

# The Significance of Public Revenues

Sub-theme I  
Plenary presentation

# Audit of Public Revenues

- Subtheme I

*The significance of public revenues for public financial managers and for the legislature's budget authority*

- Subtheme II

*The role of the SAI in the budgetary cycle*

- Subtheme III

*Audit approaches and audit impact*

# Role of Subtheme I

- Insight into the size, structure and management of public revenues, as a basis for subthemes II and III
- Sketching the context for public revenues audits

## **The Working Group**

Austria, Lithuania, Portugal, The Netherlands

# Session aims

- Present results of working group
- Share some aspects of the context of public revenues
- Introduce congress issues 1 and 2
- Discuss

Questions and national examples during and after presentation are welcome!

# Outline of presentation

- Introduction
- Public Revenues - Product
- Public Revenues - Process
- Public Revenues - Audit Aspects
- Tax culture
- Summary

# Introduction

1959 – INCOSAI Rio de Janeiro

1974 – INCOSAI Madrid

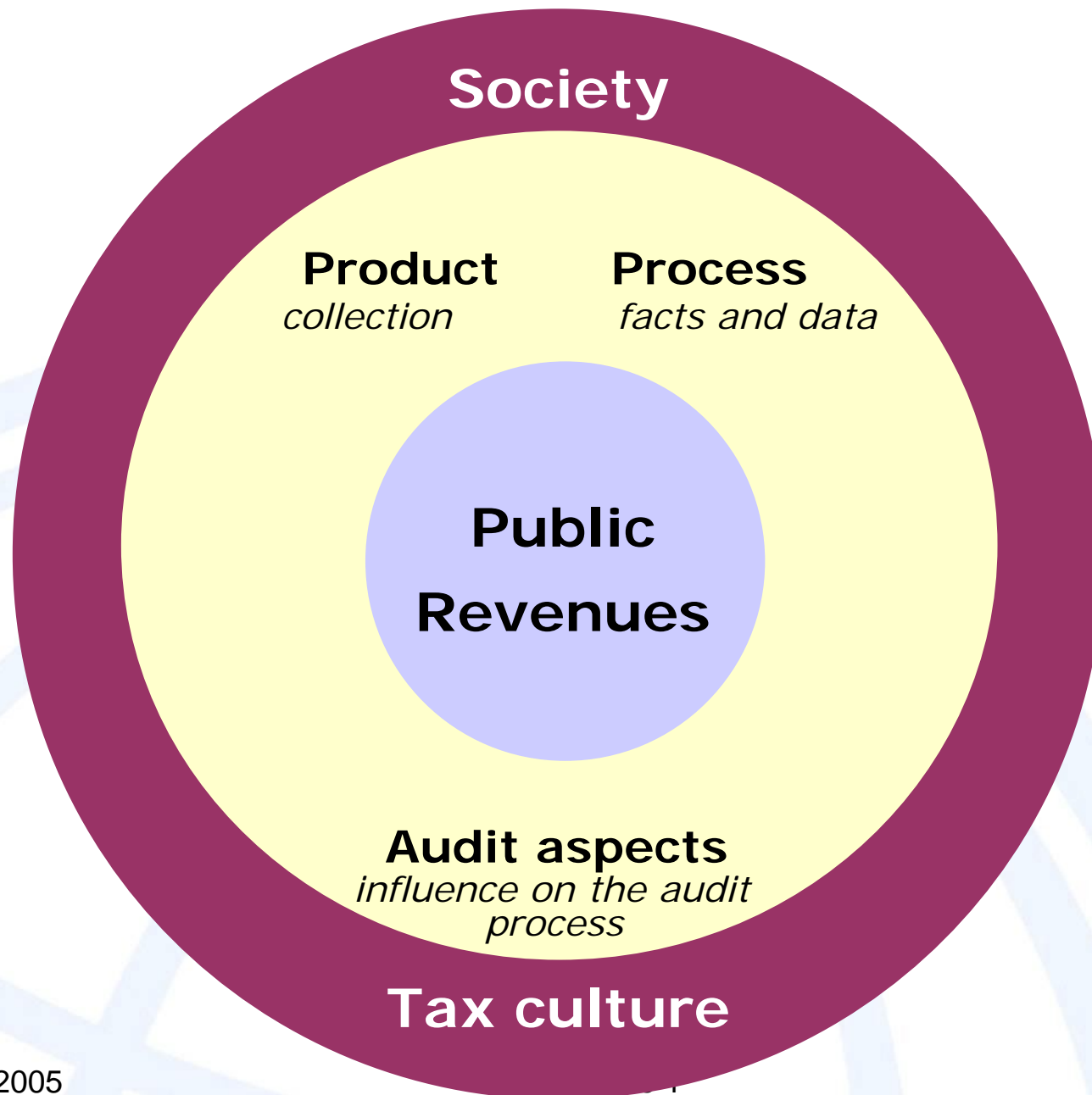
1977 – INCOSAI - Lima Declaration

- All public financial operations subject to audit by SAIs
- A specific article (20) is dedicated to tax audits

