

Interacting with Inland Revenue

of how a tax law applies to a particular arrangement and are binding on Inland Revenue provided that their conditions and assumptions are met. These rulings are applied for by businesses to secure certainty on a particular tax position so that it cannot be challenged by Inland Revenue.

Inland Revenue charges an application fee and also for its time working on the ruling. Rulings have an expiry date but can be renewed provided that the relevant laws haven't changed.

Indicative view

An indicative view is Inland Revenue's non-binding interpretation of how a tax law applies to a particular situation.

These are not charged for by Inland Revenue, and so involve less cost and are quicker to achieve. Although an indicative view does not provide the certainty of a binding ruling, it is a useful tool to obtain an indication of the Inland Revenue's view about a particular transaction/arrangement/issue.

Indicative views cannot be obtained on tax avoidance issues and cannot involve more than 20 hours of Inland Revenue's time.

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Risk reviews and tax audits

A risk review is a preliminary review of a business' position to determine whether a full audit is required. Once commenced, a tax audit can potentially run for years and involve numerous information exchanges and meetings. Tax audits are extremely onerous for businesses and require careful management to resolve. A tax audit is not always preceded by a risk review.

Disputes process

The formal disputes process starts with the Inland Revenue issuing a notice of proposed adjustment (NOPA), generally when agreement cannot be reached on completion of an audit. Once a NOPA has been issued, the disputes process then follows a largely prescribed timeline with tight deadlines.

The disputes process is heavily weighted in favour of Inland Revenue, and 'burn off' for businesses who engage in the process is common. A tax dispute needs to be strategically managed from the outset, to ensure the best and most cost-efficient prospects of an effective resolution.

How Deloitte can help:

- Interactions with Inland Revenue can be time and resource intensive. It is important that all such interactions (proactive or reactive) are carefully managed from day one, with expert input and guidance.
- Deloitte leverages its breadth and depth of experience and expertise to strategically manage all forms of Inland Revenue interactions, resulting in optimal and cost-efficient outcomes for our clients.
- Although Inland Revenue risk review and audit activity went into hibernation during COVID-19 lockdown periods, that activity is now picking up again back to normal levels. We expect Inland Revenue to be focused on scrutinising businesses' tax affairs closely, given the inevitable pressure to plug the fiscal gap created due to the Government's COVID-19 economic stimulus measures. Early involvement of Deloitte experts in any non-routine interaction with Inland Revenue is critical to successfully securing an appropriate resolution.

 For more information please contact one of our Tax team.

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