



FTA AUDIT

**NOW IS THE
TIME TO ACT**

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What is FTA Audit

- Recently, there has been an increase in the number of VAT audits carried out by the Federal Tax Authority. These audits are used to assess whether the taxpayer is complying with the VAT Law, Tax Procedure Law, and Regulations.
- During the audit, the FTA will carry out a detailed review of the accounting system and records to:
 - a. Check whether all tax has been declared and paid within the relevant timeframe.
 - b. Carry out an output tax and input tax review to verify the tax positions adopted by the business.
 - c. Identify any areas of non-compliance.
- The FTA normally notifies the taxpayer that they have been identified for audit and within one year of this notice, the FTA will commence the audit process, giving the taxpayer ten working days notice of the start date.
- Upon receiving notice of an audit, the taxpayer must ensure the auditor has access to the business premises, tax records are complete and available for inspection, and all relevant staff are available.
- During the course of the audit, the auditor may ask the taxpayer to provide further information and documentation.
- If the taxpayer fails to provide adequate facilities and assistance, or if the records are not available, they may be subject to penalties.

Results of FTA Audit

- When the audit is complete, the FTA will give the taxpayer a report of their findings. If errors have been identified that result in under declarations of tax, The FTA will issue a tax assessment, plus higher penalties.
- They may also issue directions regarding administrative matters such as record keeping and invoicing requirements.

How BDO can help

We provide a range of services to assist our clients with tax audits, including:

- Pre-audit reviews to highlight potential risk areas, identify any compliance gaps and opportunities to improve tax accounting. You do not need to wait until the FTA has notified you that you are in line for an audit to carry out a review of this type, and they are highly recommended as part of a best-practice tax management strategy.
- Once the audit has started:
 - Assistance with collating data and documents requested by the FTA.
 - Assistance with responses to FTA queries
 - Support during the audit process.
- Post audit assistance, including advice and help in connection with directions, assessments, filing of voluntary disclosures and penalties raised by the FTA.

'An ounce of prevention is worth a pound of cure.'

FOR MORE INFORMATION

PLEASE CONTACT OUR TAX ADVISORY TEAM



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