



# ATO's next round of tax reviews – Private Groups. Are you ready?

In recent years, there has been a shift with regulators, like the ATO, placing greater onus on businesses to manage their tax governance. Most recently, this has been seen with ATO's 'Justified Trust' focus on the Top 500 companies and the expectation for businesses to have robust income tax and GST risk management and governance frameworks – ready for when the ATO comes to review.

The ATO has just announced the next business category it will focus on: the 'Next 5,000 Program'. That is, high wealth private groups that are Australian resident individuals who, together with their associates, control wealth of more than \$50 million.

## Overview of Next 5,000 Program

Under the Next 5,000 Program, the ATO will conduct a streamlined assurance review (SAR), which will include a review of significant activities, events and transactions of the private group. The SAR will primarily focus on income tax with possible extension to GST.

## The process will involve:

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The ATO notifying businesses three months prior to commencement.

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Reviews that may take up to five months from the date the ATO issues its first Request For Information (RFI)

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Businesses providing objective evidence to support the adopted tax positions.

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The ATO providing an assurance rating to the private group, and where risks or issues have been identified, the ATO will provide options as to the Next Actions to resolve the risks or issues.

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## Working with you

Our team of tax experts are well placed to assist you and your organisation navigate through the SAR. We will ensure throughout the process that your business is well represented in dealing with the ATO, the SAR is managed seamlessly and in a timely manner; and the best outcomes are achieved for your business.

Outlined below are the services we can provide to you through the SAR. The scope of our services can be tailored according to your needs. Importantly, we will work as part of your team in delivering our services.



### Assessment, review and preparation for the SAR

- Assess whether you and your private group will likely be subject to the ATO's Next 5,000 program based on the ATO's set threshold.
- Undertake a preliminary review of your private group's business and transactions across the relevant review period, identifying the relevant evidentiary requirements to support the group's tax positions against the ATO's requirements.
- Assist with reviewing and documenting your Group's tax position against each of the SAR Justified Trust pillars.



### Assistance with the SAR process

- Acting as your tax advisor in representing you and your Group's dealings with the ATO in respect of the SAR.
- Working with you to review and respond to any information requests issued by the ATO, including representation on calls, meetings and discussions in relation to any aspect of the SAR.
- Assisting to engage, negotiate and settle outcomes with the ATO on any identified issues in the SAR.
- Communicating the outcomes and findings, and implementing any recommendations by the ATO, following the SAR and ensure the Group's ongoing compliance is maintained



### Post-review compliance activities

- Where issues are identified from the SAR and escalated to further compliance activity e.g. through the Next Action Strategy, we will represent the Group in actively managing the process and interactions with the ATO including any further review, audits or objections.

## Justified Trust

Under the Justified Trust methodology, the SAR will cover the four main focus areas:

- **Governance:** Here the ATO will seek to understand the design of your tax governance framework, how the group manages tax and super risks and what processes are in place to ensure ongoing compliance.
- **Tax risks flagged to market:** Here the ATO will seek to confirm that risks communicated by it to the market are not present in the group's affairs.
- **New and significant transactions:** Here the ATO will seek to understand the group's current business activities, particularly significant or new transactions, and the tax outcomes.
- **Book to tax:** Here the ATO will seek to understand the difference between business performance and tax performance.

## Contact us



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