

Revenue Audit Procedures

DRAFT for Discussion

Background

We recognise that audits are a necessity in a self-assessment regime. In addition, we appreciate that such audits must be carried out in comprehensive manner by Revenue audit teams, which involves testing taxpayer data and raising questions on anomalies that are identified.

In facilitating the above, taxpayers need to devote significant time to prepare for audits. This typically involves carrying out a pre-audit review, preparing a qualifying disclosure, collating the data requested and dealing with ongoing Revenue queries. Audits can cause disruption to taxpayers' businesses.

For the above reasons, Revenue audits can be time-consuming, resource-intensive process for all stakeholders - Revenue, taxpayers and tax practitioners. We would like to work with Revenue through TALC to develop procedures to streamline the audit process for all parties.

Due to the differing nature and complexity of audits, we recognise that it is not realistic to put a fixed timeline on the completion of audits. We do believe, however, that it would be more feasible to agree an appropriate timeline for the completion of certain key milestones.

Objectives

We set out below those key milestones and the proposed procedures / timelines in respect of same.

The overall objectives of these proposals are to:

- Reduce the **duration** of audits for all parties
- Provide increased **visibility on the status** of the audit for all parties
- Ensure that where **delays** in the process do occur, the reasons for such delays are easily identifiable.

Specific proposals

	Proposal	Why is this needed?
1	Where an audit notification issues, the contact details (email and phone number) of the auditor should be included on the letter.	<ul style="list-style-type: none"> To enable the taxpayer and/or their advisor to contact the auditor (in some cases these details aren't on the letter or the details are those of the audit scheduler).
2	<p>No later than 3 weeks before the commencement of the audit, Revenue issues a full list of all information to be provided / transferred electronically at the opening audit meeting. In cases where the commencement of audit has been deferred or a 60-day Notice of Intention has been filed, the list should be issued as soon as possible</p> <p>The information requested should, where possible, be taxpayer specific.</p> <p>Note: We appreciate that there may be additional information required based on (i) discussions at the opening meeting and (ii) the items being disclosed.</p>	<ul style="list-style-type: none"> To ensure that the taxpayer has sufficient time to collate the data and the taxpayer can be clear on what data is required. To ensure that Revenue can commence its testing immediately upon conclusion of the opening meeting.
3	<p>Upon conclusion of the initial on-site audit, Revenue to provide the taxpayer with an update on any specific issues identified (before the auditor's departure). In addition, Revenue to provide, in writing, a list of any further information requested as a result of issues identified from the onsite visit.</p> <p>In response, the taxpayer should provide said information within 21 days. Where the taxpayer foresees delays in meeting this deadline, Revenue should be notified immediately and a new, mutually acceptable deadline should be agreed.</p>	<ul style="list-style-type: none"> To ensure that the taxpayer has visibility of any issues being queried by Revenue. To ensure that Revenue / the taxpayer are both in agreement on any outstanding information requests. To maintain the momentum of the audit before (i) the taxpayer returns their focus to their "day-job" and (ii) the Revenue audit team moves onto other audits.
4	<p>Within 3 weeks of the taxpayer providing the information sought, Revenue to conclude manual / e-audit testing of all information provided (above) and provide the taxpayer with an update on:</p> <ul style="list-style-type: none"> Any issues identified from the testing performed Any queries for clarification Any additional information sought 	<ul style="list-style-type: none"> To ensure that the taxpayer has visibility of any issues being queried by Revenue and those areas on which no issues have been identified. This is important as the

	<p>In response, the taxpayer should provide said information within 21 days. Where the taxpayer foresees delays in meeting this deadline, Revenue should be notified immediately and a new, mutually acceptable deadline should be agreed.</p>	<p>taxpayer will have to update senior management, board members and/or global headquarters on the status of the audit.</p> <ul style="list-style-type: none"> • To ensure that Revenue / the taxpayer are both in agreement on any outstanding information requests. • To maintain the momentum of the audit before (i) the taxpayer returns their focus to their “day-job” and (ii) the Revenue audit team moves onto other audits.
<p>5</p>	<p>(Following on from 4 above) Within a further 3 weeks Revenue to confirm in writing:</p> <ul style="list-style-type: none"> • Any issues identified from the testing performed /clarifications received • Any additional information required • Any areas / tax heads under audit on which Revenue has finished its testing (subject to any new information coming to light or further action identified by senior management as part of Revenue’s internal sign-off process). <p>Similar updates to be provided by Revenue every 2 months thereafter to include an update on the expected timeline to close the audit.</p> <p>As the audit progresses towards its conclusion, taxpayers should be clear on Revenue’s sign-off procedures and the different level of sign-off required depending on the quantum of the settlement.</p>	<ul style="list-style-type: none"> • To ensure that the taxpayer has visibility of any issues being queried by Revenue and those areas on which no issues have been identified. • To ensure that Revenue / the taxpayer are both in agreement on any outstanding information requests. • To ensure that where the audit is taken over by a new Revenue caseworker or staff member within the taxpayer organisation, there is clear visibility on the status of the audit, the testing that has been performed to date and any outstanding information requirements. • To facilitate discussions on the closure of the audit. • Currently, sign-off procedures can appear to vary between tax districts. Clarity on the procedure would assist in understanding the process, what to expect

		and provide for a consistent approach.
6	<p>Before issuing a Notice of Assessment, Revenue should clearly set out each item it is proposing to assess and the basis for same (either verbally or in writing.) Revenue should endeavour to meet the taxpayer to discuss the findings where appropriate, particularly where the taxpayer can provide further information or clarifications to explain the filing position adopted.</p>	<p>To ensure that the taxpayer:</p> <ul style="list-style-type: none"> • is fully aware of Revenue’s technical position • can clarify any factual inaccuracies or misunderstandings which may have a bearing on Revenue’s position • fully understands the calculations / figures upon which the assessment is based. <p>The above will ensure that the taxpayer can make an informed decision as to:</p> <ul style="list-style-type: none"> • whether or not they wish to lodge an appeal, and • what elements of the assessment should be appealed.
7	Revenue shall not issue a Notice of Assessment in the month of December .	<ul style="list-style-type: none"> • The 30-day period to initiate an appeal is very short, in particular in December. Where this period overlaps with the Christmas holidays, 15 days can be lost.
8	Some mechanism should be in place to enable a tax advisor to quickly identify that a Notice of Assessment has issued . Where a Notice of Assessment is issued to a taxpayer via ROS, the email notification to the tax agent indicates that correspondence has been received, but it does not identify the taxpayer to whom the correspondence relates. The agent can only identify the relevant taxpayer by examining individual client’s records on ROS.	<ul style="list-style-type: none"> • To ensure that the taxpayer (i) is fully aware that a Notice of Assessment has issued and (ii) does not miss the short window available to initiate an appeal, if required.
9	Within 2 weeks of the audit being closed , Revenue should issue a closing letter to the taxpayer.	<ul style="list-style-type: none"> • To ensure that the taxpayer is aware that an intervention has been officially closed. This is important in providing

	<p>In addition, a closing letter should be issued upon conclusion of all non-audit interventions (aspect queries, profile interviews).</p> <p>We recognise that Revenue reserves the right to initiate a new intervention even where a previous intervention has been closed and this can be referenced on the closing letter if Revenue so wishes.</p>	<p>certainty to the taxpayer, who may also have to update senior management, board members and/or global headquarters on the status of the audit. In addition, delays in receiving confirmation that an audit has concluded can create issues for SMEs in obtaining grant funding, and for bank lending.</p>
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DISCUSSION DRAFT