

Leaflet 12

INTRODUCTION

This leaflet describes what we do on VAT inspection visits and what is expected from you. We expect our Inspectors to be professional, efficient, and knowledgeable and to conduct themselves properly courteously and without being aggressive. If our staff do not live up to these expectations, please inform the Authority. You are entitled to proper treatment, and in return we expect you to be honest and open on your VAT affairs.

Why are VAT visits made?

The main reason is to ensure that the full amount of tax due has been accounted for on the VAT returns of the business. Officers will examine your business records, VAT calculations, and in certain circumstances your business premises to ensure that your VAT returns are accurate.

How often are visits made?

It depends. As a general rule most businesses will be visited once a year. But larger businesses and those making regular VAT repayment claims may have more frequent visits, whereas smaller businesses may be visited less frequently. If businesses regularly fail to send returns, or send in incorrect or inconsistent returns they can expect more frequent visits.

How are visits arranged?

Except where fraud is suspected or in other exceptional cases we will try to make an appointment by telephone or by sending you a letter saying when we will call. Please help us to give all taxpayers a better service by being present at the stated time and having the stated records available.

All officers carry a plastic laminated Zambia Revenue Authority identity card (bearing a photograph of the officer) and will show it to you on arrival. If you have doubt over the authenticity of the identity of any Inspector, please telephone us on 222085, 229620, or 229621 in Lusaka; 615744 in Ndola; 229301 in Kitwe; and 324294 in Livingstone to confirm the bonafide of the Officer(s).

How long will a visit take?

For a small business it may only take a few hours but for larger business you should expect a few days. Please ensure the following: -

- That the person in charge of the business is present during the period the Inspectors visit your business to answer any questions that may arise; and
- that the business records and accounts are correct and complete.

We understand the importance of time to any business and will always try to minimise the demands on your time. Needless to say the standard of record keeping and the accuracy of the returns declarations play an important part in determining the length of the visit.

Should my auditor/ accountant be there?

That is upto you. It is not usually essential unless the accountant is involved on a day-to-day basis in completing the business records.

Where will the visit take place?

At your principal place of the business. The officers may also wish to visit any other business premises or branches that you have. We regret that we are unable to undertake visits at the offices of your accountant.

However, there are exceptional cases when an officer may carry out a desk audit. In such cases, suppliers may be requested to bring their business records to Zambia Revenue Authority offices.

What will the officer do?

The main things will be to:

- discuss with you various aspects of your business;
- examine your business records and business activities;
- discuss any VAT problems;
- point out any errors found and explain how to put them right.

What records will the Inspectors need to see?

The inspectors will need to see most of your business records:

- all books of account including purchase and sales records (daybooks); cashbooks; ledgers; etc
- your VAT records - your VAT Account showing the sources of the figures put on your VAT returns; any retail scheme and partial exemption calculations;
- if you are a retailer your record of till slips, i.e. x and z reports (reports from the cash register)
- all original (not photocopies or faxed copies) purchase invoices;
- all sales invoices and sales receipt books;
- bank records;
- your most recent two sets of audited accounts and, where applicable, monthly management accounts;
- if you import, your import records, including original CE 20s (customs and excise declaration forms) on which VAT is either being reclaimed (or was deferred);
- if you export, proof of exportation.

Please ensure these records are readily available - it will ensure that the visit is completed faster and would reduce the amount of your time that will be required. If some records are with your accountants please retrieve them and have them on hand for the visit.

What powers do Inspectors have?

They have powers to enter and have free access to any business premises at any reasonable time and to inspect all business records (whether held on paper, computer, microfilm etc.) Documents can also be removed (but you will be given a receipt). Where purchases appear to have been charged, or where a business is not complying with the VAT Act and charging tax on sales when they are not supposed to, the Inspectors may detain the goods of the business (but if they do so the Zambia Revenue Authority must give you a receipt and will advise you on your legal rights.) In cases of suspected fraud, Inspectors may visit under the authority of a search warrant issued by a magistrate.

What happens after a visit?

We do not issue any report after a visit and since we do not check everything on every visit, we can never give you any assurance that your VAT affairs are correct upto that point. But if an error is found, the inspectors will discuss it with you before they leave. They will then send you an assessment (VAT 31) together with a covering letter (if this is necessary). In some cases, in addition to the arrears of tax a serious misdeclaration penalty (of up to 100% of the tax paid) may be levied. Where fraud is suspected you may be called to a formal interview and prosecution action initiated.

All tax assessments should be paid by cheque to a VAT Office, or by post to the Supplier Management and Monitoring Unit (PO Box 35710, Lusaka). Inspectors are not allowed under any circumstances to accept any tax or other payments during visits.

What if I have a complaint?

If you wish to give us feedback on the conduct of a visit please write to the Commissioner-Domestic Taxes (PO Box 35710, Lusaka, Fax 229745).

If you do not agree with a tax assessment or decision by an Inspector you are advised to write to the Director, Field Delivery (PO Box 35710, Lusaka, Fax 229745), and ask for the matter to be reviewed. If agreement is not reached you may be able to appeal to an independent VAT Appeals Tribunal (see the VAT Guide for details).