



## Monthly Information Newsletter – Tax & Super

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### ATO dusts off the “lifestyle asset” microscope

If you own a marine vessel, perhaps a thoroughbred horse or two, have a piece of fine art hanging on a wall, high value motor vehicles in the garage or an aircraft in the shed, it could be time to make sure your tax affairs are in order.

The ATO announced in the latter part of last year that it will be requesting a further five years’ worth of policy information from more than 30 insurance companies (see which ones below) about taxpayers who own what it dubs “lifestyle assets” such as mentioned above.

Insurers have been asked to provide the ATO with policy details over certain asset value thresholds as part of the revenue agency’s efforts to ensure taxpayers are fulfilling their tax and super reporting obligations.

This could be the case where the value of assets is equal to or exceeds the following thresholds:

- Marine vessels \$100,000
- Motor vehicles \$65,000
- Thoroughbred horses \$65,000
- Fine art \$100,000 per item
- Aircraft \$150,000

The ATO expects to receive information about assets owned by around 350,000 taxpayers covering information from 2015-16 to 2019-20 as part of its “Lifestyle assets data-matching program”. It says information provided by insurers will be used as part of compliance profiling activities.

As the ATO stated when announcing the program: “If a taxpayer is reporting a taxable income of \$70,000 to us but we know they own a three-million-dollar yacht, then this is likely to raise some red flags.”

It emphasised that the data will not be used to initiate automated compliance activity and will follow strict protocols that are in place. “Taxpayers selected for compliance activities are identified through other methodologies. The data is made available to our compliance teams to support their risk profiling of the selected taxpayers,” the ATO said. “Existence of an insurance policy may or may not prompt the compliance officer to pursue a particular line of inquiry”.

Aside from helping identify taxpayers who may be understating their income, the data from insurers may be used by the ATO to identify taxpayers who have made capital gains on the disposal of certain assets but who have not declared this to the ATO.

The data will also be used by the ATO as part of its risk profiling activity to identify incorrect goods and services tax (GST) input tax credits where taxpayers are purchasing the assets for purely personal reasons and claiming GST credits as if the item were a business asset.

SMSFs that the ATO suspects may be acquiring lifestyle assets purely for personal enjoyment of the fund’s trustee or beneficiaries are also likely to be looked at by the ATO.

Data will be obtained from the following insurers: AAMI, AIG, Allianz, Apia, Bingle, CGU Insurance, Chubb Insurance, Club Marine, Coles Insurance, CommInsure, GIO, Insuremyride, Just Car Insurance, Lumley, Nautilus Marine, NRMA, QBE, RAA Insurance, RACQ, RACV, RAC Insurance, Resilium, SGIC, SGIO, Shannons, Suncorp, Swann Insurance, Vero, WFI, Youi, Zurich Australian Insurance.

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