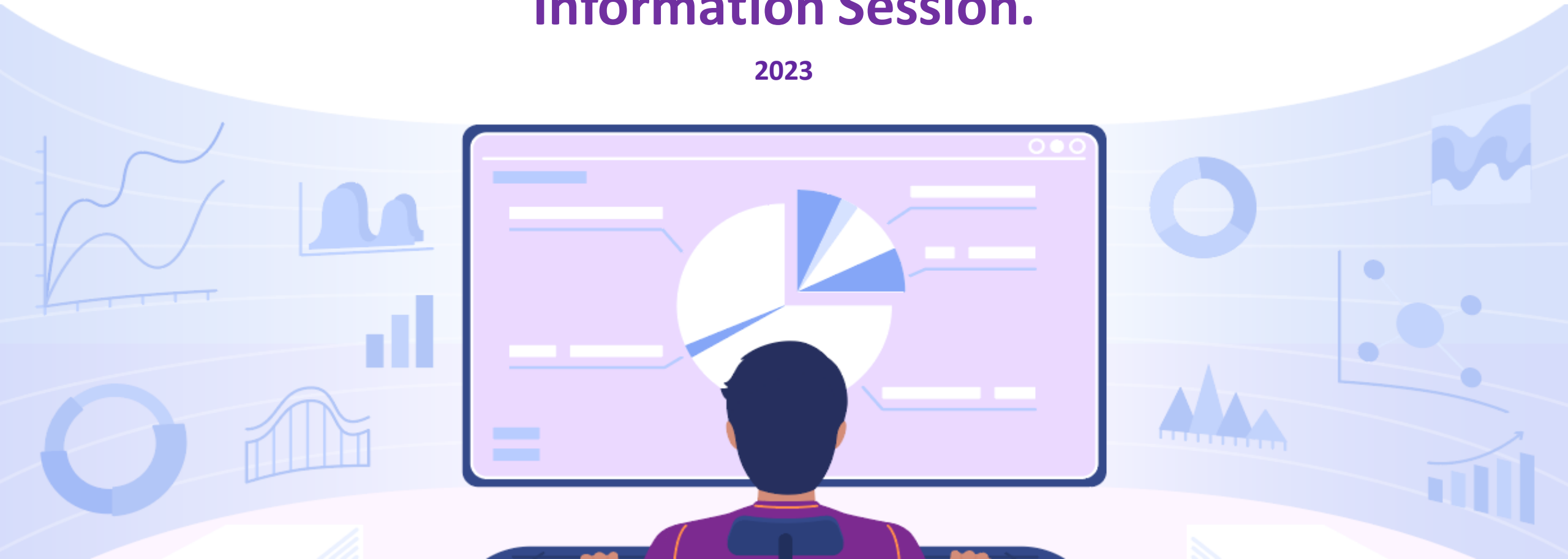




Audit Shield Claims Information Session.

2023



Speaker.



Michael Sexton
Accountancy Insurance

Our Claims Teams



**Roman
Kaczynski**
Director



**Michael
Sexton**
Operations
Manager



**Scott
Dale**
Head of
Claims
Canada



**Michael
Blackman**
Senior
Manager
Claims



**Pam
Pratt**
Senior
Claims
Specialist

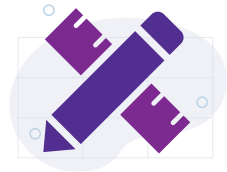


About Accountancy Insurance.



Experience

7 years of perfecting Tax Audit Insurance in Canada and over 20 years globally.



Design

Products designed specifically for accounting professionals and their clients.

