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Automated Audit Criteria Selection System

Overview

- Automated audit selection is a process by which each taxpayer is given a score on the likelihood of the taxpayer evading tax.
- It requires a good set of criteria and quality data
- The criteria will need to be adjusted annually after a review of the previous year's audit results
- This method is an iterative process and often does not produce perfect results the first time.



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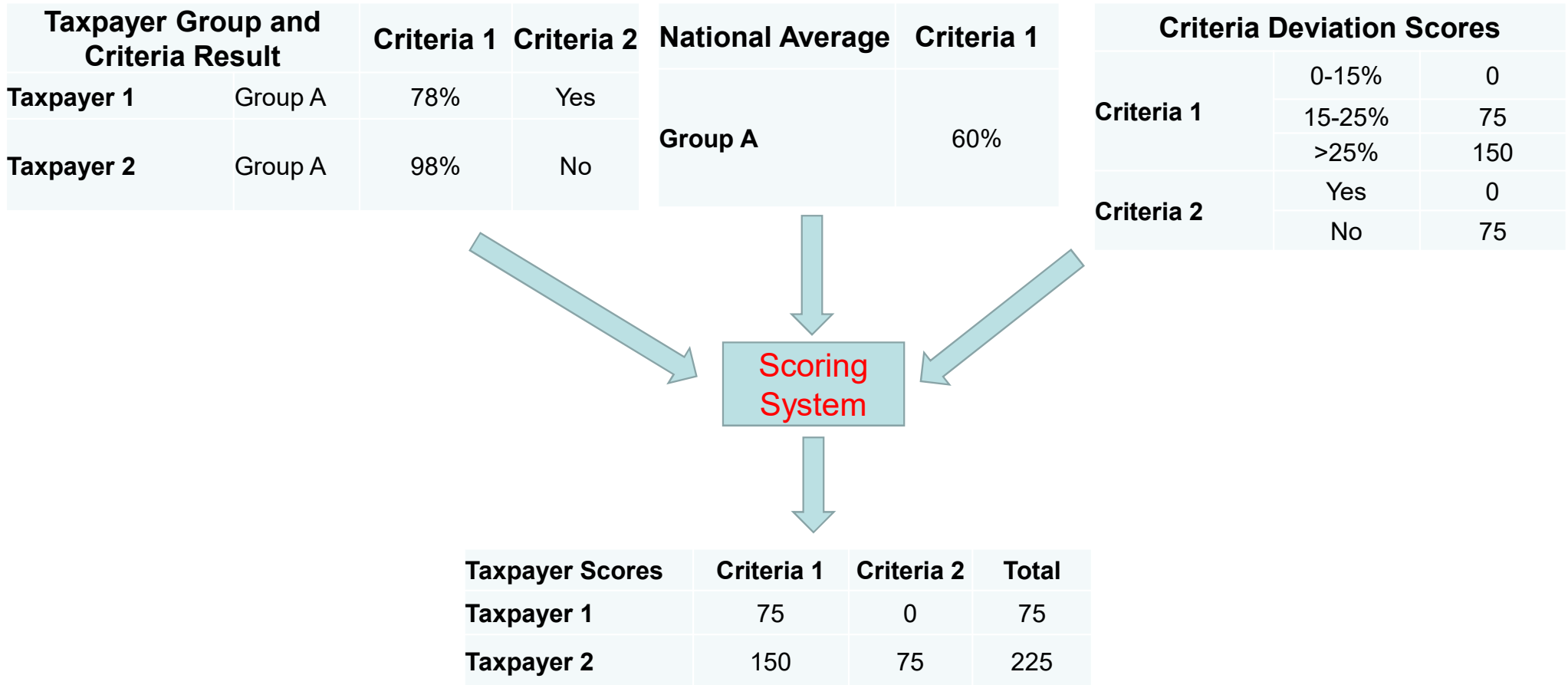
Elements of Scoring

- Selection Criteria are developed
- Taxpayers are divided into groups
- National averages are calculated for each group of taxpayer
- Each taxpayer is compared against the average for their group and a score is given based on how far it deviates from the average
- Some criteria are either yes or no, which does not require comparison to the national average



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Proposed Taxpayer Grouping

Activity
01-ACTIVITES ARTISANALES
02-ACTIVITES DE COMMERCE EN DETAIL
03-ACTIVITES DE COMMERCE EN GROS
04-ACTIVITES DE PRESTATION DE SERVICE
05-ACTIVITES INDUSTRIELLES
06-ACTIVITES NON COMMERCIALES
07-ACTIVITES AGRICOLES ET DE PECHE
08-ADMINISTRATIONS PUBLIQUES ET ORGANISMES ASSIMILES

Type
M-Business
P-Person

Turnover (TND)
1: >10M
2: 1M-10M
3: 100,000 - 1M
4: < 100,000



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Proposed Scoring Criteria	Deviation	Score	Deviation	Score	Deviation	Score	Deviation	Score
1 Gross Profit Margin:	<p style="text-align: center; color: red; font-size: 2em;">Proprietary Information</p> <p style="text-align: right; color: black;">5</p>							
2 Net Profit Margin:								
3 Wage Intensity:								
4 VAT Turnover Compared to Domestic Turnover								
5 Consecutive years of VAT credit with no audit								
6 Consecutive years of Net Loss with no audit								
7 Several Years where Turnover < Imported Goods								
8 Income Tax Non-filer								
9 VAT Non-filer								
10 Has not been audited for at least 10 years								
11 Has export turnover, but not claiming export deduction								
12 3 years of zero turnover								
13 No rent reported, but rental agreement registered.								
14 Did not file December VAT return, 3 years in a row								
15 Total Audit Result Less than Last 3 year's Payment								
16 Claiming export benefit and buyer								
17 Registered Sale Greater than Fiscal Result								
18 Cash transactions higher than turnover								
19 Accounting Result Positive and Fiscal Result Negative								
20 Tax Advance Compared to Total Turnover incl. Taxes								
21 Local Taxes compared to Total Turnover incl. Taxes								