Revenue Audit

[Keeping Books and Records]

[Revenue Examination of Returns, Books and Records]

Keeping Books and Records

- Am I obliged to keep records for tax purposes?
- How long must I keep records?

Am I obliged to keep records for tax purposes?

YES. You must keep full and accurate records of your business from the start. You need to do this whether you send in a simple summary of your profit/loss, prepare the accounts yourself, or, have an accountant do it. It is important for you to remember that the figures which are contained in your accounts, or your summary of profits/losses, or your tax returns, must be correct. The records you keep must be sufficient to enable you to make a proper return of income for tax purposes.

You should bear in mind that you may need to keep accounts for reasons unconnected with tax. For example, your bank may want to see your accounts when considering an application for a business loan.

How long must I keep records?

You must keep your records for a period of six years unless your Inspector of Taxes advises you otherwise.

Revenue Examination of Returns, Books and Records

- What is a Revenue Audit?
- How are taxpayers selected for audit?
- What form will the audit take?

What is a Revenue Audit?

A Revenue audit is a cross-check of the information and figures shown by you in your tax returns against those shown in your business records.

Revenue audit covers the following types of tax returns:

- Income Tax, Corporation Tax or Capital Gains Tax returns **and/or**
- The returns submitted in respect of VAT, PAYE/PRSI or Relevant Contracts Tax (RCT).

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How are taxpayers selected for audit?

Revenue use three methods of selection. These are:

Screening tax returns:
The vast majority of audit cases are selected in this way. Screening involves examining the returns made by a variety of taxpayers and reviewing their tax compliance history. The figures are then analysed in the light of trends and patterns in the particular business or profession and evaluated against other available information.

Projects on business sectors:
From time to time, projects are conducted to examine tax compliance levels in particular trades or professions. The returns for a large number of taxpayers in a particular sector are screened in detail and a proportion of these are selected for audit.

Random selection:
This is in addition to the first two methods. It means that all taxpayers have a possibility of being audited. Each year, a small proportion of audit cases is selected using this method.

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What form will the audit take?

Typically, an audit involves a series of steps, as follows:

- On arrival, the auditor identifies himself or herself to you and explains the purpose of the audit. An indication of the length of time he or she expects to spend on your premises is also given.
- You are given an opportunity to disclose to the auditor any inaccuracies in your tax return

- The auditor will examine your books and records to verify that the figures have been correctly calculated and that the tax returns and/or declarations for the different taxes are correct
- If the auditor finds the returns to be largely correct as is often the case, you will be told so as soon as this becomes clear
- If the auditor finds that adjustments are required, he or she will quantify the adjustments and the additional tax. The details of how the additional tax arises will be discussed with you and you will also be notified in writing
- At the final interview, the auditor will ask for your agreement to the total settlement figure
- Once agreed, the full amount should be paid to the auditor who will issue you with a receipt.