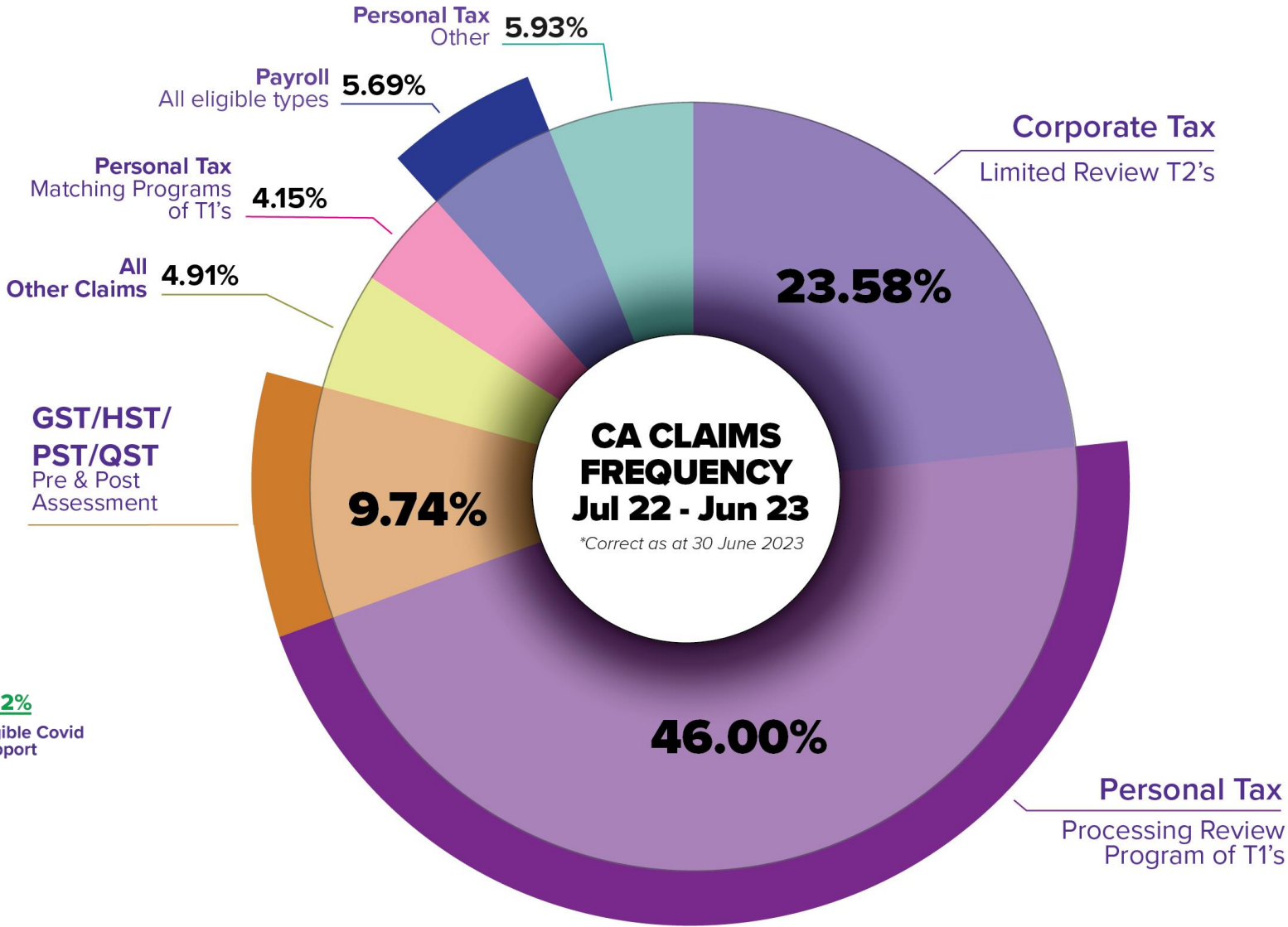
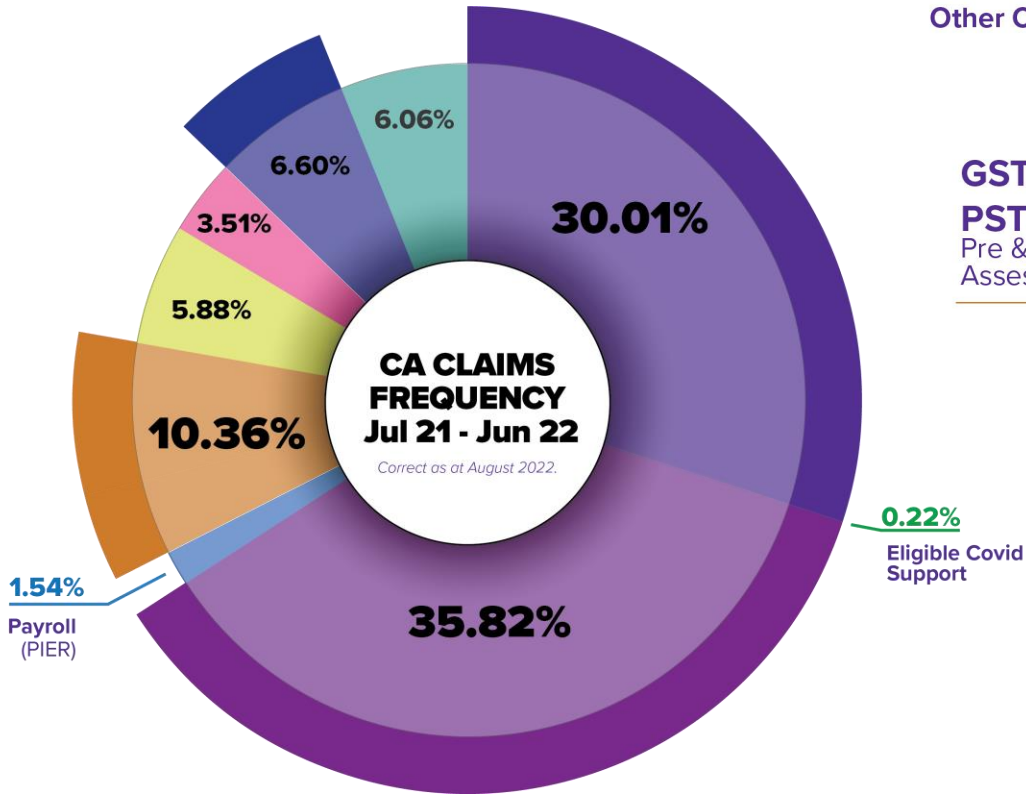


Value

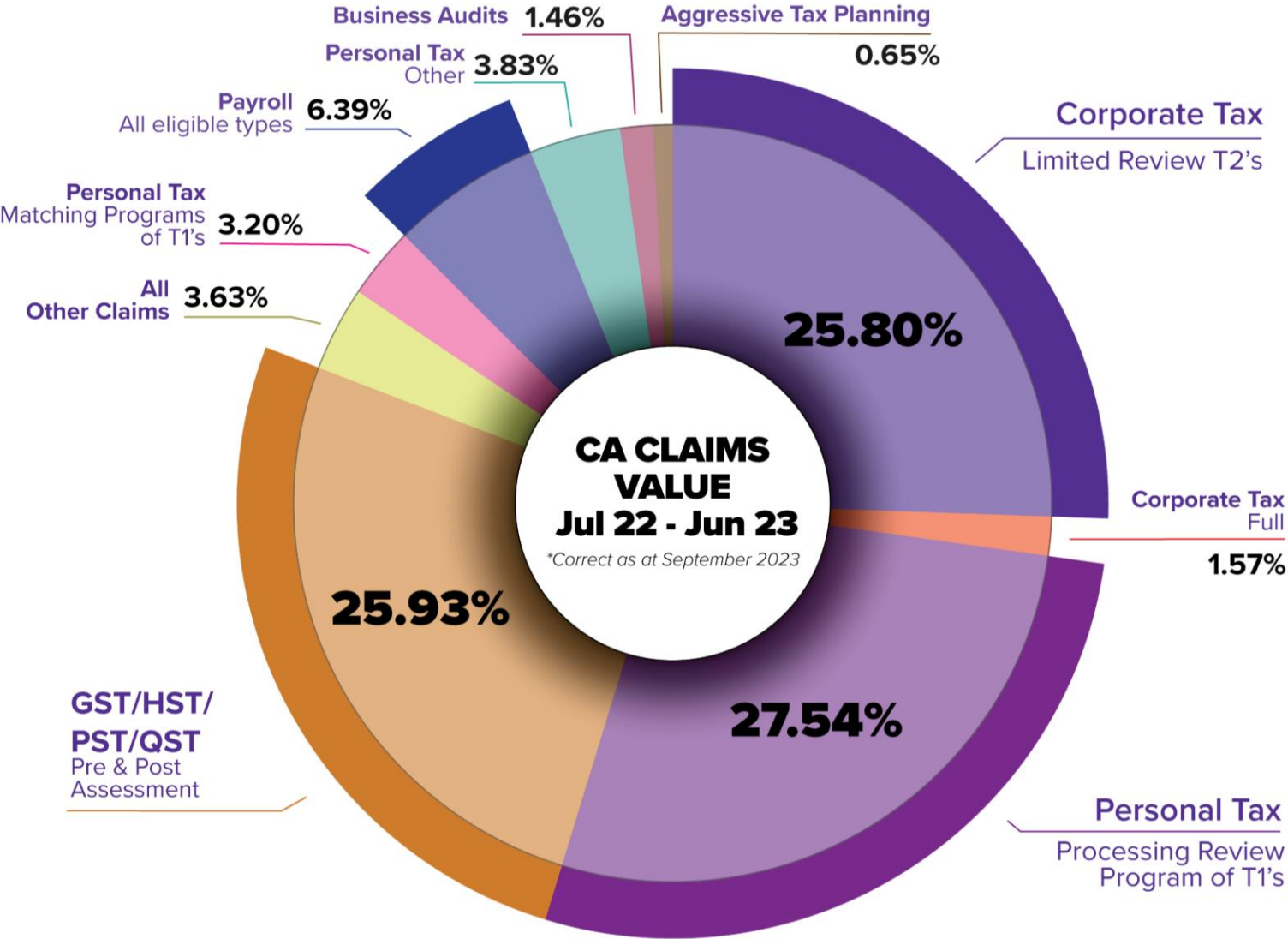
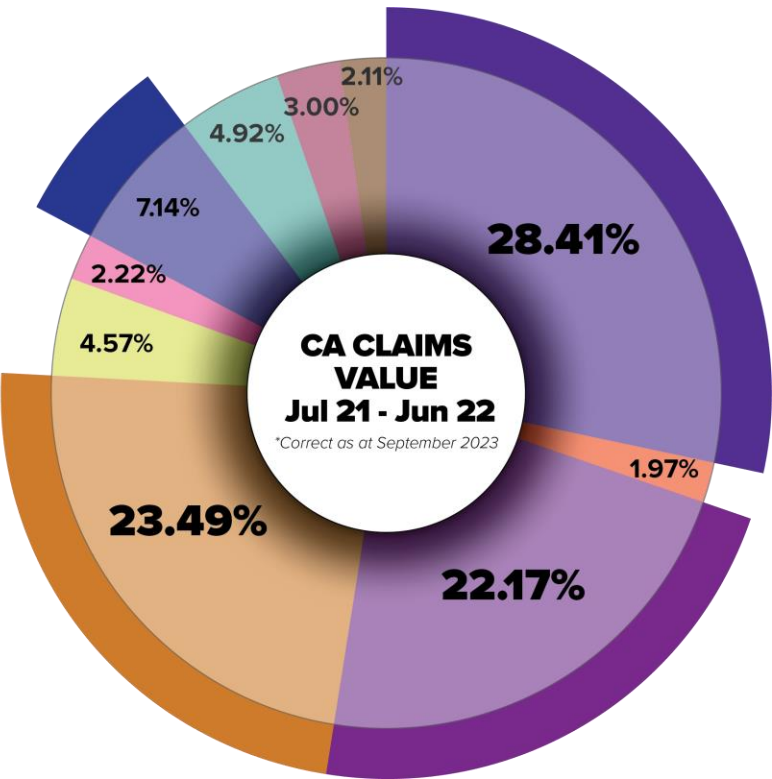
Thousands of accounting firms across Canada, Australia, and New Zealand utilise our solutions.

