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**FLINT FORENSICS PTY LTD**

ABN 65 103 438 277

Bruce Flint, Managing Director

**IT'S ALL ABOUT MONEY!™**



*“Forensic Accounting Services”*



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# **FINANCIAL TRANSACTIONS REPORTS ACT 1988**

## **" THE DAY TO DAY APPLICATION "**

Presentation by  
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For ALUCA NSW CMG, 24 November 2004

Liability limited by a scheme approved under Professional Standards Legislation

***"Forensic Accounting Services"***

# Introduction

- Overview of the Day to Day Application
- ATO and AUSTRAC
- Australia's Anti-Money Laundering Program
- Life Companies Compliance (Suspect Trans)
- What does Compliance Mean?
- Case Studies



# The ATO and AUSTRAC

- Who are they?
  - Australian Taxation Office
  - AUSTRAC



# The ATO

- Tax Evasion Examples:
  - Declaring income in an associated entity that is not entitled (IP Benefits)
  - Claiming deductions for expenses which were not incurred or are not legally deductible (claiming expenses against IP Benefits)
  - Failing to declare assessable income
  - Failing to lodge tax returns in an attempt to avoid payment



# The ATO

- Tax Evasion Signs:
  - Not being registered for GST, despite clearly exceeding threshold
  - Not charging GST at the correct rate
  - Not wanting to issue a receipt
  - Providing false invoice
  - Using a false business name, address, ABN or TFN
  - Not providing staff with PAYG Summaries



# Australia's Anti-Money Laundering Program

- Cash Dealers
  - Obtain account and signature information
  - Suspicious Transactions
  - Cash Transactions of \$10,000 or more or foreign currency equivalent
  - International Funds Transfer



# Life Companies Compliance

- Reporting of Suspect Transactions
  - Is there a requirement?
  - What is a transaction?
  - What is a suspect transaction?
  - How to report?
  - Method of Reporting
  - Guidance.
    - section 3, 16, 17, part v and schedule 4,
    - Guideline no 1 and guideline addendum 3,
    - Information Circular no 7, 22, 23 and 24.
  - Retention of documents





# Life Companies Compliance (cont'd)

- Reporting of Suspect Transactions
  - Secrecy
    - Will the insured know about the report to AUSTRAC?
- Enforcement
  - Offences
    - What are the offences?

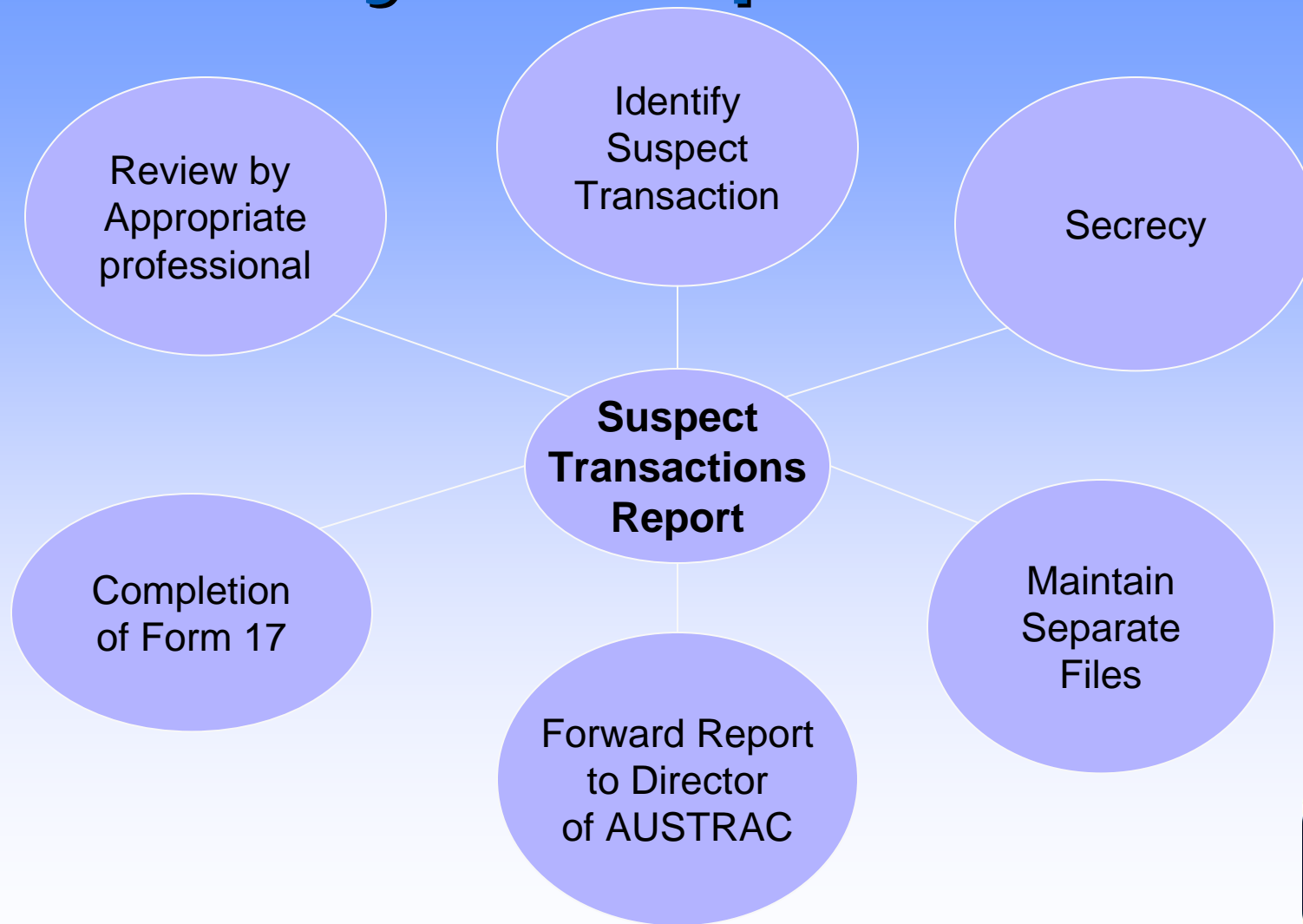


# What does compliance mean?

- System Changes
- Education on obligations
- Reporting mechanisms
- Privacy
- Summary of Suspect Transactions



# Summary of Suspect Trans.



# Case Study 1

- The payment of spouse remuneration

Mr John Howard, medical practitioner took out an income protection policy for \$1,500 per week. Mr John Howard became bankrupt, went on claim and commenced paying his spouse remuneration.

- Is the payment of salary an eligible add back or a legitimate income splitting arrangement?
- What is the effect on the benefit payable?
- What does the insurance company do, if anything?



# Case Study 2

- Payment of Benefits not to Policy Owner

Dr Simon Cream, medical practitioner operation medical practice through a company and his service trust provided accommodation and administrative services to his company.

- Is the disclosure of income protection Benefits in the company's income tax return legitimate?
- Is there any contravention to the *Financial Transactions Reports Act 1988*?



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Flint Forensics Pty Ltd is the **impartial** and **independent specialist** for:

**personal** and **commercial** litigation support.



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# For Further Information

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To find out more you can:

- Phone 02 9584 1474
- Visit the website [www.flintforensics.com.au](http://www.flintforensics.com.au)
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