

Case Studies of Audit Activity

New Zealand taxpayers are constantly finding themselves at the mercy of Inland Revenue for the purpose of audits, enquiries, investigations or reviews.

Below are a few examples of Audit Shield clients who had lodgements which were thorough and honest, however, were still sought after by Inland Revenue. Luckily they all opted into Audit Shield to avoid the costly ramifications!

Case Study 1

Inland Revenue initially undertook a Client Risk Review of an Auckland based financial services business. This was expanded into a Full Audit in respect of Income Tax and GST compliance issues related primarily to overseas transactions and property developments being undertaken over the past 3 years.

End Result: A claim payment of \$17,850 was made at the conclusion of the audit.

Case Study 2

As part of Inland Revenue's *Property Compliance Programme*, a Waikato based property developer was selected for an audit of 10 different entities, over 25 different property related transactions to ensure compliance with Income Tax and GST.

End Result: More than \$20,000 in interim claim payments have been made. The audits for a few entities had still not been finalised when these payments were made.

Case Study 3

Following a review of financial data obtained from banks, Inland Revenue undertook an audit of a Christchurch based business group in respect of Income Tax, GST and PAYE compliance for the last 4 years.

Inland Revenue considered that the net profit being declared was too low and the audit primarily focussed on cash sales that may not have been reported.

End Result: A claim payment of \$9,280 was made at the conclusion of the audit.

Case Study 4

Inland Revenue undertook an audit of a Napier based businessman and his related entities. Primarily the focus was on residency and foreign income from an income tax perspective. The taxpayer was deemed to have been a New Zealand resident which resulted in a significant taxation liability despite objections being lodged by the accountant.

End Result: A claim payment of \$14,960 was made at the conclusion of the audit.

If you would like to learn more about our Audit Shield service, please talk to your accountant.