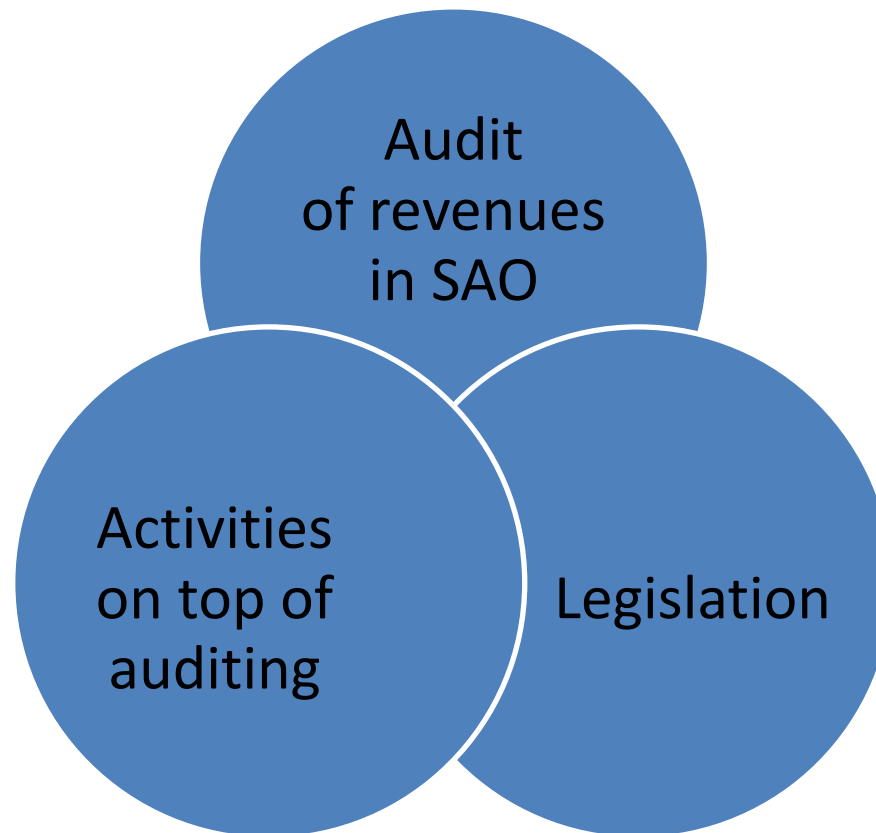


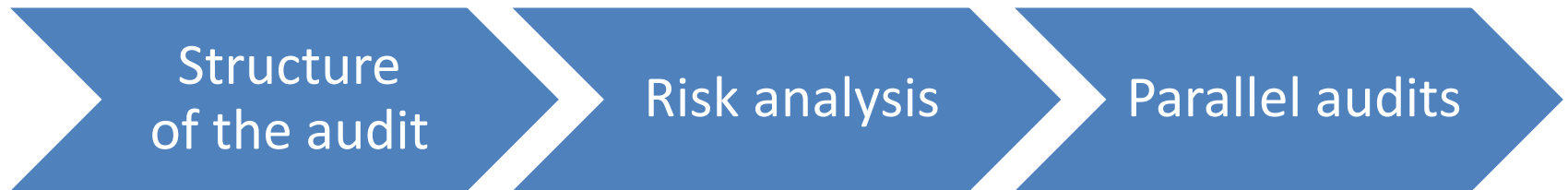
AUDIT OF STATE BUDGET REVENUES IN CZECH REPUBLIC

Department of State Budget Revenues

Audit of revenues in Czech Republic



Best practice



Best practice – Structure of the audit

Selection of topics:

Audit Plan



Pre-selection of topics

- analysis of environment&trends
- analysis of legislation
- risk analysis

Organization of audit:

Members of the Board

Leading Audit Team

Audit Team

Audit Team

Audit Team

Auditing process:

Supervision

Programme

- methods, procedures,
- templates
- sources of data

Realization

- programme execution
- standardised outputs

Final Report

Summarisation

- aggregation of outputs
- compilation of final report proposal

Findings

- contradictory procedures

Best practice – Risk analysis

Selection of topics

- analysis of legislation and monitoring of changes;
- knowledge of finance administration organisation;
- analysis of public data, reports and other information sources from finance administration;
- monitoring of media, opinions of professional associations, etc.

Programme of the audit

- risk analysis of controlled data

Best practice – Parallel audits

Parallel audit in the field of revenues:

- ✓ Parallel Audits regarding VAT in Czech Republic and Germany
- ✓ Follow-up parallel Audits regarding VAT in Czech Republic and Germany
- ✓ VAT administration in Czech Republic and Slovakia following access to EU
- ✓ Excise duty administration in Czech Republic and Slovakia
- ✓ Efficiency of excise duty administration – Czech Republic and Slovakia (in preparation)

Best practice – Parallel audits

Benefits of parallel audits:

- ✓ Opportunity to compare audit approaches
- ✓ Possibility to compare audit findings
- ✓ Audit of international transactions between two countries
- ✓ Opportunity to identify best practices
- ✓ Valuable exchange of experience

Best practice – Parallel audits

Parallel Audit confirmed a need of further:

- ✓ Harmonization
- ✓ Cooperation
- ✓ Exchange of information and
- ✓ Experience within EU in the area of taxes.

Practical experiences



Parallel Audits regarding VAT in Czech Republic and Germany



State budget revenues from lottery and other similar games



Excise duty administration



Parallel Audits regarding VAT in Czech Republic and Germany



Findings & Recommendations:

Conditions for registration of taxpayers should be harmonized within EU

- The issue was addressed at EU level
- Harmonization since 1. 1. 2012

Monthly submission of recapitulative statements

- Council Directive 2008/117/EC has reduced the interval to one month

Matching data of VAT returns and recapitulative statements in Germany

- The German tax administration accepted the recommendation

Sharing of good practice of a risk management system

- Since 2012 there is a new early-warning mechanism in EU - EUROFISC

State budget revenues from lottery and other similar games



Findings:

Lack of information from municipalities (licensing power) to tax administration

- No list of licensed subjects – impossible efficient tax collection

Incompability with EU law – licenses for domestic subject only

- Foreign subjects business illegally, but tax administration don't penalize them
- Loss of revenues 600 mio CZK yearly

Different tax burden on equal or similar electronic roulettes

- Losses of public revenues

Excise duty administration



Findings:

Delays in recording of bonded warehouses into register of tax subject

- Low quality of data in international exchange of information – risk of tax evasions and frauds.

Need of international exchange of information relating to transport of selected commodities

- Since 1. 7. 2009 started EMCS (Excise Movement and Control System)

Low flexibility of movement guarantees (no value increase in relation to growth of turnover)

- High risk of tax arrears and tax frauds.

Thank you for your attention

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