this form of activity.

3. Superannuation Cover

Where “Optional Cover – Superannuation” is shown in the **schedule**, the term **audit** is amended to include any **audit** of a **self-managed Superannuation Fund** named in the **schedule** for the purpose of determining any matter relating to such superannuation fund, or its trustees’ compliance with any of the provisions of the Superannuation Industry (Supervision) Act 1993.

We will also pay the **professional fees** in connection with an appeal to reconsider a **reviewable decision** to an administrative tribunal constituted to hear appeals provided that you supply us with:

- ▼ written evidence that the appeal has a reasonable prospect of success; and
- ▼ any other documents and information we reasonably require in relation to the **audit** of the **self-managed Superannuation Fund** and/or the appeal.

✗ What we exclude

We will not pay:

- ▼ any form of activity involving a periodic review relevant to you maintaining industry status, licence, compliance, membership, any form of occupational health and safety compliance, similar requirements; or
- ▼ any form of activity involving a review of how the professional firm assisting you undertakes its professional duty; or
- ▼ any form of practice or procedural audit of any of your files; or
- ▼ any activity involving a statutory authority or agency gathering information or data that is not part of a formal **audit** or **investigation**; or
- ▼ any activity involved in the familiarisation, education, training, application, implementation, process or operation of any amendments or changes to existing or the introduction of new statutory or industry regulation.

We will not pay any **professional fees** in connection with:

- ▼ any **audits** conducted by the Australian Prudential Regulatory Authority;
- ▼ an appeal to a court of law;
- ▼ a **reviewable decision** to which our written consent was not obtained before those fees were incurred.

What we pay for a Tax Probe® claim

Following the completion of an **audit** we will pay for the **professional fees** reasonably and necessarily incurred by you in connection with an **audit** which commenced and was notified to us during the **period of insurance**.

Limits to what we pay for the Audit Cover

The most we will pay for a claim during the **period of insurance** relating to an **audit** or an **investigation** is the amount shown on the **schedule** for these matters.

Limits to what we pay for the Optional Superannuation Cover

The most we will pay for a claim during the **period of insurance** relating to an **audit** (including the **professional fees** in connection with an appeal to reconsider a **reviewable decision**) of any or all the **self-managed Superannuation funds** named in the **schedule** is the amount shown in the **schedule**.

Limits to what we pay for all claims during the Period of Insurance

The most we will pay for all claims in total during the **period of insurance** is the amount shown in the **schedule** as “any one period of insurance”.

Definitions

Amount Payable

Amount Payable means the amount you must pay us which consists of a premium and government charges and taxes such as GST as shown in the **schedule**.

Audit

has the meaning set out on page 9 of the policy.

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 **return**.

Concluded Decision

means a written notification of the **auditors’** concluded views in connection with a **return** and includes any written statement which is intended by the **auditor** to be its findings in connection with a **return** or the basis upon which it proposes to act in connection with a **return**.

Investigation

has the meaning set out on page 14 of the policy.

Period of Insurance

means the period of time beginning on the date shown by “Start date” on the **schedule**, and ending at 4:00pm on the date shown by “Expiry Date” on the **schedule**.

Professional Adviser

means:

1. an accountant who is a member of a nationally recognised accounting body, a registered tax agent or a tax consultant, and
2. any other professional person or consultant engaged by or at the recommendation of the person referred to in paragraph 1, 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) 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.

Record Keeping Audit

means 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.

Return

means any return legally required to be, and actually lodged with, an Australian Commonwealth, Federal or State government or government authority or agency by you or on your behalf.

Reviewable decision

has the same meaning as that in Section 10 of the Superannuation Industry Supervision Act 1993 (SIS).

Schedule

means the schedule attached to and forming part of the policy, or if the policy has been renewed the schedule issued with the renewal notice.

Self-managed Superannuation Fund

means any self-managed superannuation fund which meets the definition contained in the Superannuation Industry (Supervision) Act 1993 (SIS) namely:

- ▼ fewer than 5 members;

- ▼ each individual trustee (or director if a corporate trustee) is a member;
- ▼ each member is a trustee (or director if a corporate trustee);
- ▼ no member is an employee of another member (unless they are relatives);
- ▼ trustees do not receive remuneration for their services.

Territorial Limits

means Australia including its external territories.

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