

Compliance Investigation Process

SEP 10

GEN-049

The purpose of this brochure is to help you understand the SRO's investigation process and answer any questions you may have.

Introduction

The State Revenue Office (SRO) is the Victorian Government's major tax collection agency. The SRO administers:

- Victoria's taxation legislation and collects a range of taxes, duties and levies
- the First Home Owner Grant and First Home Bonus, and
- unclaimed money.

The SRO aims to provide customers with quality revenue management services which are fair, efficient and deliver benefits to all Victorians.

The compliance philosophy of the SRO is to obtain maximum voluntary compliance and promptly address risk-related issues. This approach is based on the premise that the majority of SRO customers will comply if they understand their responsibilities, so the emphasis is on providing advice, education, assistance and information. However, non-compliance will be actively pursued when necessary, and this will include penalties and litigation if appropriate.

How are cases selected for investigation?

Investigation cases are initiated in many ways. Examples include:

- projects designed to target specific problems or issues in legislation
- customer and industry trend analysis tip-offs
- routine coverage of customers, and
- follow-up of information received from a variety of sources, including data matching.

What happens when you are selected for investigation?

In most cases an investigator will:

- contact you to advise that an investigation will be conducted
- explain the process and scope of the investigation
- specify the records you must produce

- provide you with a reasonable period to prepare those records
- arrange a time and place to interview you or your representative, and
- confirm the arrangements in writing.

During the investigation the investigator might conduct an interview, examine and test some of your internal records, or make other enquiries to establish your compliance with the relevant legislation. You will then receive written advice of the outcome of the investigation and any proposed action.

What powers do investigators have?

Investigators have a range of powers which vary according to the provisions of each Act administered by the SRO. In general, these powers permit an investigator to:

- gain access to buildings and property
- inspect, examine, copy and seize books, documents or records
- search premises
- require a person to answer questions and provide information, and
- require a person to give reasonable assistance.

If a person fails to comply with an investigator's lawful request, greater penalties or prosecution may result.

How do I prepare for an investigation?

You should ensure that the records requested by an investigator are made available in the agreed time frames. If you discover any discrepancies or undeclared tax liabilities and voluntarily disclose these to the investigator, penalties may be reduced.

The length of an investigation depends on how quickly, comprehensively and accurately you provide the relevant information.

When dealing with complex matters, you may wish to ask your legal or financial representative for advice. We encourage you to do this if it helps you understand the issues involved.



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Voluntary disclosures of non-compliance are treated more favourably than non-compliance that is identified by the SRO during an investigation.

If you have any queries about the arrangements for the investigation or processes involved, please contact your investigator for assistance.

What can I expect?

If an investigation is to be conducted you can:

- expect to be provided with a reasonable amount of time to produce your records
- negotiate the time and place for an interview, and have the arrangements confirmed in writing
- expect to engage with a professional and courteous investigator
- see the investigator's inspection authority
- involve your legal or financial representative
- expect to have your affairs treated in strict confidence
- enquire as to the expected duration of the investigation
- expect to obtain a receipt for any records or other material the investigator removes from your office, and
- expect to be given the opportunity to explain the reasons for irregularities, discrepancies or decisions.

What are my obligations?

During the investigation you are obliged to:

- provide the investigator with reasonable assistance and access to facilities
- respond to questions with complete and honest answers and explanations, and
- provide prompt, full and free access to all relevant information, documents, data and systems as required.

What are the penalty and interest provisions?

Penalty and interest policies relating to non-compliance are based on the level of culpability. Penalties usually start at 25 per cent of the primary liability, but can range from 0 to 90 per cent depending on the level of culpability and the type of non-compliance.

Penalty tax may be reduced if you make any voluntary

disclosures either before or during an investigation. We encourage you to voluntarily disclose any discrepancies you discover. If you obstruct or hinder an investigation, penalty tax may be increased.

Interest will be charged for the underpayment, late payment or failure to pay a tax liability. Interest may also be reduced in certain circumstances.

Further information on the SRO penalty and interest policies is available at www.sro.vic.gov.au

What happens at the conclusion of an investigation?

At the conclusion of an investigation you can:

- expect to receive an explanation of the results or findings
- request that the investigator explain how the penalty and interest provisions have been applied
- request advice about the objections and appeal process, and
- discuss any aspect of the case with the investigator or his or her manager.

Can I object or appeal against a decision or assessment?

If you are dissatisfied with a decision or assessment you are entitled to lodge a formal written objection with the SRO. You have 60 days from the date of the assessment or decision to lodge an objection. Objections are handled by staff acting independently from the investigator.

If you are not satisfied with the outcome of an objection you may take the matter further by:

- asking for it to be referred to the Victorian Civil and Administrative Tribunal (VCAT), or
- lodging an appeal for hearing in the Supreme Court of Victoria.

Refunds of overpaid tax

In most cases you may apply for a refund of any overpaid tax paid in the last five years. Further information on refunds is available on the SRO website.



www.sro.vic.gov.au

Privacy

The SRO takes its privacy obligations seriously and is committed to the responsible handling of personal information and protecting the privacy rights of individuals.

All SRO employees are bound by legislative secrecy provisions. Information gathered during investigations is treated in the strictest confidence and will not be used or divulged, except in accordance with the law.

Occupational Health and Safety (OH and S)

If any SRO staff member is required to attend your worksite, you are requested to inform the SRO staff member of your worksite's OH and S requirements upon their arrival. This includes any hazards relevant to the worksite, emergency response procedures and any personal protective equipment required.

Further information

For further information please contact the SRO.

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