Claims frequency

1 July 2021 – 30 June 2023*



Claims value 1 July 2021 – 30 June 2023*



Top three CRA claim trends.

As noted by our claims team from 1 July 2022 - 30 June 2023.



1

Processing Reviews of T1's

An overall increase of over 4.18% over the frequency in the 2021 - 2022 financial year.

Accounted for **46.00%** of all claims.

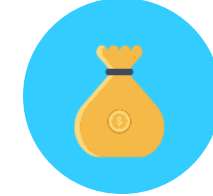


2

Area Specific Audits of T2's

If a particular area or industry is deemed high-risk, it might be subject to closer scrutiny. This could be due to past non-compliance issues or industry-specific risks.

Accounted for **23.58%** of all claims.



3

GST/HST/PST/QST Reviews of Businesses (Pre and Post Assessment Reviews).

If a business engages in transactions that deviate from the norm or have high monetary value, it could attract attention.

Accounted for **9.74%** of all claims.



Processing Reviews of T1's

Random Selection: Like many tax reviews, some are simply chosen at random.

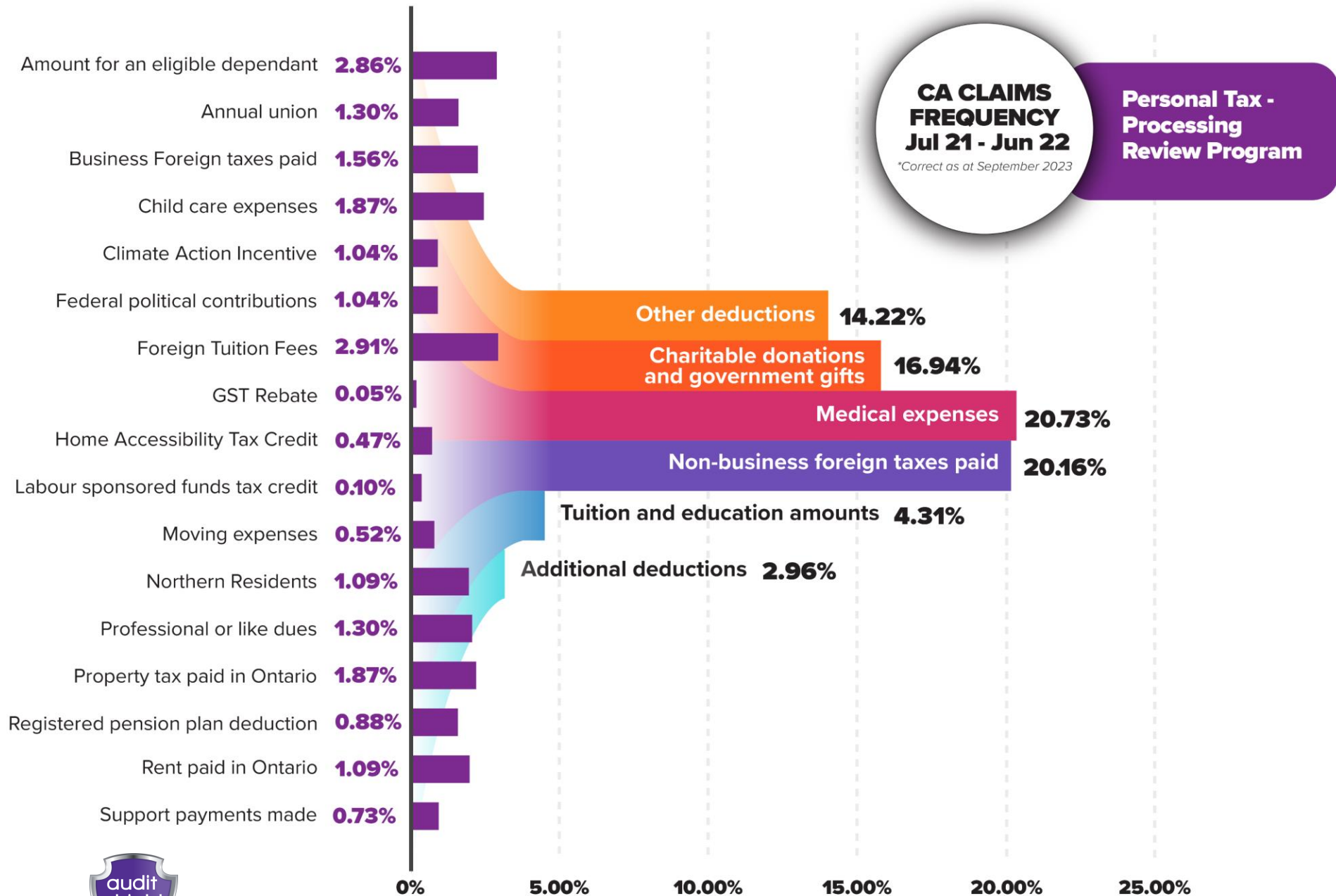
Inconsistencies in Data: If there are discrepancies or inconsistencies in the information provided on a T1 return, it may trigger a processing review.