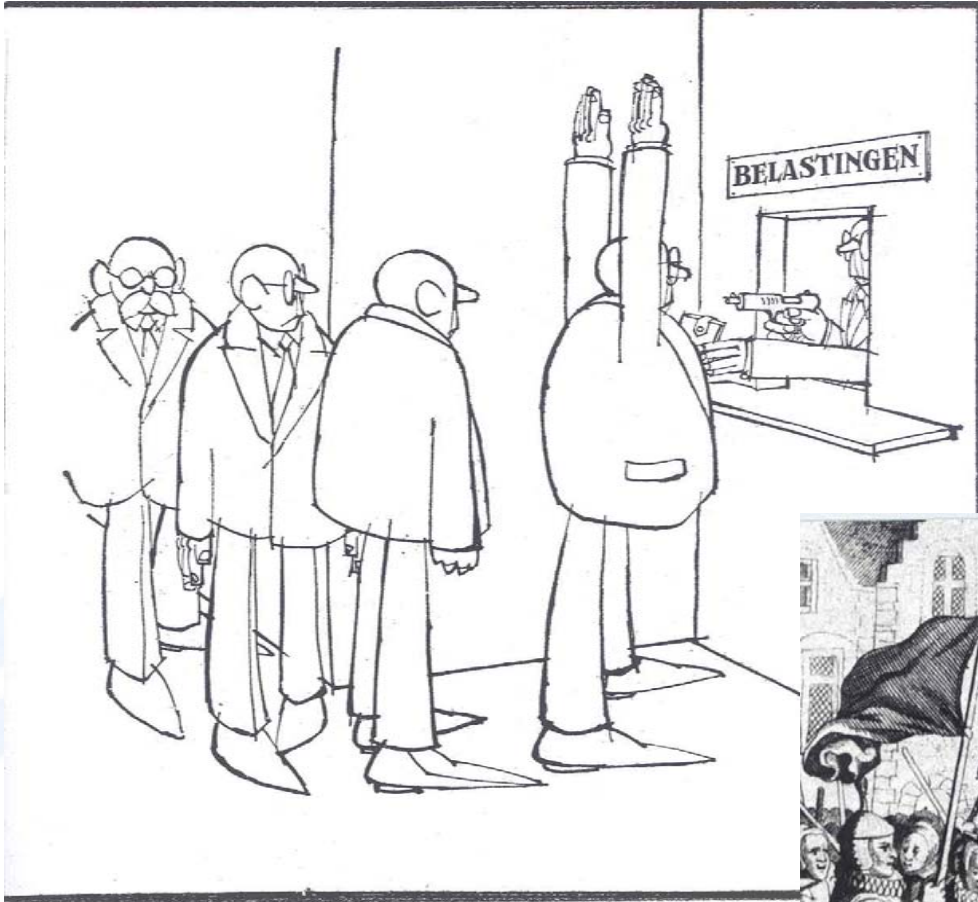
= > INTOSAI Auditing Standards (2001)

# Issue area 1

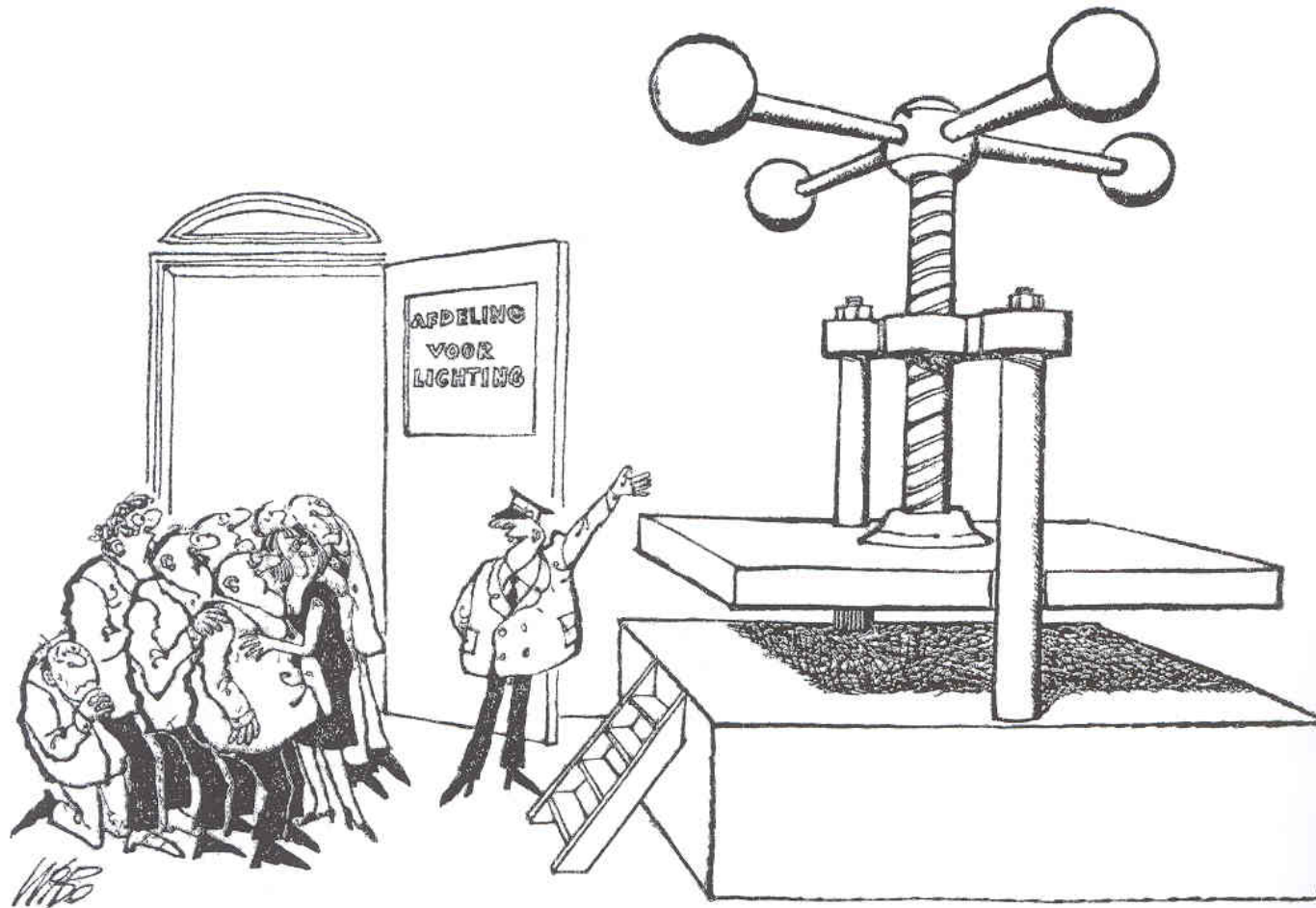
- Are adequate standards and bases for the audit of revenues in place?
- Is there a need for updating the statements of the Declaration of Lima to reflect the progress achieved by SAIs in the audit of revenues?







