

OVERALL AIM

To enable the learner build the ability to ethically investigate or respond to tax queries.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

| | Learning outcomes | K | C | A | An | S | E |
|----|---|---|---|---|----|---|---|
| 1. | Evaluate the principles of tax audits and investigations. | | | | | | ✓ |
| 2. | Analyse tax audit principles | | | | ✓ | | |
| 3. | Analyse statutory powers of tax auditors | | | | ✓ | | |
| 4. | Evaluate the methods of recording and controlling an audit and investigations | | | | | | ✓ |
| 5. | Analyse interview and interrogation techniques | | | | ✓ | | |
| 6. | Analyse management of tax audits and investigations | | | | ✓ | | |
| 7. | Evaluate the ethical issues in tax practice | | | | ✓ | | |
| 8. | Evaluate cyber tax investigations | | | | | | ✓ |

LEVEL OF ASSESSMENT

The learner is expected to demonstrate knowledge and understanding of the framework of tax audit, and the ability to plan, manage and carry out a tax investigation in an ethical manner.

EXAMINATION STRUCTURE

There will be a three hour examination comprising of two sections. Section A will comprise one compulsory case study question carrying 50 marks. Section B will comprise of three scenario based questions each carrying 25 marks, of which the candidate will attempt any two questions.

DETAILED SYLLABUS

A GENERAL PRINCIPLES OF TAX AUDITS, INVESTIGATIONS

1. Meaning of tax evasion, tax avoidance
2. Forms of tax evasion, tax avoidance
3. Tax investigation; meaning, forms
4. Difference between tax audit and investigation
5. Tax investigations framework

B TAX AUDIT PRINCIPLES

1. Definition and nature of tax audit
2. Objectives of tax audit
3. Difference between a tax audit and tax investigation
4. Objectives of tax audit and tax investigation
5. Tax fraud indicators
6. Appointment of tax auditors
7. Duties, rights and obligations of tax auditors

C STATUTORY POWERS OF THE TAX AUDITORS

1. Powers of the Commissioner General
2. The role of the Commissioner Tax Investigations

3. Procedural and compliance aspects around investigations of alleged benefits or tax fraud
4. Powers to obtain information
5. Power to enter premises
6. Power to obtain third party confirmation.

D TAX FRAUD:

1. Meaning
2. The fraud theory
3. Types; occupational, organisational
4. Detection
5. Prevention and risk management
6. Investigation and engagement processes
7. Evidence collection process:
 - (i) Documentary and physical evidence
 - (ii) Interview and interrogation methods
8. Forensic science and computer forensics
9. Report, litigation and recovery process
10. Specialised fraud areas
11. The fraud triangle
12. Role of state institutions in handling tax fraud: IGG, FIA, URA, Police, Anti-Corruption Court, TAT.
13. Components of fraud examination.

E PLANNING TAX AUDIT

1. Reasons for a tax audit
2. Planning for a tax audit
3. Source of taxpayer's financial and business information
4. Response to suspicions or allegation of tax fraud
5. Assessment to determine the appropriate response to tax fraud

6. Preservation of evidence related to tax fraud
7. Auditing staffing and logistics – appropriate skill set on the audit team.
8. Dos and don'ts for selecting team members
9. Preparation of work programmes

F CONTROLLING AND RECORDING AN AUDIT AND INVESTIGATION

1. Review of taxpayer financial statements
2. Review of taxpayer returns
3. Review of taxpayer accounting system(s)
4. Allocations and supervision of work
5. Management and protection of working papers
6. Documentation of work done
7. Handling evidence from witness(es)
8. Examining witness(es)
9. Evidence of proper review, conclusions, action steps
10. Management of close-out meeting
11. Preparation of audit reports and investigation reports
12. Decision making after tax audits
13. Conflict resolution and settlement of tax controversies
14. Ethical considerations

G INTERVIEW AND INTERROGATION TECHNIQUES

1. Meaning and importance of interview
2. Preparation for interviews
3. Characteristics of an effective interviewer
4. Legal considerations when conducting an interview
5. Elements of a conversation
6. Inhibitors of effective communication during interview

7. Dealing with difficult interviewees: interrogation, body language
8. Types of interviewee resistance and how to respond to difficult interviewees.
9. Types of questions in an interview
10. Interview techniques
11. Documentation of minutes
12. Interviewing suspects and preparation of signed statements
13. Verbal confession: what information should be obtained
14. Contents of written confessions
15. Human relations aspects of field interviews
16. Closing the interview

H TAX AUDIT EVIDENCE, TECHNIQUES AND PROCEDURE

1. Nature of tax audit evidence
2. Primary and secondary evidence
3. Audit techniques.
4. Burden of proof
5. Relevance and reliability of audit evidence
6. Independent confirmation
7. Computation and checks sampling techniques
8. Reliance on the work of other auditors including statutory auditors

I ANALYSING EVIDENCE

1. Obtaining documentary evidence
2. Types of evidence
3. Sources of evidence that can be used to build a profile of the suspect.
4. Organising evidence

5. Examining fraudulent transactions and documents
6. Questioned document analysis
7. Analytical procedures and audit techniques.
8. Use of experts
9. Dealing with counterfeits
10. Obtaining observational evidence
11. Choice of appropriate evidence-gathering technique
12. Working with informants
13. Procedure for disclosures by informants
14. Protection of informants from litigation/victimisation
15. Reward given to informants

J REPORT WRITING

K PRINCIPLES OF CASE LAW

1. The Duke of Westminster Principle
2. The Ramsay principle
3. Francis vs Dawson

L MANAGING TAX AUDIT AND INVESTIGATION

1. Audit and investigation of particular areas
2. Tax authority investigations
3. Specialist investigations
4. Income tax investigations
5. PAYE audit tax investigations
6. VAT fraud investigations
7. Customs investigations
8. Excise duty investigation
9. Stamp duty investigation

10. Preparation of capital statement and ascertainment of income understated.

M ETHICAL ISSUES IN TAX PRACTICE

1. Code of conduct: Fairness and equity, transparency, accountability, integrity
2. Ethical principles: Integrity, confidentiality, objectivity, professional competence and due care and professional behaviour
3. Conflict of interest
4. Contingent fee tax representation
5. Disclosures in tax returns and computations
6. Obligations to clients
7. Matters relating to new clients
8. Managing client risk
9. Charging for tax advisory services
10. Compliance with laws and regulations
11. Change of tax advisor
12. Money laundering

N CYBER TAX INVESTIGATIONS

1. Meaning of digital, forensic and cyber tax investigations
2. Cyber tax crimes
3. Combating cyber tax crime

O TRANSFER PRICING AUDITS AND INVESTIGATION

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2. The Government of Uganda: Evidence Act
3. Forensic Accounting and Fraud Examination, African Edition: William Hopewood, George Yound and Jay Leiner
4. International Fraud Examiners' Manual, a publication for CFE Examinations.
5. Uganda Revenue Authority: Tax Investigations Department Manual
6. International Federation of Accountants Council (2013), Code of Ethics for Professional Accountants, International Federation of Accountants Council, United Kingdom.
7. The Government of Uganda, Whistleblowers Protection Act, 2010.
8. The Government of Uganda, The Anti-Corruption Act, 2002.
9. Computer Misuse Act, GoU
10. Velasquez Manuel V. (2001), Business Ethics: Concepts & Cases, Prentice Hall.5th Edition.
11. Weiss Joseph W. (2005), Business Ethics: A Stakeholder Approach & Issues Management Approach, Cengage Learning.4th Edition.