

# Investigations - what you should know

## About the State Revenue Office

The State Revenue Office (SRO) is a branch of the Department of Treasury and Finance, and is responsible for collecting state revenue in a fair, transparent and efficient manner on behalf of all Tasmanians.

We do this by administering legislation including for duties, land tax, payroll tax, the First Home Owner Grant, and the HomeBuilder Grants.

## Reason for investigations

We presume that taxpayers intend to meet their state taxation obligations. However we are required by law to ensure that everyone complies with the tax laws. We will check the accuracy of the information we're given by taxpayers.

If the SRO finds a discrepancy we accept that genuine mistakes can be made, and may take this into account when considering whether penalties should apply.

You may be selected for an investigation for several reasons such as:

- discrepancies that appear when data is matched with other government agencies;
- differences between the information you provide and the SRO's records;
- referrals from other agencies or members of the public;
- random sampling of transactions as a part of our routine business processes; and
- voluntary or anonymous disclosures.

An investigation will examine your tax records to ensure the information you have provided is accurate and that you have complied with your obligations. We may contact other parties to obtain additional information.

## How it works

There are two investigative approaches we use: reviews and audits.

### Reviews

The SRO conducts reviews to identify errors and to help you correct them. Generally, this is a quicker process than an audit, and will look at specific issues. During a review, should it become apparent that you have not met your tax obligations, we may proceed to a full audit.

### Audits

If we think a review may not be sufficient to address issues that have come to light, or if we think you are not complying with your tax obligations, we will conduct an audit. An audit is a comprehensive review of your obligations, matching the information you have provided with other information available to us.

## **The process**

If you are selected for an investigation, a revenue officer will contact you to:

- explain the investigation process;
- advise you which information and records will be required;
- give you an indication of how long the investigation will take; and
- arrange a time and place for an interview, if required.

A revenue officer will allow reasonable time for you to prepare your records and will confirm all arrangements in writing.

If you need to consult with your representatives, simply let the revenue officer know and you will be given adequate time to do so.

In very rare instances, we may need to attend your premises without giving prior notice.

## **What you should do before an investigation**

We strongly recommend that you review your own records. If you find any errors, please let us know immediately. Voluntary disclosures made before the conclusion of an investigation will save time and will be considered favourably if a penalty is to be applied.

## **What is expected of you**

We encourage a cooperative approach, and would expect you to provide our revenue officers with full and free access to buildings, premises, records and documents.

The time taken to conduct an investigation would depend on the information you provide, how quickly you provide it and the adequacy of your records.

We expect you to:

- allow us to make copies of, or take extracts from, records and documents;
- provide reasonable facilities such as an appropriate work area and access to office equipment, such as a photocopier;
- provide complete, accurate and timely responses to requests for information; and
- be truthful and honest in your dealings with us.

## **What you should expect**

During our investigation, you should expect:

- professionalism and courtesy from the authorised officer, and to be shown official identification;
- to be given the reason why you were selected;
- to be advised how long the investigation may take;
- your affairs to be treated in strict confidence; and
- that your costs associated with the investigation will be kept to a minimum.

## **Your rights**

You have the right to:

- involve your accountant, legal or other representative in the investigation process;
- a copy of any formal record of interview;
- have your affairs treated with strict confidentiality;
- a receipt for records or any other material removed from your office; and
- be given the opportunity to explain the reasons for any irregularities and discrepancies.

## **The SRO's formal powers**

It is our preference for investigations to be conducted and completed in a consultative matter. However, under the law we can require a person to provide information, to attend and give evidence, or to produce any books, documents or other papers in their custody or under their control.

## **Completion of an investigation**

At the conclusion of our investigation, we will write to you with the results. We will tell you if you are not complying with your obligations and the reasons for our decision if an adjustment is to be made.

If we intend to apply interest and penalty tax, we will give you the opportunity to tell us about any circumstances you believe would justify a reduction.

Sometimes, people are not satisfied with the results of an investigation. Should this happen, you are entitled to request a review of a decision, and we will tell you how to do that.

## **Interest, penalty tax, and prosecutions**

If we find that you have understated your tax liability or overstated your entitlements, the likely result is that you will owe money to the Commissioner of State Revenue. The SRO will ask you to pay the amount owing and may also charge you interest.

You may also have to pay penalty tax. There are different rates of penalty tax based on the reasons for the discrepancy. If you have made a voluntary disclosure, the penalty tax may be reduced to reflect your co-operation. For more information about interest and penalty tax, you should refer to the relevant Revenue Ruling from the list of documents below.

In instances where serious offences have occurred, the State Revenue Office may proceed to a prosecution.

### ***Related documents***

- [Taxpayer Charter](#)
- [Compliance Strategy](#)
- [Revenue Ruling - Interest and Penalty Tax](#)
- [Guideline - Objections, Reviews and Appeals](#)

## **Contacting the State Revenue Office**

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