31 May 2005



Belastingvoorlichting verbeterd



# The Illusionist and the reappearing Road Tax



# Tax envelopes



RENTA 2003

Espacio reservado para la etiqueta identificativa del primer declarante

**FALTA DE ETIQUETAS / ETIQUETAS CON DATOS ERRÓNEOS**

Deberá cumplimentar este apartado siempre que:

a) El primer declarante no disponga de etiquetas identificativas. En este caso, consigne la totalidad de los datos que se solicitan a continuación.

b) Las etiquetas identificativas contengan datos erróneos. Si en la etiqueta adherida en el recuadro superior existen datos erróneos que no sean consecuencia de un cambio de domicilio, tacheos sobre la misma y cumplimente a continuación los datos correctos.

Primer Declarante N.I.F. Apellidos y nombre

Domicilio Fiscal Calle/Plaza/Avenida

Número Escalera Piso Puerta Código Postal

Municipio Provincia

**CAMBIO DE DOMICILIO**

Si ha cambiado de domicilio, consigne a continuación los datos de su domicilio actual.

Nuevo Domicilio Fiscal Calle/Plaza/Avenida

Número Escalera Piso Puerta Código Postal

Municipio Provincia

**Modelo de declaración** Marque lo que proceda

Simplificada (Mod. D-101) ...

Ordinaria (Mod. D-100) ...

**Tipo de tributación elegido** Marque lo que proceda

Individual ...

Conjunta ...

**Declaración complementaria**

Si esta declaración es complementaria de otra declaración anterior del mismo ejercicio 2003, marque este recuadro

**Resultado** (caja 135) del documento de ingreso o devolución, modelo 1001

Marque lo que proceda

A ingresar .....

A devolver:

Solicita la devolución .....

Renuncia a la devolución a favor del Tesoro Público ....

Cero .....

**Suspensión del ingreso o renuncia al cobro efectivo de la devolución.**

Si ha cumplimentado el apartado 11 de la declaración solicitando la suspensión, total o parcial, del ingreso o renunciando, en todo o en parte, al cobro efectivo de la devolución, marque este recuadro

## DECLARACIÓN DEL IMPUESTO SOBRE LA RENTA DE LAS PERSONAS FÍSICAS

EJERCICIO 2003

Agencia Tributaria

Delegación de \_\_\_\_\_

Administración de \_\_\_\_\_

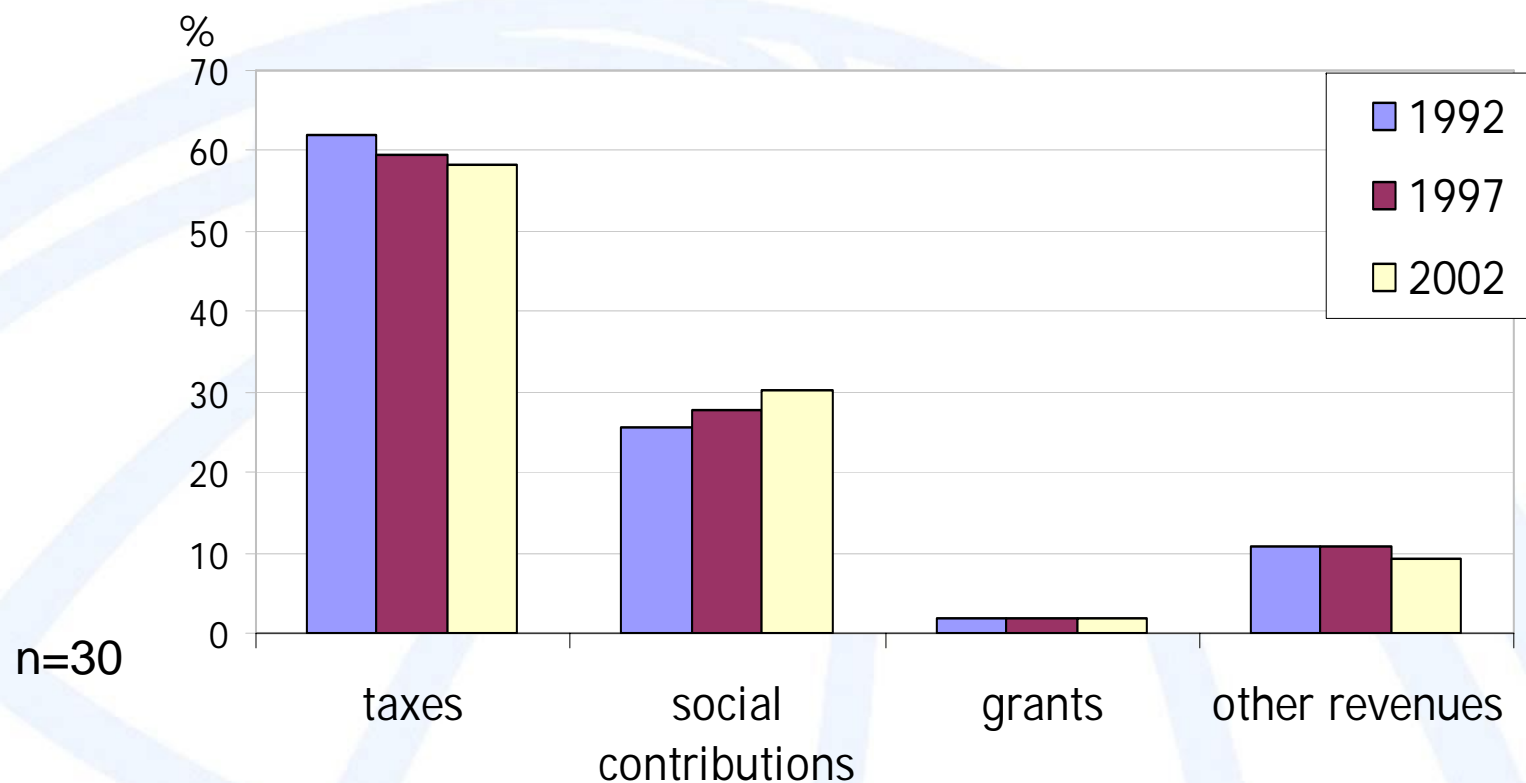
Código Administración.....