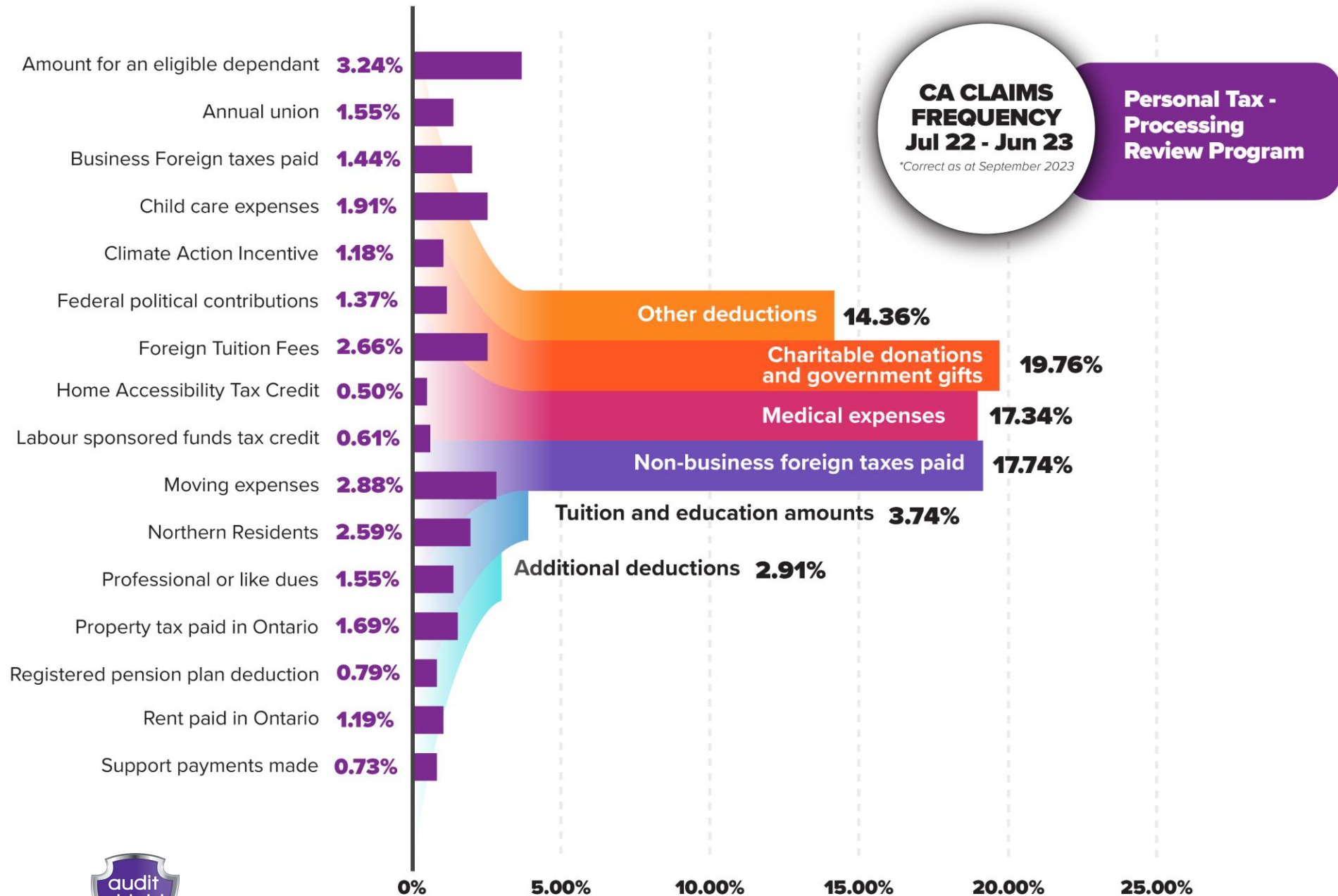
Changes in Filing Patterns: Sudden changes in a taxpayer's filing pattern, such as a significant increase or decrease in reported income, could raise flags and prompt a review.



Claim proportion (frequency)
1 July 2022 - 30 June 2023:

Processing Reviews of T1's accounted for
46.00% of all Accountancy Insurance claims.



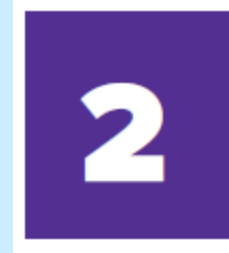




Area Specific Audits of T2's

Anomalies or Discrepancies: If there are inconsistencies in a tax return or financial statements, it could raise red flags. Unusual transactions or reporting might prompt an audit.

Industry Focus: The CRA might decide to focus on specific industries due to economic conditions, emerging trends, or to address known issues within those sectors.

