
Tax avoidance on property sales – don't risk it

Some developers continue to do the wrong things. ATO continues to receive government support to improve their electronic systems. So catching people is becoming easier when they are forcing everyone to transact via the Cyber space.

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We look forward to being of Service – *helping you towards Prosperity & Peace of Mind*

Tax avoidance on property sales – *don't risk it*

Property developers who try and avoid declaring tax on the sale of property are more likely than ever to be contacted by ATO.

ATO is increasing its use of **data matching** to ensure property developers are reporting all tax obligations on property sales, to promote a level playing field and to make it fairer for all Australians.

ATO is matching information provided on Business Activity Statements (BAS) and income tax returns with information from the **Office of State Revenue** and **Land Titles** Office to ensure property developers are correctly reporting GST and income tax (including **capital gains tax**) on property sales.

ATO says they 'found some property developers **deliberately** avoiding their obligations by collecting the GST from the purchaser and then failing to pass this on to the ATO either by not lodging their BAS, de-registering from the GST system or not reporting sales within their BAS.

ATO "are also looking at property developers who intentionally remain outside the GST system or claim credits during construction, but then fail to lodge their business activity statement and individual income tax return.

Compliance Activity - on overdue Trust returns

ATO have notified tax agents that they are seeking improvement in correct reporting by trustees, including trust income and distribution to beneficiaries.

Their focus is on timely lodgement of 2010 trust returns and overdue returns.

In December 2010, they sent letters to some trust clients reminding them to lodge overdue returns. They are increasing compliance activity on the overdue trust returns, **including application of failure to lodge on time penalty** or prosecution action

Help available

To make the compilation & reporting task for tax returns easier, clients of **Property Tax Specialists** received checklists and templates to facilitate the process ... **saving them time and money** ... the 'write' way is having clear **documentation**. ATO way means time/money wastage with possible audit investigation.

If you need help contact Shukri Barbara at Property Tax Specialists at Shukri@propertytaxspecialists.com.au

We look forward to being of Service – helping you towards Prosperity & Peace of Mind

Please do not hesitate to contact us if you would like to review & discuss your current property & tax situation, your asset protection strategy, structuring your next investment property, planning to legally minimise your tax position or just to prepare your next tax return.

We look forward to being of service. We also look forward to your referrals.

To improve our service we welcome all constructive comments on this newsletter and other materials.

For help contact **Shukri Barbara** at Property Tax Specialists at Shukri@propertytaxspecialists.com.au

Disclaimer

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained.

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Kind Regards
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