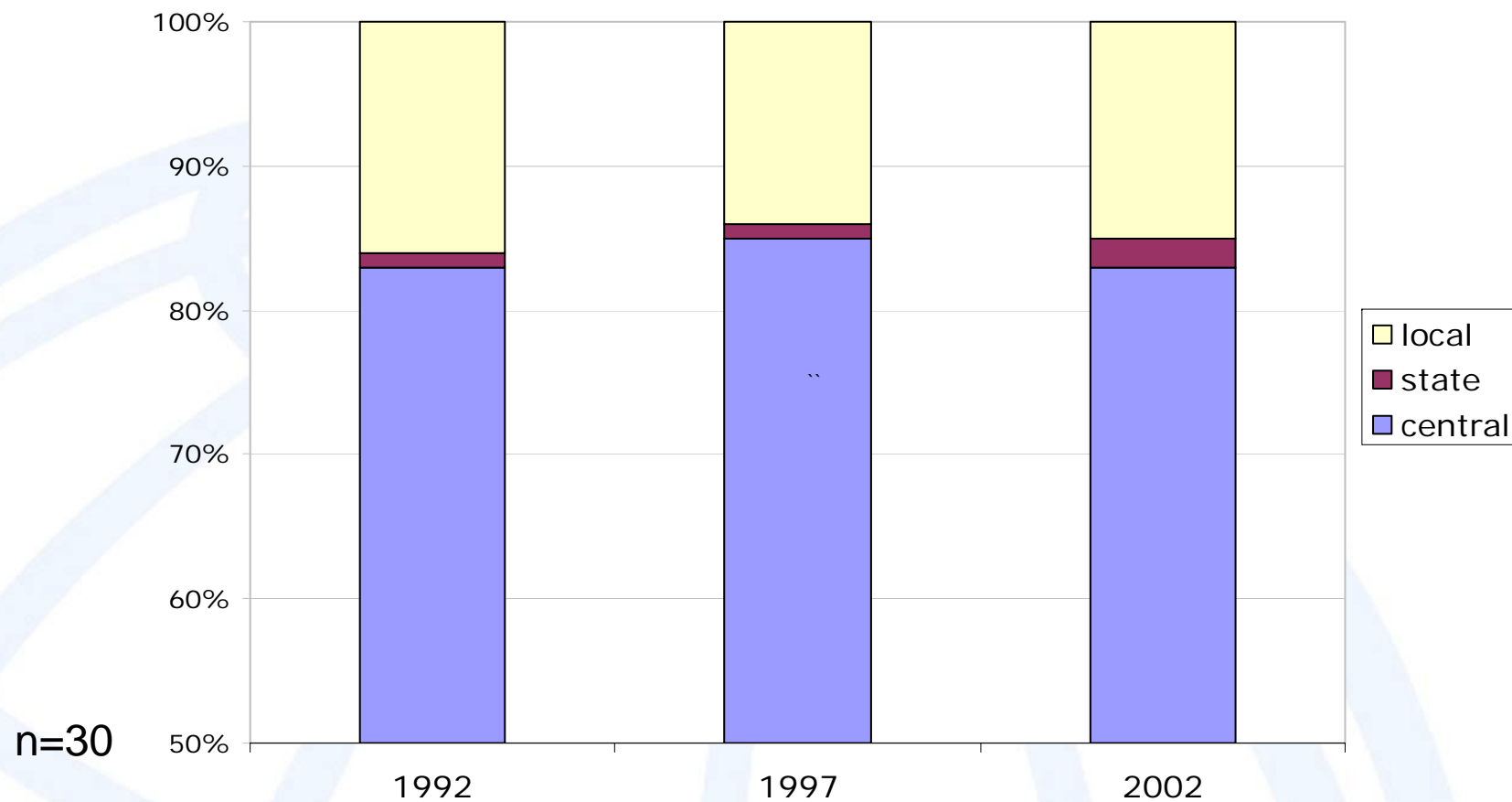
## Public Revenues - Product

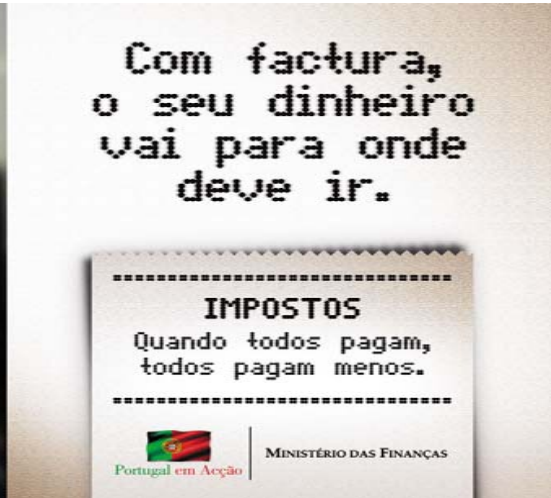
# Division of Public Revenues



# Public Revenues - Product

## Division of Public Revenues

