Field Audit in Munich

(as example for Field Audit in Germany)

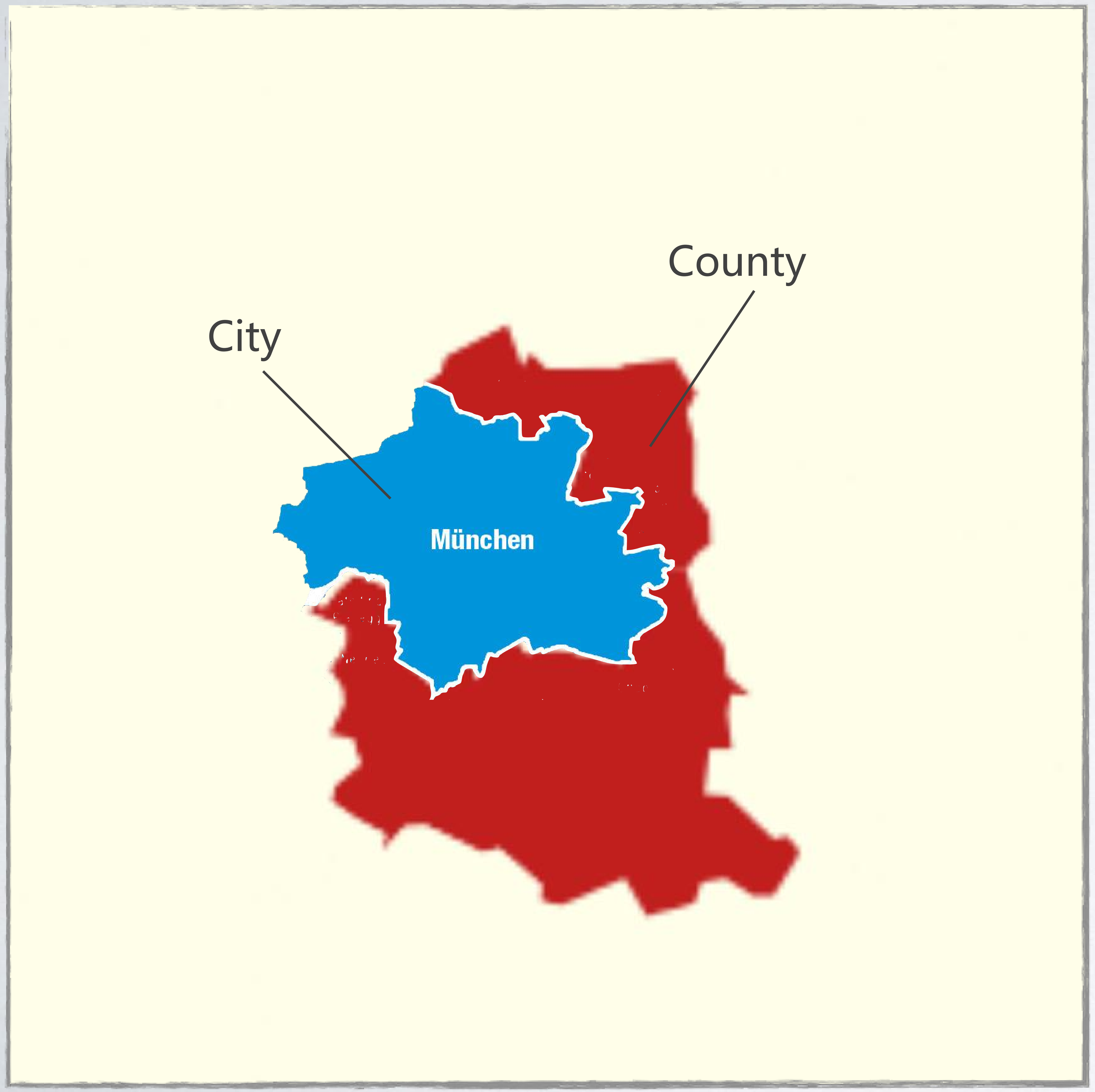
Franz Hruschka
Head of Field Audit, Local Tax Office Munich

Simplified setup of al local tax office

Head of Tax Office

Internal Departments		Field Audit Services	
Tax assessment	Tax Collection and Enforcement	*Field Audit*	*Tax Investing*
all kind of taxes	all kind of taxes	Audit of tax returns of enterprises	Criminal investigation in the area of taxation

functional and territorial responsibility



Tax Audit:
Audit of companies that have filed tax returns.

Tax Investigation:
Audit of companies that have not filed a tax return or have likely filed an incorrect one.

Payroll Tax Audit:
Audit to determine whether employers have properly remitted payroll tax to the tax office.

Special Sales Tax Audit:
Audit to determine whether the sales tax return has been properly filed.

Responsibility in Numbers

Large Enterprises (Turnover > 12,5 Mio €/p.a.)	~ 6.500
Medium Enterprises (Turnover > 5,6 Mio €/p.a.)	~ 8.500
Small Enterprises (Turnover > 1 Mio €/p.a.)	~ 29.000
Very Small Enterprises (Turnover < 1 Mio €/p.a.)	~ 175.000
in total	~ 219.000

Staff in Charge (in Munich)

Auditors	~ 550
Team Leader	~ 50

Typical Issues Auditing Small and Medium-Sized Businesses

- High cash balances, cash register manipulations
- Unexplainable lifestyle
- Significant deviations from standard rates
- Informations from auditing suppliers (wholesale purchases of goods; beer deliveries from breweries; ...)
- Informations from auditing customers (invoices for merchandise purchases, services (e.g., company events), ...
- Tips; named or anonymous notifications (current or former employees; “business partners”; family members; competitors; neighbors; ...)
- Termination of business activity

Typical Issues auditing Large Companies

- ✓ Distinction between taxable and Tax-Exempt Revenue and Expenses
- ✓ Review of International Profit Allocation (particularly transfer pricing)
- ✓ Review of M+A-Transactions

Any Questions ?

Thank You for Listening