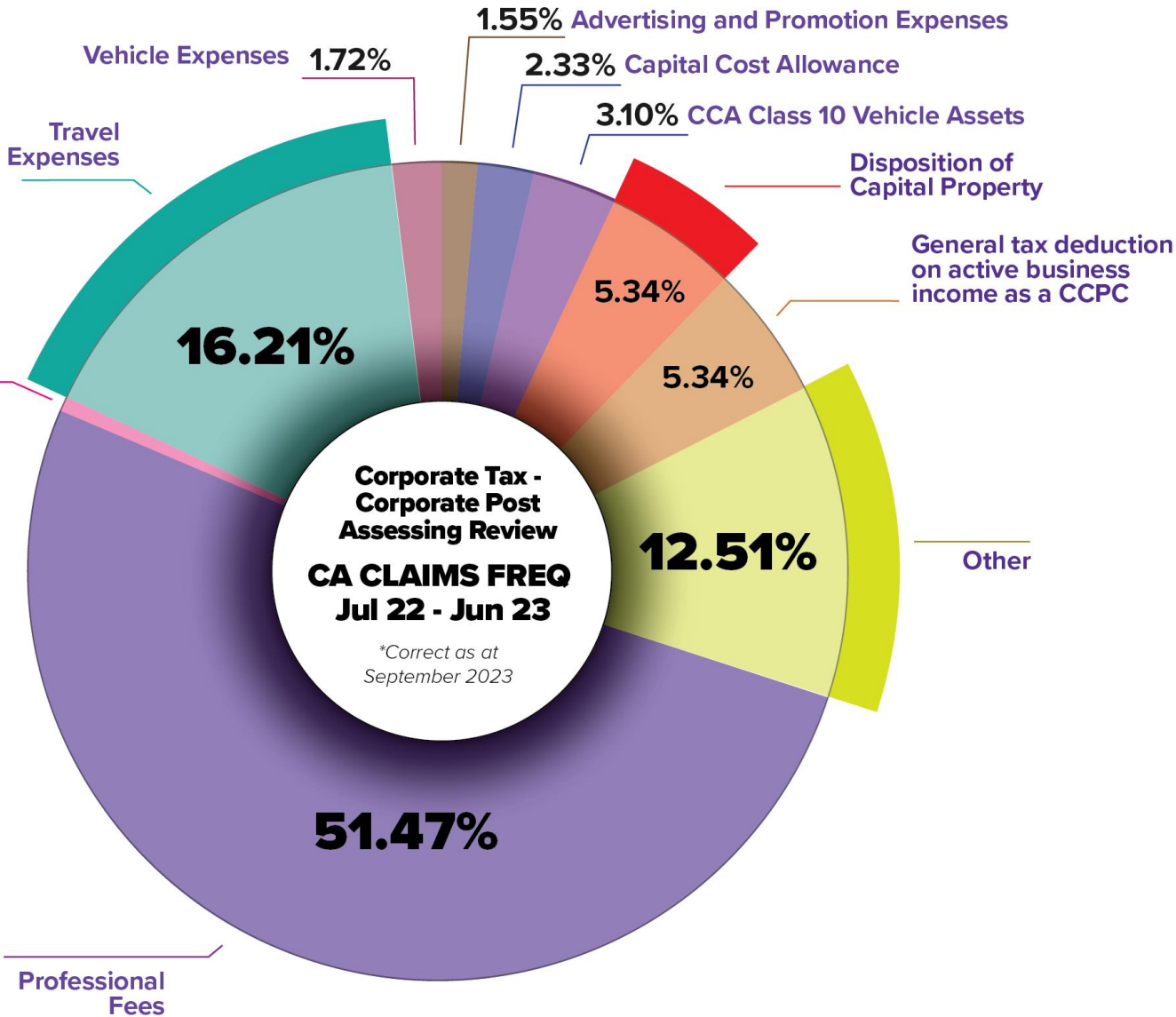
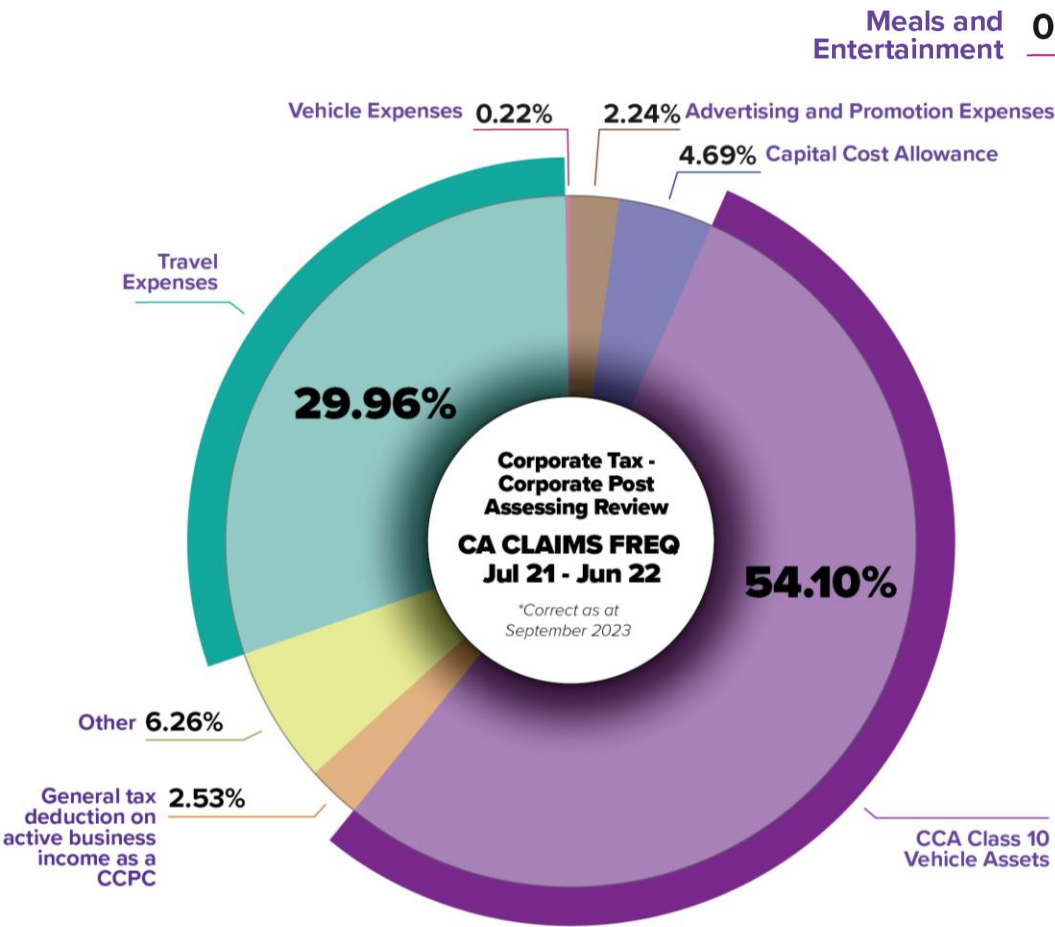


Claim proportion (frequency)
1 July 2022 - 30 June 2023:

Area Specific Audits of T2's accounted for
23.58% of all Accountancy Insurance claims.

Claims frequency 1 July 2021 – 30 June 2023*

Corporate Post Assessing Review

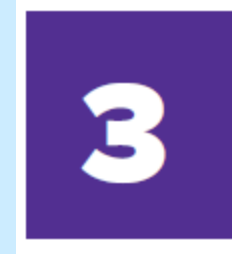




GST/HST/PST/QST Reviews of Businesses (Pre and Post Assessment Reviews).