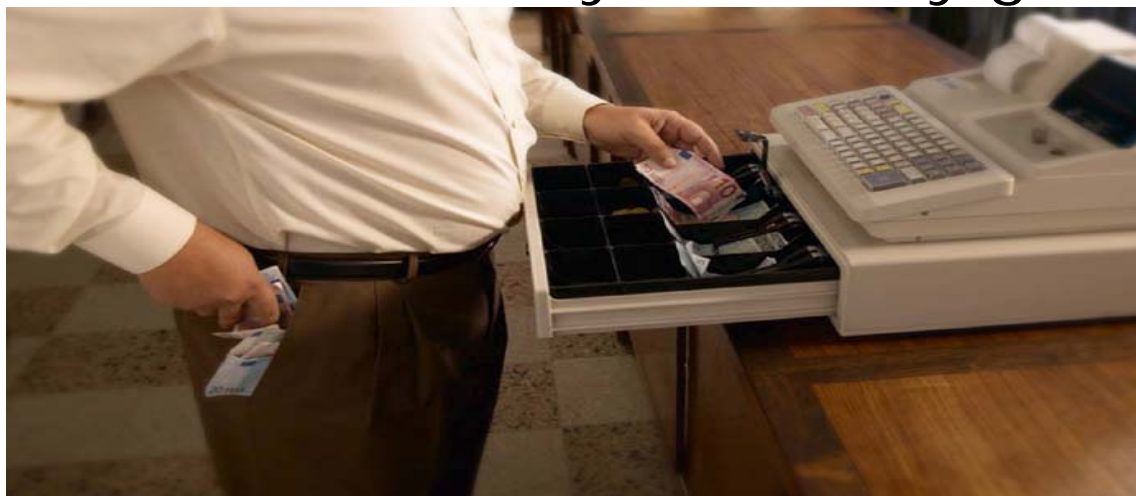




“We serviced your car. Do you need anything else?”

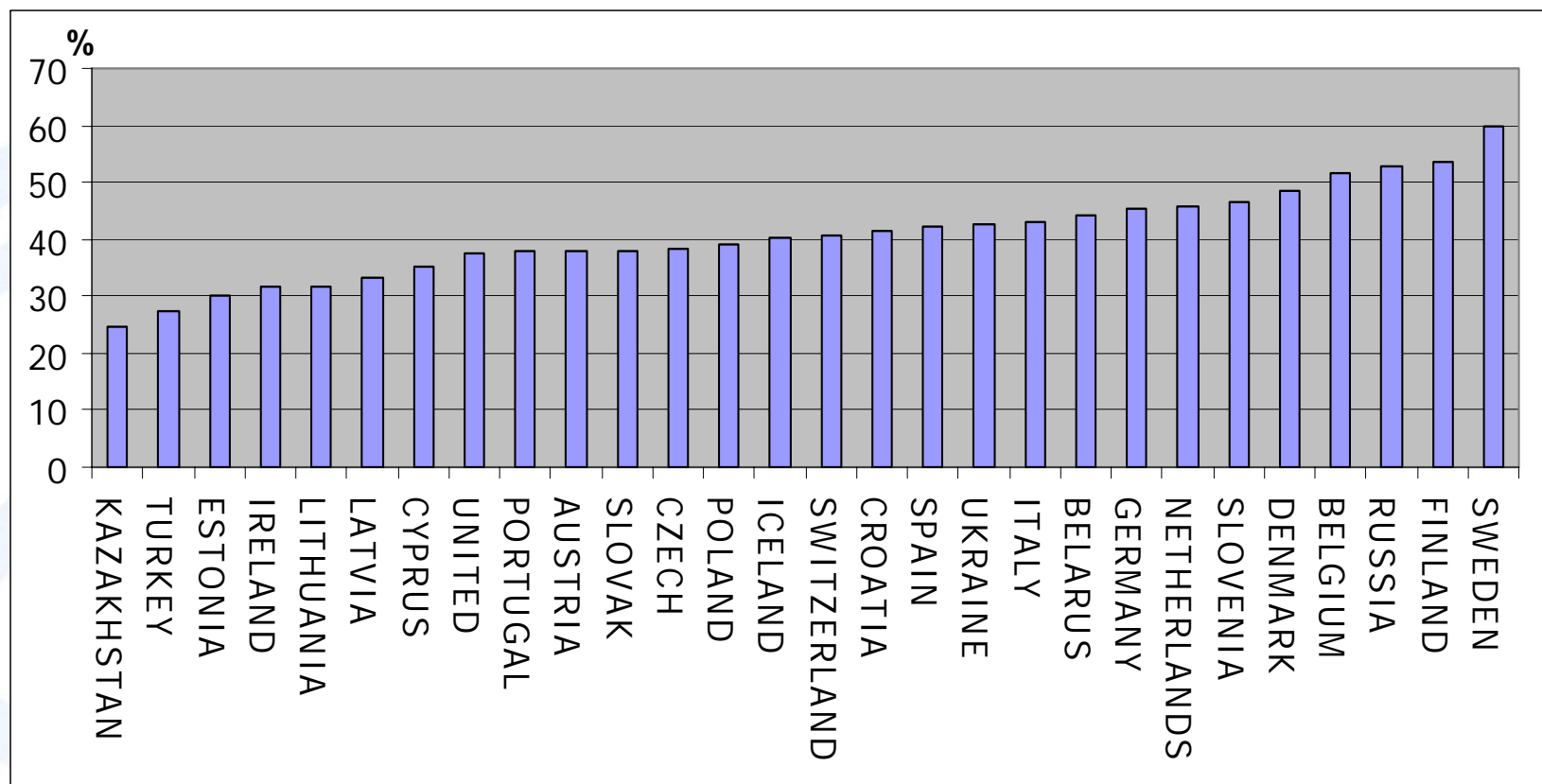
“Yes, an invoice”

With an invoice, your money goes to where it should.



