

# Voluntary Disclosure in Australia



Due to recent developments aiming at tax transparency, private individuals in various countries start to reassess their assets and income situation. This often involves regularizing their current affairs to avoid being pursued by the tax authorities. A voluntary disclosure may be the tool of choice in such circumstances. KPMG supports Australian tax resident individuals at dealing with the various issues of a voluntary disclosure.

## Ongoing opportunity to disclose

Australian tax resident individuals are encouraged to lodge a voluntary disclosure with the Australian Taxation Office ('ATO') to adjust a prior year income tax return to include previously unreported financial interests.

## Period for Voluntary Disclosure

Australian legislation provides a time limit of, generally, up to four years for a voluntary disclosure to be made in respect of foreign transactions.

## Benefits of a Voluntary Disclosure

A voluntary disclosure may result in a reduction of both administrative penalties and interest charges that may otherwise be applied. Unless the situation includes unlawful activities, such as evasion or fraud, criminal prosecution and

publication of names is considered unlikely in the event of a voluntary disclosure.

The relief from penalties is expected to be far greater where the disclosure is made prior to an ATO instigated investigation.

## Full disclosure is necessary

A voluntary disclosure must be made on a complete and uncompromised basis. Any unreported, offshore financial interests must be reported and, if necessary, brought within the Australian taxation system.

Original copies of income tax returns, supporting calculations and documents along with details of all offshore structures, assets and entities related to the disclosure may need to be provided.

The ATO may take up to 56 days to finalize a voluntary disclosure from its original date of lodgment.

## Temporary amnesty program "Project DO IT"

Taxpayers with undeclared offshore assets or income are encouraged to take advantage of the ATO's temporary voluntary disclosure initiative, 'Project DO IT'. Under this particular initiative, taxpayers have the opportunity for an even greater reduction in penalties than a standard voluntary disclosure and to avoid the risk of criminal prosecution for tax avoidance.

A voluntary disclosure made under this initiative must be made using the ATO published 'Disclosure Statement – 2014', and lodged no later than **19 December 2014**.

It is expected that those who elect to participate in this initiative do so on a full disclosure basis.

#### **Cross border advice with utmost discretion**

KPMG's network enables us to provide international solutions, calling on our in-house specialists in Australia, with

knowledge of the local tax law. We offer our clients the opportunity to have throughout the process a single contact person at KPMG in Switzerland who is familiar with the client's individual situation and coordinates the process with the utmost discretion. Upon request KPMG's specialists work in Australia with anonymized data until the voluntary disclosure is actually submitted. Alternatively we can arrange direct contact with our tax specialists in Australia.

## **Contact us**

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## **[www.kpmg.ch/voluntary-disclosures](http://www.kpmg.ch/voluntary-disclosures)**

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