

## **ADMINISTRATIVE GUIDELINES ON VALUE ADDED AUTOMATIC ASSESSMENTS (VAA)**

### **1.0 Background**

Domestic Taxes Process Automation has changed the approach to compliance Management. The data driven compliance approach arising from automation is based on inconsistencies flashed out by the system on taxpayer transactions. Some of the inconsistencies in the iTax system are caused by differences between Purchase invoices and Sales invoices for the corresponding Taxpayer, and lumping invoices by taxpayers while filing, among other reasons.

The inconsistencies generated by the system are voluminous creating a need to process and raise assessments arising from them automatically through the system. The guidelines below have been developed in order to assist the Compliance Management Officers in Tax Service offices (TSO) in dealing with the Value Added Auto Assessments.

### **2.0 Cut Off Period**

**2.1** The Inconsistencies for the period prior to 31<sup>st</sup> December 2017 which have already been distributed to compliance officers will continue to be processed by the officers manually until they are fully addressed. The reports pertaining to them will continue to be made during the Weekly Revenue Enhancement Meetings (REI).

**2.2** In view of the action already taken in 2.1 above, 1<sup>st</sup> January is considered the appropriate commencement date for VAA. This will ensure there is no duplication which could lead to multiple

Assessments relating to the same data. The exclusion of the period prior to 1<sup>st</sup> January 2018 will enhance credibility of the process.

- 2.3 The VAA Assessments for 1<sup>st</sup> January onwards will be raised and sent to the Taxpayer automatically through the system on the 22<sup>nd</sup> day of each month. The first batch will be sent out on 22<sup>nd</sup> September 2018 to cover all inconsistencies for 1<sup>st</sup> January to 22<sup>nd</sup> September 2018.

### **3.0 Threshold**

- 3.1 The Inconsistencies will be processed in the Tax Service Offices as follows:
- 3.1.1 Large Tax Service Offices will process inconsistencies amounting to 500,000/- and above
  - 3.1.2 Medium Tax Service offices will process inconsistencies between 300,000/- and above
  - 3.1.3 The remaining Tax Service Offices will process inconsistencies 100,000/- and above.

### **4.0 Value Added Auto Assessments**

- 4.1 The inconsistencies will be sent out to taxpayers in two batches.
- 4.1.1 In the first batch, the Taxpayers will have Fifteen (15 days) to reconcile the inconsistencies sent to them automatically through the iTax system. During this period the taxpayer may consult the Tax Service Office for clarity on the inconsistencies after which if need be and due to errors in the return, the taxpayer may amend the return.
  - 4.1.2 After 15 days the second batch will be issued to the taxpayer on the unresolved inconsistencies as VAA Assessments.

## **5.0 Processing of VAA Objections**

VAA objections will be received in the TSO by Policy and Tax Advisory officers.

The compliance officers in the Tax Service Offices will be allocated the Policy role to process the objections arising from the VAA Assessments upon request in the event the objections are too many to be processed by the Policy and Tax Advisory officers in the Tax Service Office. The Objections will be addressed within the existing legal timelines. However, where a satisfactory explanation is provided by the taxpayer, the action of accepting the explanation shall automatically vacate the VAA Assessment.

## **6.0 Referrals to Alternative Dispute Resolution (ADR)**

Where, after 30 days following the objection the TSO is unable to resolve the matter they will refer the objection to ADR for arbitration. Such referrals should be done expeditiously to allow the objection to be finally determined before the mandatory timelines.

## **7.0 Debt Collection**

Where the taxpayer does not object to the VAA Assessment, the debt arising therefrom shall automatically be sent to Accounts Management after the expiry of 30 days for collection of the tax through the normal debt Management process.

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