# Public Revenues - Product GDP and Public Revenues

n=28





## Public Revenues - Product Observations

- Taxes and social contributions most important categories of public revenues
- Central government responsible for 85% of total public revenues.
- Little change over the years

# Public Revenues - Process

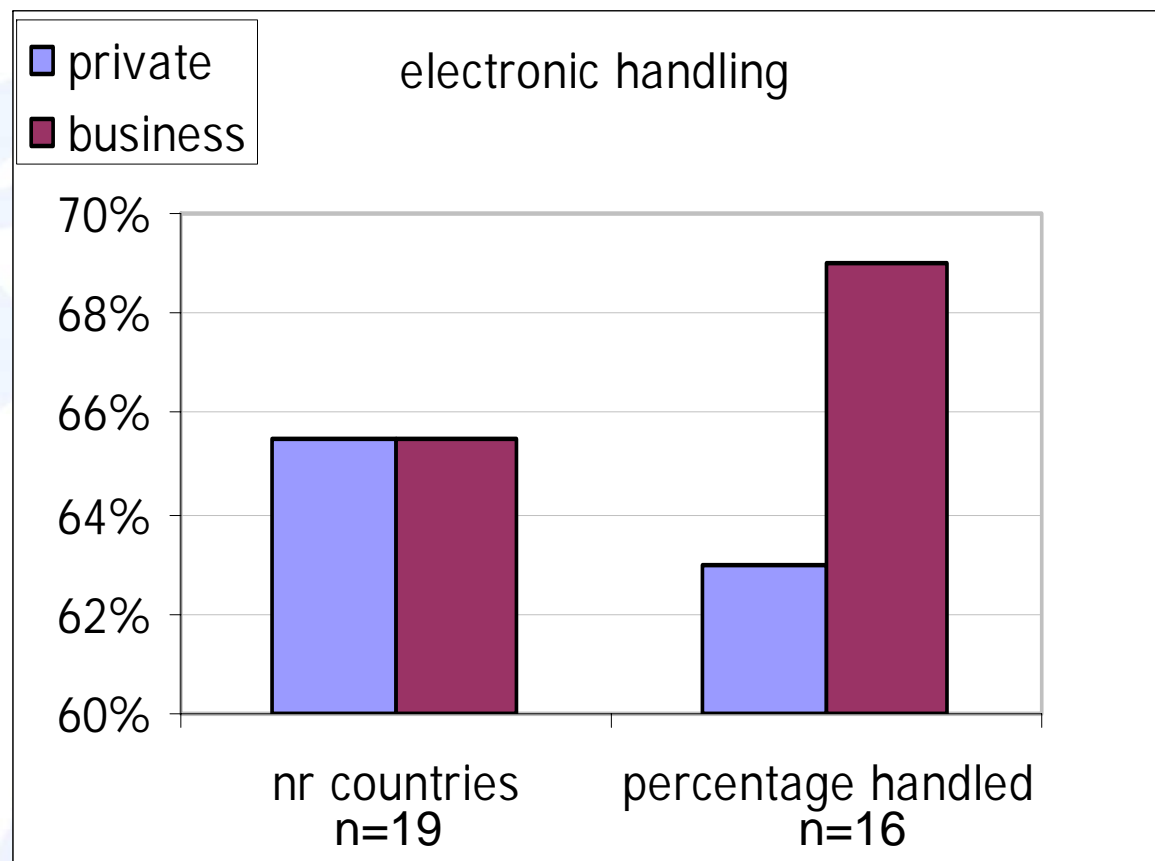
- Automation (electronic filing)
- Reorganisations
- Transparency
- Tax allowances
- Observations

“This tax-update is great!”

