



A Guide To Tax Audits

Why are Tax Audits carried out?

Inland Revenue has a responsibility to Government and the community to try to ensure that everyone pays the correct amount of tax according to taxation law.

This means that from time to time we may need to check the accuracy of information you have given to us.

What is a Tax Audit?

A tax audit involves an examination of your tax affairs to make sure that the information you have given to Inland Revenue is accurate.

An audit can take many forms. Sometimes we may need to make an enquiry about a single transaction – other times we may need to review all your books and records.

What is the Tax Audit process?

At the start of an audit the Investigating officer will:

- Explain the expected nature, scope and duration for the enquiry or audit and indicate the information and records that will be required
- Tell you about your rights and obligations in relation to the enquiry or audit
- Give you the opportunity to volunteer information about possible irregularity or omission in relation to your tax affairs.

During an audit, the Investigating officer will:

- Give you reasonable time to collect records, documents and papers for examination
- Make enquiries of third parties with discretion and without any implication of wrong doing by you
- Allow you to give your views on any relevant issues, including any proposed adjustments
- Keep you informed of the progress of the enquiry or audit.

At the completion of the audit, the Investigating officer will

- Explain the basis of any proposed adjustments
- Indicate any tax shortfall and penalties that will result from the adjustments
- Give you the opportunity to explain
- Outline your objection rights

What is expected of you?

If you have been notified of an enquiry or audit, you should prepare for it by reviewing your records and returns.

The law allows an Investigating officer:

- To access to your business and financial records
- To access to relevant buildings and premises
- To make copies or take extracts from documents

The law obligates you to:

- Provide reasonable facilities and assistance to the Investigating officer
- Provide complete and accurate responses to requests for information

It is an offence if you do not comply with requests for access and information.

What can you expect from us?

Inland Revenue conducts enquiries and audits in an impartial, fair and professional manner:

- If we undertake checks of your tax affairs, it does not mean that we presume you are dishonest in your tax affairs.
- We treat all taxpayers in accordance with the law and we use our powers in a fair, reasonable and professional manner.

How long will it take?

Our aim is to complete the job in the shortest possible time. How long it takes will depend on several factors such as the type of enquiry, the adequacy of your records, the availability of information, the complexity of the matter and the level of your cooperation.