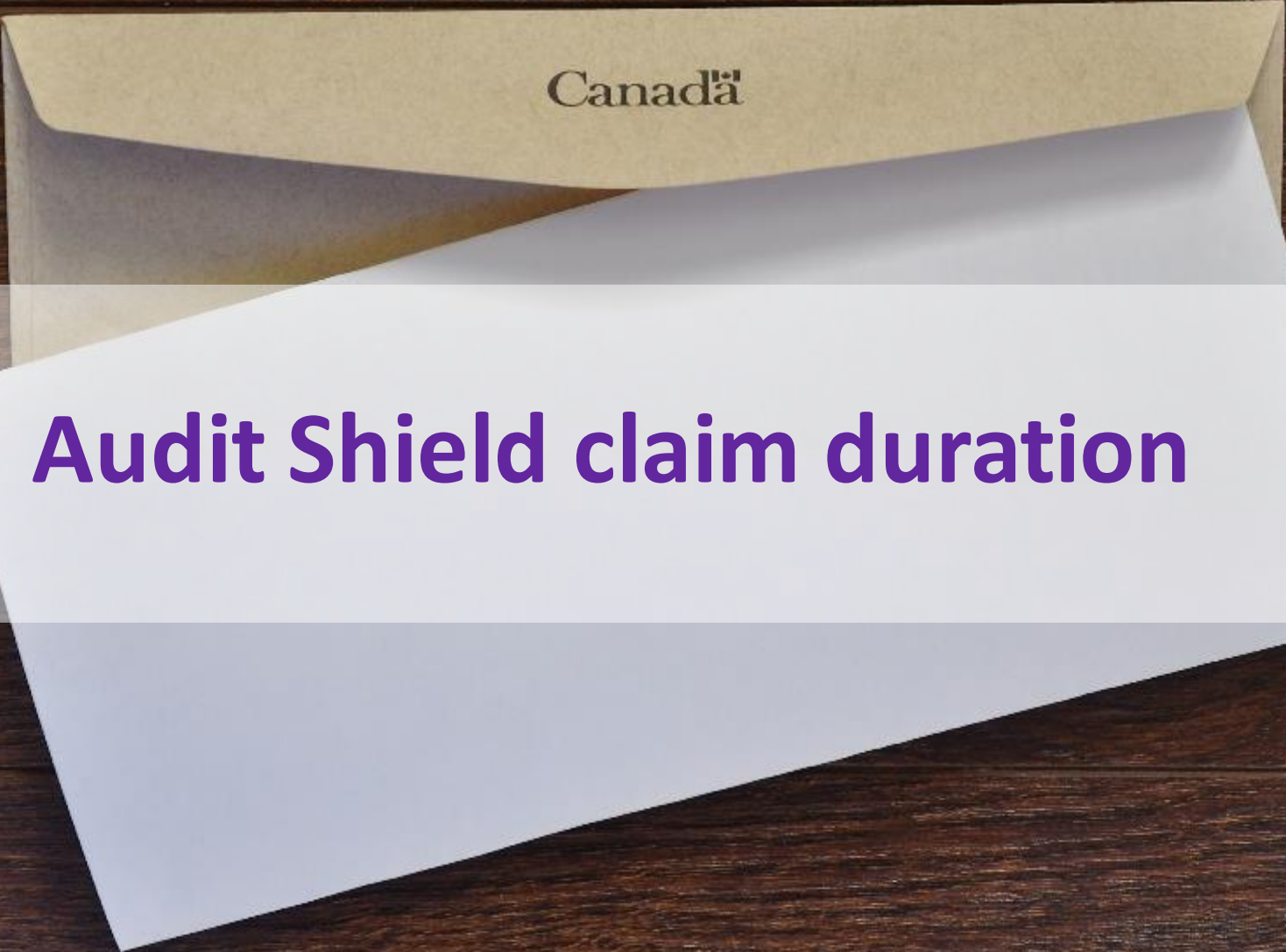
The CRA often use sophisticated data-matching techniques to identify inconsistencies between a business's reported figures and other available data sources.

If discrepancies are identified during routine data matching, the CRA may initiate a pre or post assessment review to ensure accuracy.



Claim proportion (frequency)
1 July 2022 - 30 June 2023:

GST/HST/PST/QST Reviews of Businesses (Pre and Post Assessment Reviews) accounted for **9.74%** of all Accountancy Insurance claims.



