

- ✓ Identification of weaknesses in the accounting system
- ✓ An audit will enhance the credibility and reliability of the figures being submitted to prospective purchasers

### Responsibilities of a business owner

The responsibilities of the taxpayer during an audit include:

- Cooperate with tax auditors all the time.
- Maintain and preserve sufficient records.
- Providing honest and accurate information to ZRA.
- Not offering ZRA auditors any payments, other than those authorized by law.
- Comply with all other tax obligations imposed by the tax Acts.

### What happens in the case of poor record keeping or lost records?

ZRA may assess the tax due and any interest payable on any omitted income using available information or may raise an estimated assessment. Further, penalties may be charged on failure to comply with specific tax provisions or regulations as guided by the various tax acts.

### What happens after the audit?

After the audit, the taxpayer will be notified of the findings. The auditor will explain any adjustment to the taxpayer or their representative before finalizing the audit.

Where the taxpayer has information that the auditor may not have considered or has reason to believe the auditor may have made mistakes, he/she should bring up all such items at the reconciliation stage of the audit. After reconciliation, an audit agreement will then be signed by both the auditor and the taxpayer or his appointed agents clearly highlighting the areas that

have been consented to or objected to by the taxpayer. Upon conclusion of the audit, the auditor will proceed to produce an assessment of tax and the liability if any is payable within the stipulated period in the assessment notice. The taxpayer has a right to start the objection process for the items not agreed to within 30 days and if still dissatisfied with the objection determination, the taxpayer has the right to appeal to the Tax Appeals Tribunal. If still not satisfied, the taxpayer has the right to appeal to the Supreme Court for the final determination.

### Rights of the Taxpayer

The rights of the taxpayer during an audit include:

- Right to accurate and timely tax information
- Right to objections against tax assessment
- Right to appeal
- Right to courteous service
- Right to confidentiality
- Right to fair treatment.

**For more information contact:**

**Call Centre: 4111**  
**Email: [advice@zra.org.zm](mailto:advice@zra.org.zm)**  
**Website: [www.zra.org.zm](http://www.zra.org.zm)**



## Introduction

A tax audit is an activity or a set of activities, which includes the examination of a tax return prepared by a taxpayer. A Tax audit is performed by a tax inspector in order to determine a taxpayer's compliance to relevant tax laws and procedures.

It entails an examination of persons' business financial records to ensure that the taxpayer declared correctly in the tax return. An audit can be carried out on any of the tax types that the taxpayer maybe registered for with ZRA.

The principle objective of tax audits is to test the credibility of the declared or assessed tax.

## Triggers of Tax Audit

Audits can be conducted at any time as a routine check by the Authority on selected taxpayer's for compliance purposes. However, a tax audit can arise as a result of the failure to comply with tax obligations.

## Can a Taxpayer request for an audit?

Yes. A taxpayer can request for a Tax audit for any specific period. The request should be made through the taxpayer account on the ZRA website.

## Selection of a Taxpayer for an Audit

There is a procedure followed in selecting audit cases. ZRA develops a risk-based criterion to select an audit and that is what is followed.

## How often can one be audited?

There is no limit on how many times a taxpayer can be audited by ZRA.

Expectations of/from the Taxpayer Prior to an Audit

ZRA will normally request for an appointment with the taxpayer prior to commencement of an audit. The tax audit appointment letter will indicate the date the audit will commence, the period(s) to be audited, tax type(s), nature of audit, and the books and records that are expected to be checked. Therefore, the taxpayer is expected to make available all requested books and records prior to the audit as well as during the audit.

## How many years back can you be audited?

ZRA has the legal authority to audit any type of individual or business return up to Six years from the end of that year. In the case of Transfer Pricing audits, the authority may audit up to ten years from the end of that year. If fraud is suspected, the duration is not restricted to the Six or ten years; it can go as far back as the period of commencement of the fraud which is longer than the stated periods.

## Types of Audits

Audits can vary in their scope and the level of detail to which they are conducted.

### a) Comprehensive audit (Integrated and Single Tax Type)

This is an Audit that is detailed and looks at broad categories of risk and may focus on one tax type or cut across tax types (integrated). This type of audit looks at the affairs of the taxpayer in totality covering a period of at least one charge year.

### b) Issue audits

This is an audit that looks at a specific issue (area or item) in a specific period (one return period, that is; one month, one year, etc., as the case maybe). These audits are initiated through credibility parameters and can be added as recommended cases. PTT assessments and PAYE refunds are also considered as issue audits

### c) Credibility check

This is an audit meant to check the credibility of specific returns which have failed some parameters.

### d) Refund audit

This refers to audits generated as a result of refund claims.

### e) De-registration audit

This refers to audits generated as a result of a taxpayer ending the business or de-registering from one taxtype

### f) Educational audits

These are audits intended to provide information to the taxpayer on their obligations and rights, and to offer advice on specific issues.

## How do field tax audits work?

An audit is initiated when a tax inspector/auditor sends a notice to the taxpayer requesting additional information about an item, or items, on a return, or to notify them of an error that needs to be adjusted. It is very important that a taxpayer always respond to these notices.

Before the field audit, an auditor will contact the taxpayer to arrange a convenient time to meet at a ZRA office or, if a business, at the business' location. Audits may also be arranged, by mutual consent, to take place at the accountant's or other representative's office.

Field audits are conducted during normal work hours. The auditor will describe the types of records that you need to provide, and will explain the planned audit method and procedures.

## Advantages of a tax audit

- ✓ Facilitates the provision of tax education
- ✓ Builds reputation of the organization
- ✓ Detection of errors in the accounting procedures
- ✓ Suggestions for improvement in handling tax matters