What Is A Revenue E-Audit?

It is generally regarded across the globe that the Irish Revenue Commissioners are one of the best at collecting tax and enforcing compliance. Over a decade ago, Revenue introduced e-audits. These were mainly used by the Large Cases Division and for special projects.

However, in the last couple of years we have seen a notable increase in the number of e-audits carried out by Revenue and since 2013 they are starting to become the norm. **Here's why:**

Increased Yields – E-audits are far more successful at finding mistakes, unusual trends, missing data and exceptional items.

More effective use of Revenue time – By using risk profiling and identifying danger areas they can focus on the core areas.

Increased Training – Whilst the software and process has been available for a number of years it has taken time to roll out the software to all Inspectors. More and more we are seeing the auditors come out in pairs and use the actual on-site e-audit as a training session.

Gather Data – Revenue are using e-audits (particularly relevant in the Kildare tax district) to gather information from a range of the players in a sector and then benchmark this against other tax payers in that sector. They then take away the electronic data gathered during the e-audit and analyse the data back at base. In my opinion it is unfair of Revenue to treat tax payers as data sources and to put the stress and inconvenienced of a Revenue e-audit on a client for a simple data collection mission.

So what is a Revenue E-Audit?

An e-audit simply means they are going to request and obtain your financial records in a digital format. They use an off-the-shelf audit and risk profiling program to analyse the data. This is the same software used by a number of other EU countries including the UK and Germany.

The Revenue essentially wants to extract a table of data, for example: transaction numbers; dates; time stamps; product codes and VAT amounts etc from tax payers' financial records. This is easily taken from any brand of bookkeeping/accounting software. One of the key features of the e-audit software is that you can extract similar information from PDF documents, scanned documents and image files.

As you can imagine by collecting all of your financial records in a digital format it enables the Revenue to run crosschecks against various databases and information points. For example, you can compare the records of the check-in clock at reception to the payroll software reports through to the accounting system and digital bank records.

They can also run queries on the data and ask questions such as:

Show me all employee names on payroll reports not on bank payment reports

Show me all credit notes outside of normal business hours

Show me all missing invoice numbers

Show me all invoices with no VAT or unusual VAT amount

Be Prepared For A Revenue E-Audit

Revenue audits are definitely here to stay and e-audits are increasingly becoming the preferred choice for Revenue Inspectors.

At DBASS, we have the in-house expertise to review client's information before inspections to identify risk areas and potential problems using the same software as Revenue.

By identifying the mistakes before a Revenue audit you can avail of substantially reduced penalties and interest charges by opting to make a voluntary disclosure. More and more of our clients are now requesting that we run their data through our software to ensure that there are no unknown problems in their financial records and to provide them with peace of mind.

If you have any questions or concerns about the Revenue audit process, e-audits or require a pre-audit compliance review, please contact a DBASS advisor on 01 849 8800 or email info@dbass.ie

Should you wish to discuss any of the topics highlighted in this article please do not hesitate to contact DBASS on 01- 849 88 00 were a member of our team will be delighted to assist you.