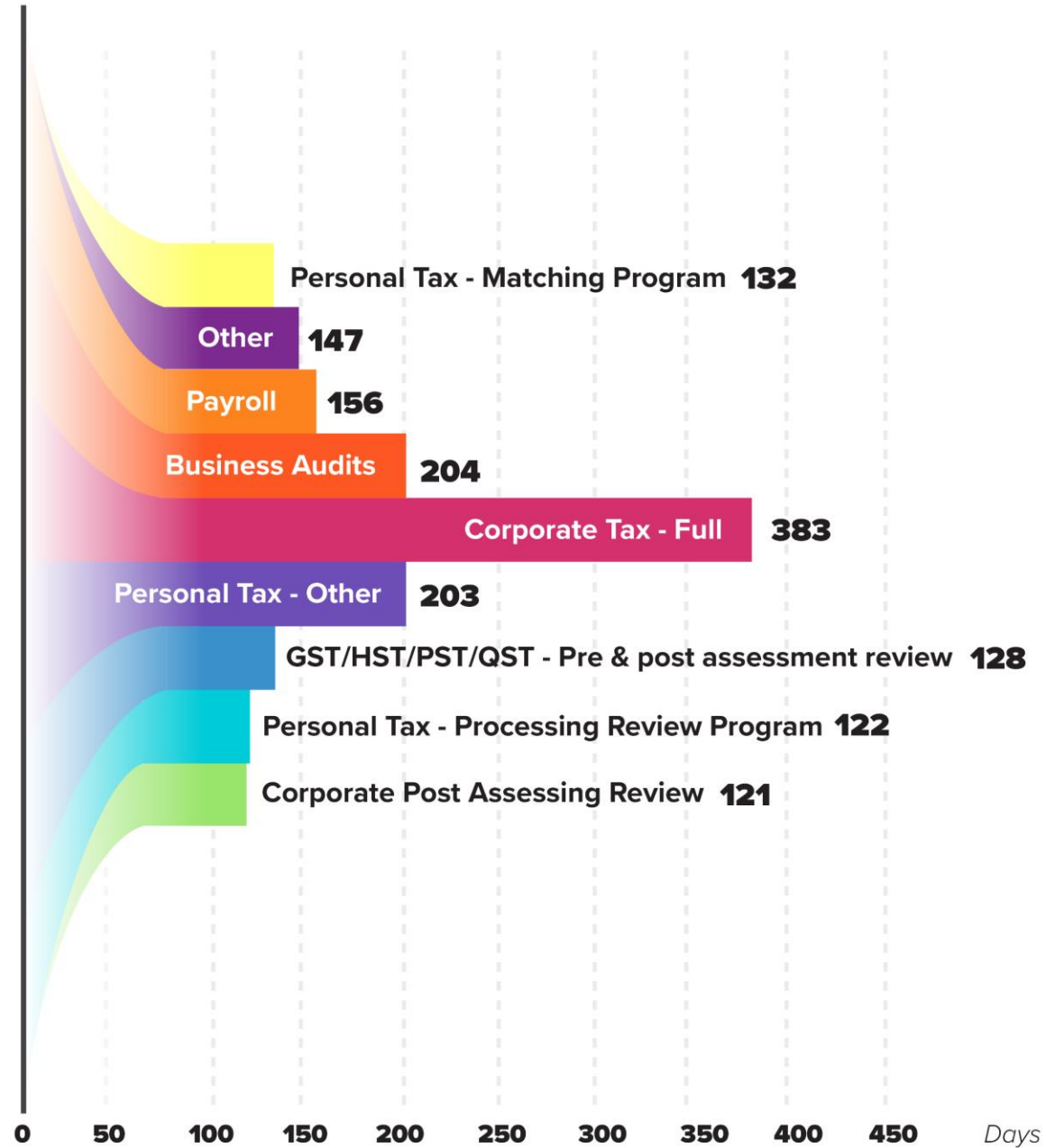
Canada

Audit Shield claim duration

**CA CLAIMS
Duration of
Audit (Average)**

**Correct as at September 2023*

**7 Year
Average**



An illustration on a light beige background. A large, glowing yellow lightbulb is the central focus. A person in a green jacket and grey pants is climbing a rope that extends from the top of the lightbulb. At the end of the rope, a red flag is planted on top of the lightbulb. The background features stylized white clouds and faint grey outlines of mountains. The text "Tips to help you" is written in a bold, purple font across the middle of the image, partially overlapping the lightbulb and the person.

Tips to help you

We won't take up much of your time.

Our partnering accounting firms only need to dedicate **30 – 45 mins** of their time each year when they make the decision to implement Audit Shield and help to fine tune protection for their clients.

This keeps the accounting firm in complete control through the whole process.

And in subsequent years that process is even shorter!

30 - 45 mins



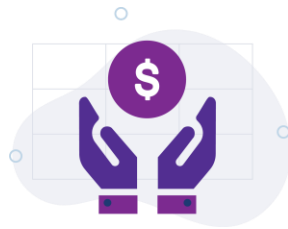
We are seeing the CRA audit the same matter even though it was audited the year before and closed without any adjustment.



Just because you were audited this year, doesn't mean you won't be audited next year.



Largest number of claims ever in a month in August 2023.



Claims are paid on average within 2 days of your Invoice being uploaded.



The CRA are now auditing more than 1 year at a time for Corporate Post Assessing Reviews.



Tax Man tip!
Be sure to offer Audit Shield to your new clients.

They can never say –
“why didn't you offer me this” and they would probably only be paying a pro rata amount.

Some helpful tips.

What happens when your client leaves?

- Once they are no longer your client, they are no longer covered. Mark them accordingly on our system.
- You will be guided by our system as to how much you will be required to refund your client. Then next month we will either refund you the relevant premium amount or offset that refund against any premium invoice you will be paying.
- We will cover your costs for any audits that have arisen up until the time they leave.



More helpful tips.



No returns filed?

This can still be a claim as sometimes you need to justify the client's position, e.g. where the CRA issues a late filing penalty, but you believe a return was not required to be filed.

What agencies are covered:

CRA, Provincial Agencies such as Ministry of Finance, Alberta Treasury Board & Finance, WCB - Alberta, Worksafe BC.

Interim payments - do not need to carry WIP. We are your best debtor.

Some benefits of the policy you may not be aware of:

- We include 3rd party costs
- No deductible – no claim is too small
- Complimentary cover if your firm has more than 20 paid clients



**AUDIT SHIELD
IN OF ITSELF
IS NOT A REPORTABLE
TRANSACTION**



With the 2 November 2023 update to the CRA Guidance to Mandatory Disclosures we wish to confirm that the CRA have made clear what we have always understood the intention of the Mandatory Disclosure Rules to be, that Audit Shield, which they describe as Tax Return Insurance, is not considered to be Contractual Protection.

They go on to acknowledge that the general intention of taxpayers when purchasing Audit Shield is to provide general protection across a taxpayers fillings and is not purchased in relation to any transaction or series of transactions entered into by a taxpayer.

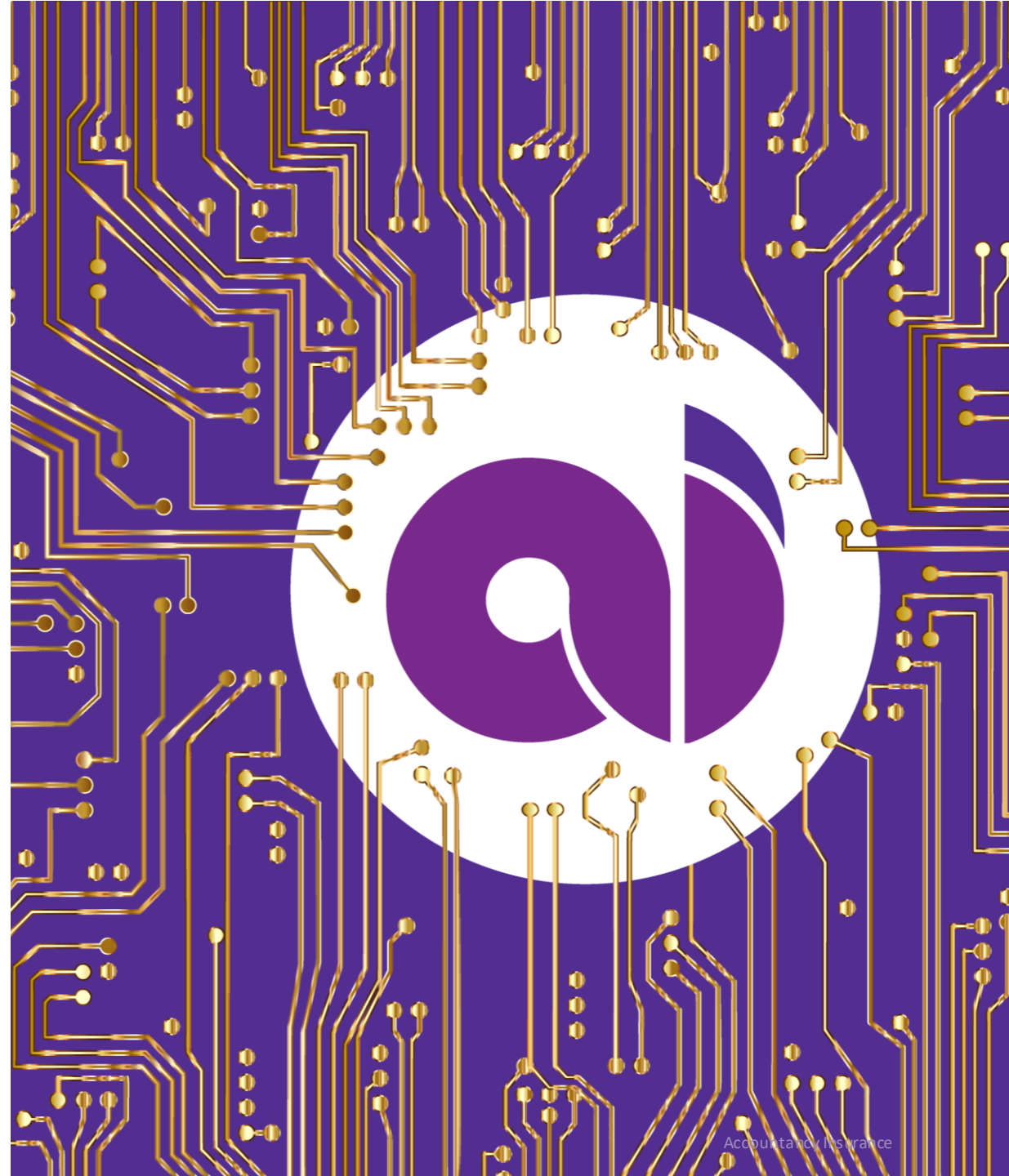
Although this has taken longer to be clarified than all parties would have liked, we thank the CRA for engaging with us and to give responsible consideration to the points we have made. Further we would like to thank Blakes, our lawyers, who have assisted greatly with this process with the CRA.

