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## ATO Audit Activity

The Australian Taxation Office (ATO) has already signalled its intention to continue increased audit activity this year and we remind all taxpayers of the need to obtain and retain appropriate tax records. The ATO will continue to undertake a number of data matching programs in order to identify taxpayers who may not be meeting their taxation (CGT, income and GST) obligations.

Taxpayers should be aware that the ATO has access to a wide range of databases from which it draws the information which is then matched to income tax returns. These databases include access to transactions relating to **all** ASX listed entities, owner builder licence registration details for entities in the building and construction industry in Victoria and New South Wales and purchasers of luxury motor vehicles valued at \$57,180 or more from road and transport authorities in all States and Territories.

In particular for the 2011 year, the ATO has indicated that it will pay close attention to claims for work related expenses by taxpayers in the following occupations:-

- Carpenters and joiners
- Earthmoving plant operators
- Flight attendants
- Real Estate employees

It is important to note that this does not mean that the ATO will ignore other occupations or claims for deductions which look excessive or "odd". Taxpayers should ensure that they have sufficient documentation to support all claims where the total claimed exceeds \$300.

In 2010 the ATO began a program of auditing Capital Gains, which will be continued in 2011.

Assets which are subject to the provisions of Capital Gains Tax (CGT) Legislation include:-

- Real Estate
- Shares (in both private and public companies)
- Units in managed funds and unit trusts
- Non personal use assets, such as paintings, antiques and collectables

When a taxpayer disposes of an asset which was obtained by way of a gift, divorce settlement or bequest, the disposal may trigger a CGT event, and thus exposure to a liability for CGT.

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