

## CANADIAN FAQ FOR THE TAX SAVVY

Canadian FAQ Issue # 265

July 24, 2018

**SUBMITTING AN AUDIT SHIELD CLAIM**

### Tax Question:

What do I need to give to Gilmour Group Chartered Professional Accountants to make an Audit Shield claim?

### Facts:

Audit Shield is an insurance program for the cost of defending a government audit (see FAQ #230). It covers audits that occur from when we receive payment of the insurance premium to December 31 each year. Coverage is based on the date of the audit letter, not the tax year being audited.

### Discussion:

As soon as you receive an audit letter, we need to be notified so that we can start the claim process.

To start the claim process, we need the following:

- A copy of the audit letter. Not all government investigations are covered so Audit Shield needs to review the letter to determine the type of investigation occurring. Only audits of data already processed by the government are covered. If the government investigates before processing then it is not covered. This investigation before processing is called a pre-assessment review. They usually occur on personal tax returns and are not covered. However, most audits occur on a previously filed form or return (that is required to be filed with the Canadian federal or provincial government or other regulatory body) and are covered. We may need to show both the document filed and the letter asking to audit it before the audit shield claim can proceed.
- An estimate of any costs to complete the audit. Examples of costs which may be incurred are: If an auditor had to go view the corporate minute book at the lawyer's office and the lawyer charged a fee for the viewing, the fee would be covered. However, the lawyer's fee would not be covered if it related to preparing documents that should have already existed prior to the audit (i.e. updating the corporate minute book). One fine point worth knowing is that only external costs are covered. So if you have an external bookkeeper providing the work to defend the audit it is covered but if you use internal staff to defend the audit it is not covered.
- An estimate of when the audit is expected to be completed.

Once the audit is complete, we can then finalize the claim. In order to finalize a claim we need:

- A copy of the finalized audit letter or notice of re-assessment.
- Copies of any invoices for professional fees incurred due to the audit. The invoice needs to be addressed to us.

### Recommendation:

If you have any questions about submitting an Audit Shield claim, please contact Gilmour Group Chartered Professional Accountants.



SUCCESS • PASSION • KNOWLEDGE

### DISCLAIMER

The information contained in this newsletter is intended solely to provide general guidance on matters of interest for the personal use of the reader, who accepts full responsibility for its use. While we have made every attempt to ensure the information contained in this newsletter has been obtained from reliable sources and accurately described herein, **Gilmour Group Chartered Professional Accountants Inc.** is not responsible for any errors or omissions, or for the results obtained from the use of this information. Before taking any action that might affect your personal and business finances, you should consult a qualified professional advisor.