Minimal client data.

Accountancy Insurance utilises minimal data, most of which already exists in public registers and public websites.

The data that is used for the Audit Shield program is protected using controls which meet international information security standards ISO 27001.

The data is sent through various secure channels which are protected using SSL/TLS and is encrypted using AES 256-bit algorithm or higher during transmission or at rest.



A standard above the norm: proud to be ISO 27001 certified.

Our management systems, processes and global operations have been certified to ISO 27001, a designation that indicates compliance with a set of information security management best practises.

This distinguishes us from any other service providers that have not yet attained this level of certification and is an indication of our dedication to upholding the highest standards of information security for our clients.



It's about people.

As important as security and technology is, it of itself does not drive results and outcomes.

That is why we provide the best of both worlds being cutting edge technology and security delivered by real service focused people who make it happen for you.

This is a commitment to our partnering accounting firms that we have made in the past, one that we presently have in place, and one we will continue to make in the future.

That's just part of the Audit Shield experience.



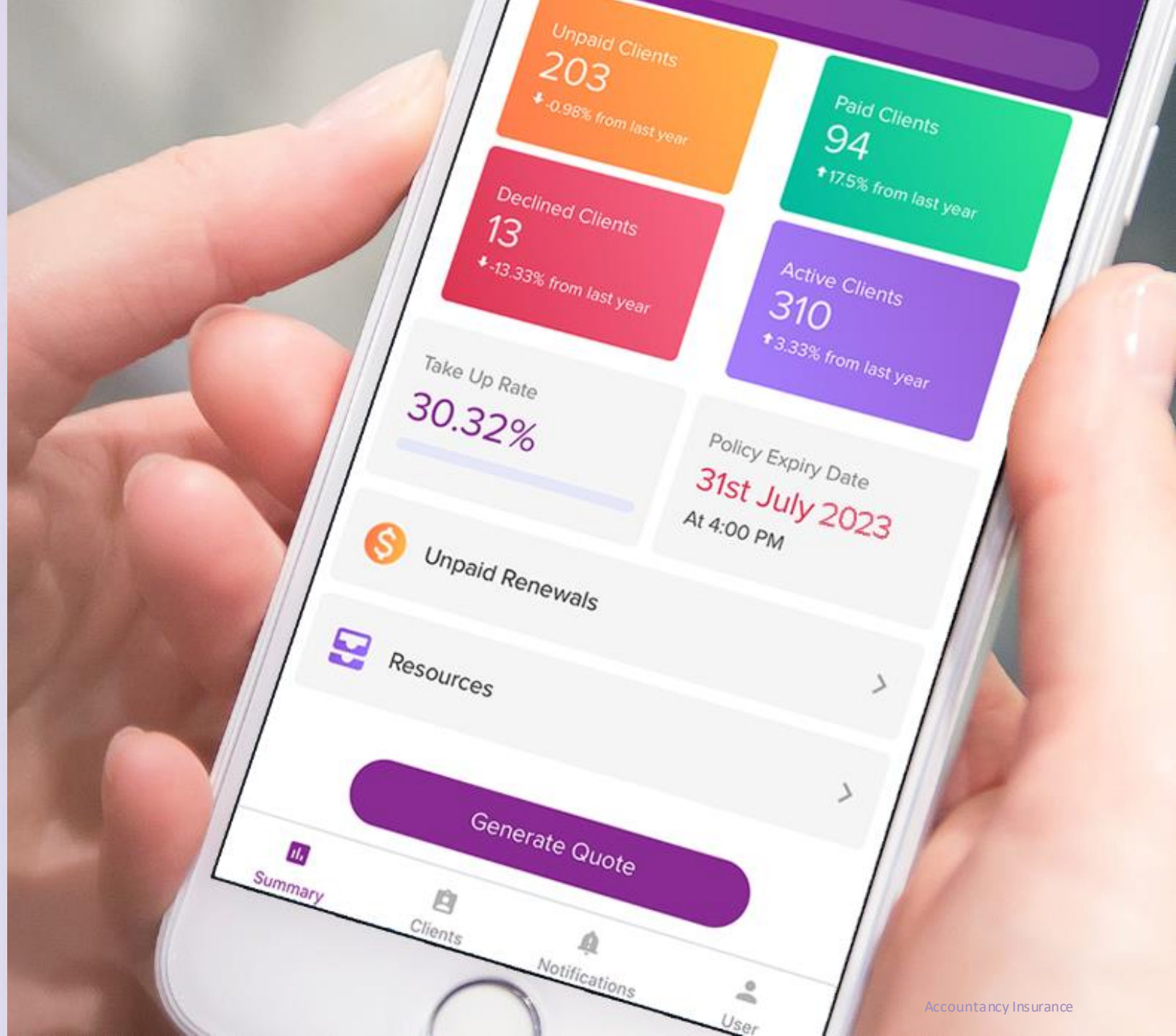
The Audit Shield Accountants' App

With the Audit Shield Accountants' App you can view and manage your client activity for your Audit Shield service on the go!

Benefits of the Audit Shield Accountants' App

- ✓ View client status on the go
- ✓ Generate Audit Shield quotes
- ✓ Receive up to date notifications
- ✓ Download important resources
- ✓ Plus more!

Best of all, it is totally free to download!





Questions?





1 800 353 3750

info@accountancyinsurance.ca