



Morris Cohen Glen & Co
Chartered Accountants

Special edition Tax Alert

Project DO IT: Disclose offshore income today – Amnesty now available (til 19 December 2014)

The time to declare is running out – Act Now!

Under the initiative – named “Project DO IT: disclose offshore income today” – taxpayers who have omitted disclosing foreign income or have over-claimed deductions are being given an opportunity to “come clean” and get certainty about the tax treatment of their affairs without the spectre of significant penalties and open-ended retrospective tax liabilities. The closing date for these disclosures is 19 December 2014, and is an initiative unlikely to be repeated by the ATO according to industry experts.

Project DO IT allows eligible taxpayers to come forward and voluntarily disclose unreported foreign income and assets. The initiative covers amounts not reported or incorrectly reported in tax returns, including:

- foreign income or a transaction with an offshore structure
- deductions relating to foreign income that have been claimed incorrectly
- capital gains in respect of foreign assets or Australian assets transferred offshore
- Income from an offshore entity that is taxable in your hands
- Offshore deductions relating to domestic income

We encourage taxpayers with undeclared offshore assets and income to come forward ahead of a global crackdown on people using international tax havens. With the increased global exchange of financial information it is almost certain that taxpayers doing the wrong thing with their international assets will be caught.

If undeclared overseas assets or income are detected before taxpayers put their hand up, then they are ineligible for Project DO IT.

Key features of Project Do It:

- » Amendments subject to regular time limits (usually 4 years) instead of potentially being open-ended
- » Penalties capped at 10% of the tax shortfall (not of the capital value)
- » Funds accumulated in offshore structures before the 4 year amendment time limit may be excused from Australian tax if brought onshore (conditions apply)
- » No penalty if omitted income is below \$20,000 a year
- » ATO undertakes not to refer taxpayers for prosecution
- » No evaluation of blame or intention is to be made, so it is unlikely taxpayers will need to enter into risky negotiations with the ATO
- » Disclosures using the detailed, prescribed form must be made by the closing date of 19 December 2014

Taxpayers already under investigation, promoters of offshore schemes, and those whose offshore assets came from serious criminal offences are excluded.

Project Do It differs significantly from the amnesty previously offered; especially in relation to the ATO's undertaking not to allege fraud or evasion, which would otherwise open the possibility of retrospective tax liabilities dating back more than 4 years.

Participation in Project Do It requires taxpayers to complete a form which sets out details of all entities involved, workings and calculations supporting the amounts disclosed etc.

What to do next – we suggest that you contact us ASAP to get the process underway.



Morris Cohen Glen & Co
Chartered Accountants

1198 Toorak Road Camberwell Victoria 3124
PO Box 1143 Hartwell Victoria 3124 Australia
Telephone +61 3 9804 0888 Fax +61 3 9804 0322
partners@morco.com.au www.morco.com.au

Liability limited by a scheme approved under Professional Standards Legislation

For our email disclaimer, please refer to http://www.morco.com.au/email_disclaimer

Morris Cohen Glen & Co does not send unsolicited mail. You are receiving this email because you have requested to receive communications from them. Should you wish to unsubscribe to this email please reply to this email with the word unsubscribe in the subject.

Please don't print this email unless it is absolutely necessary. Spread environmental awareness.