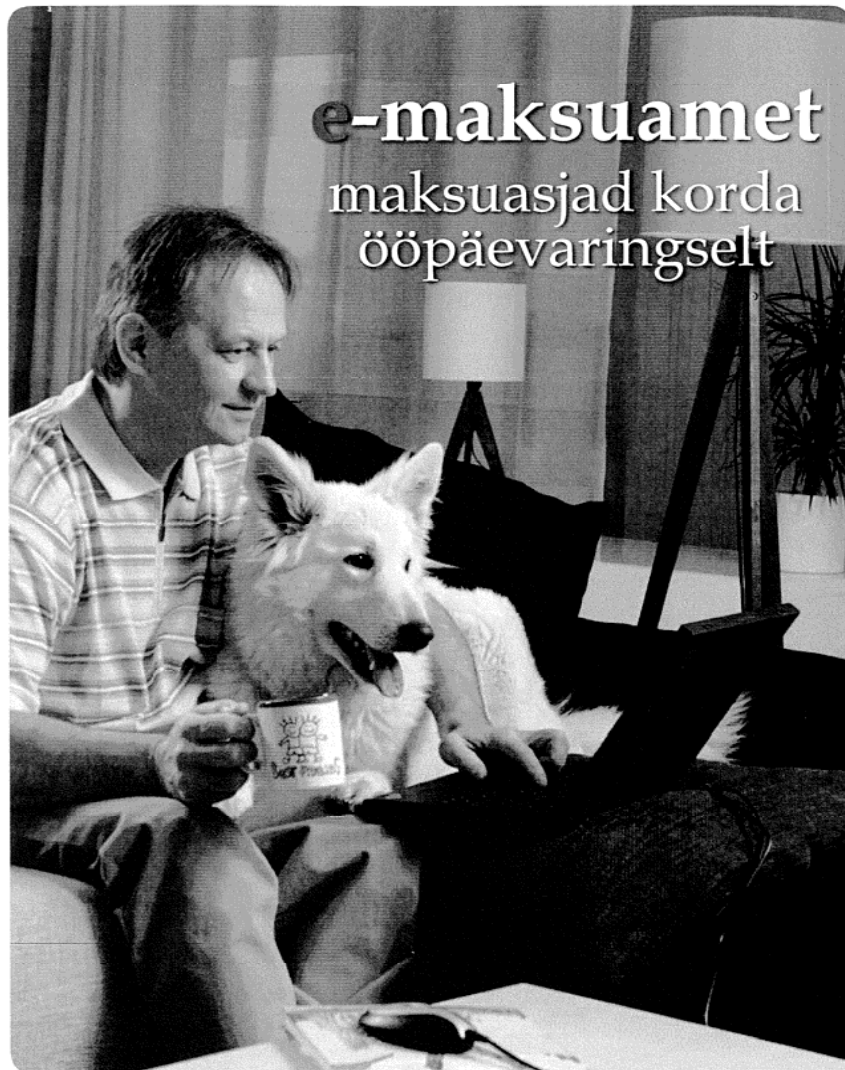


**DAS NEUESTE IM INTRANET**

# Public Revenues - Process Automation



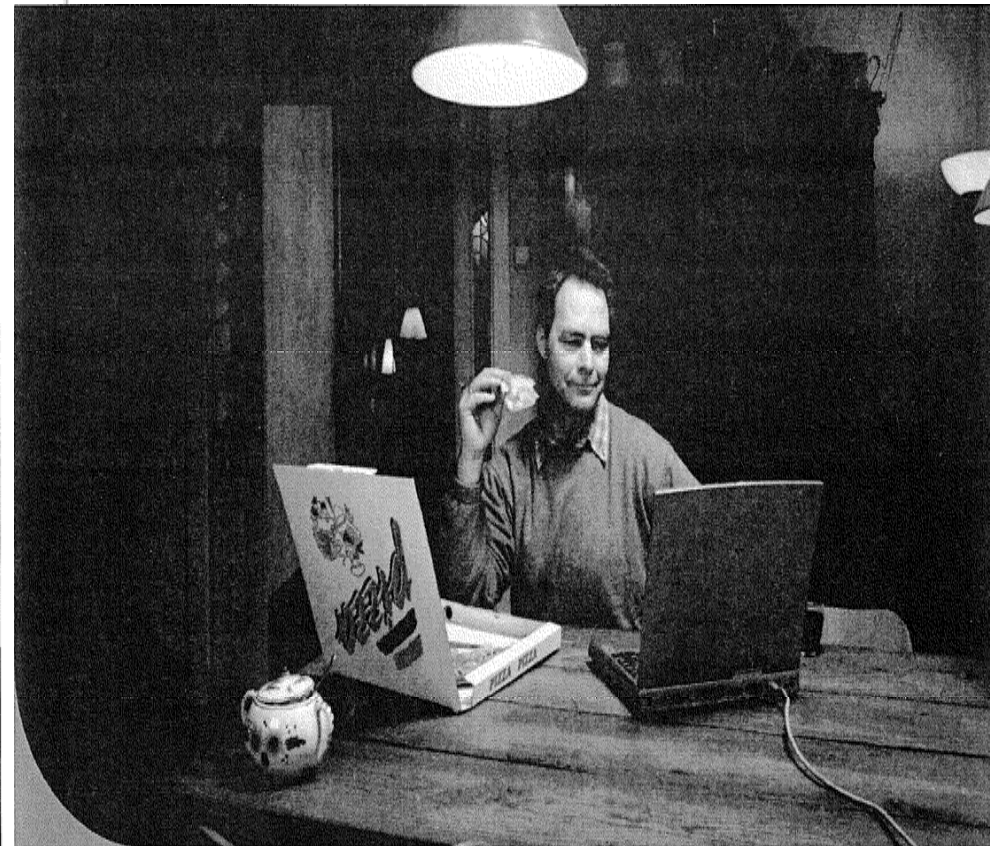




**e-maksuamet**  
maksuasjad korda  
ööpäevaringselt

MAKSU- JA TOLLIAMET  

**ESTONIA**



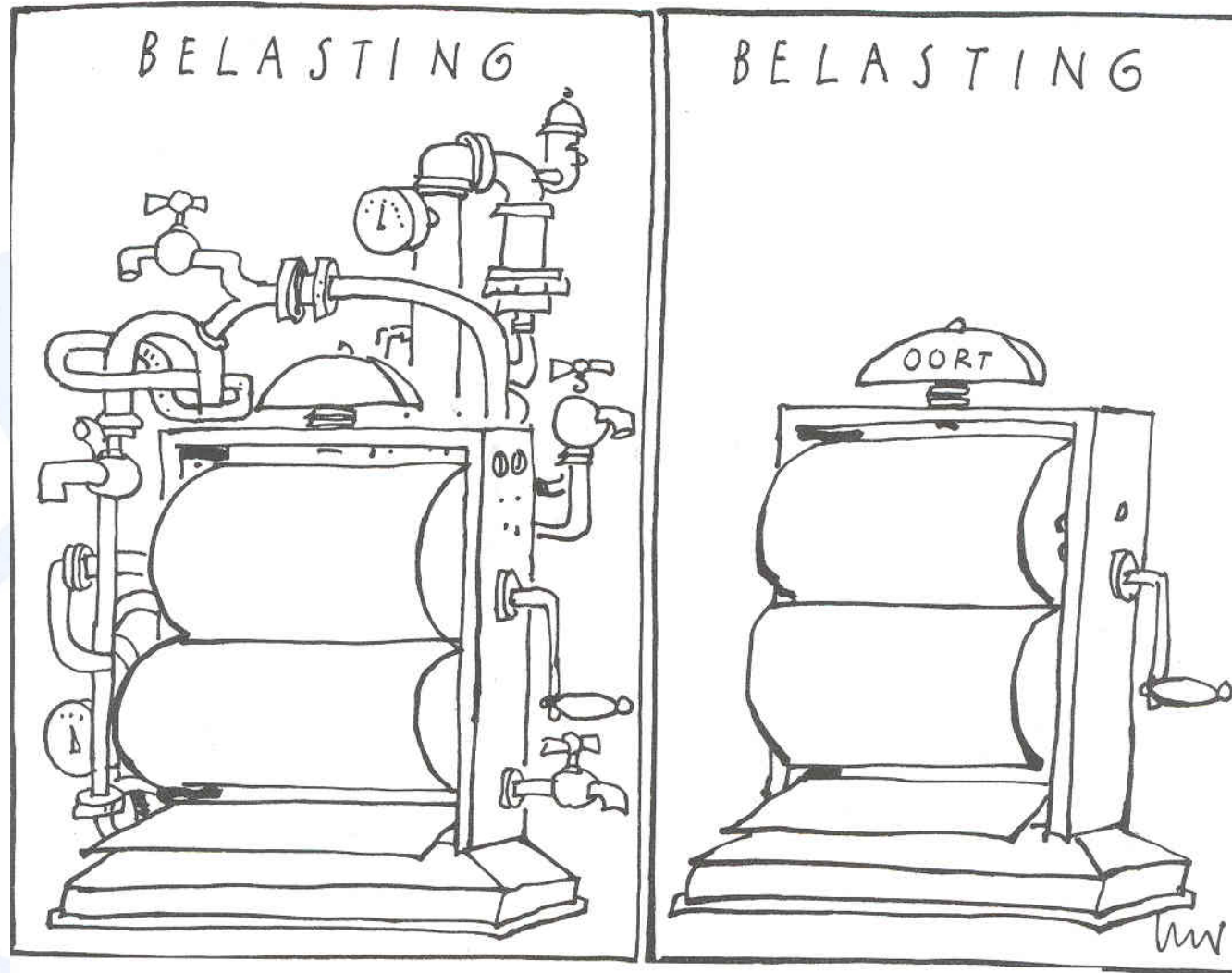
Do it the easy way, file your  
tax return over the internet.

**NETHERLANDS**

## Public Revenues - Process Automation

- Electronic filing of tax returns increasing rapidly
- Computerised tax audits not yet widespread

# Reorganisations





## Public Revenues - Process Transparency

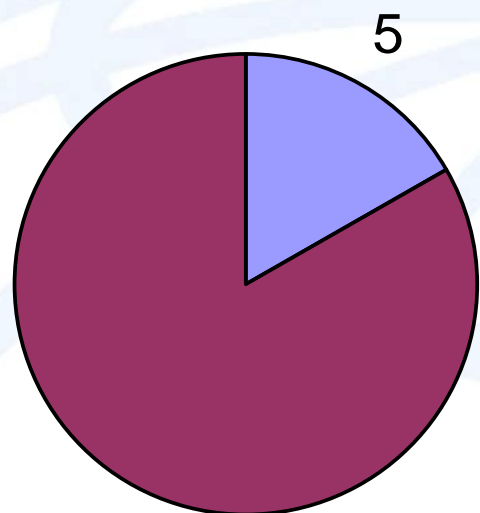
- Non-financial information rare
- Optimising tax revenues
- Almost no “in control” statements



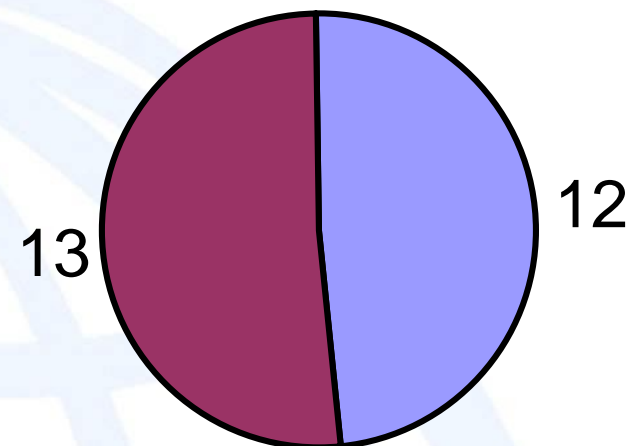
# Public Revenues - Process

## Tax allowances

■ yes  
■ no



Tax allowances



Specified?

## Public Revenues - Process Observations

- Electronic filing an increasing trend, IT tax audits lagging behind
- Widespread reorganisations
- Reporting on non-financial issues rare
- Tax allowances important instrument, but there is little information available

# Public Revenues - Audit Aspects

- Parliament has no (direct) influence on tax authority's audit policy.
- Only half countries have policies on periodicity of tax audits.
- Nature of public revenues, level of automation and level of internal control important considerations when planning an audit.
- Importance of a sound risk analysis

## Issue area 2

- Is there a need for SAIs to shift focus on the audit of public revenues?
  
- In what fields should they strengthen their audit capacities?
  - Specialised taxes, e.g. VAT?
  - Tax allowances having the nature of subsidies?
  - Tax administration?
  - Other?

# Summary

## Product

taxes and social contribution most important (appr 85%)  
Composition of public revenues stable over time  
Slight tendency for increase in social contributions

## Process

e-tax increasingly important  
transparency can be improved  
widespread reorganisations of tax administrations

## Audit

strategy necessary

## Tax culture

under the surface, but not to be underestimated

# Tax culture

- Context for our work as SAIs
- Language
- Political satire
- Tax museums
- Taboos
- Tax authority campaigns