

The Court of Audit scrutinized the tax investigation division

The Court recently published the findings of an audit about the organization and the operation of the investigation division falling under the Corporate and Income tax Administration (AFER- AOIF). This division is mostly responsible for systematically collating facts and data that can be useful for taxation purposes. It is made up of about 500 officers, divided into a national and international investigation section, on the one hand, and a local investigation section with dozens of locations all over the country, on the other hand.

The Court's audit revealed that the investigation division is currently confronted with several fundamental problems that seriously jeopardize their efficient operation.

The Court pointed out staff problems in the first place. The current staff establishment with about 500 officers remained the same as that of the former fiscal investigation offices of the Inland Revenue (IR) and the VAT divisions. These two were simply merged according to a 2/3 direct taxes and 1/3 VAT scale, without carrying out any prior survey of needs.

The integration into AFER-AOIF of officers from the IR and VAT divisions was often marred by practical problems, as evidenced o.a. by the diverging interpretation given by each division to the regulations governing investigatory powers and taking of evidence.

In the practice, the expected staff establishment has hardly been fully completed, mainly in large urban agglomerations (Antwerp, Brussels and Liège), which often suffer from an acute lack and fast turnover of staff.

The Court of Audit also viewed the high age average (+/- 50) as problematic, and also the high percentage of officers at lower administrative ranks who are not always up to their tasks specially when it goes to checking computer-processed accounts.

The training offer is deficient (mainly in terms of information technology and accounting) and generally insufficiently adapted to the daily needs and training level of the average investigation officers.

In spite of the catching-up efforts initiated in 2002-2003, the Court found that the computer equipment of the investigation division is still far from being adequate and efficiently run. The available IT tools and communication channels are often outdated and cannot ensure an efficient operation of the division. It often turns out that other specific equipment or material is unavailable, thereby impairing the realization of the relevant investigation tasks.

The overall tasks of the tax investigation division, as described in bulky administrative guidelines issued in July 1998, are in urgent need of updating. In this respect, the Court had serious reservations about the surveillance of casinos entrusted to the local tax investigation sections and imposed by the law on the tax on games of chance and gambling. This permanent surveillance (ensured by an officer physically present) represents, in terms of time spent, one of the main tasks of the local tax investigation division. The cost of this surveillance by the federal authority is excessively high in comparison with the tax proceeds of which the Regions are also the sole full beneficiaries. Moreover, internal control and the control of the integrity of the surveillance officers do not operate properly as was brought to light in 2004 by a fraud case at the Namur casino in which several investigation officers were involved.

The Court of Audit therefore recommended boosting the services' central steering and administrative guidance by putting their investigatory activities as much as possible in line with the overall tax control policy, which is currently mostly based on risk management and uses a target group strategy. This would enable the investigation division to deliver an important input for the risk management system that will eventually be used by the tax department to select files liable for an extensive control.

In his reply, the Finance minister said that he agreed on most of the Court's findings and recommendations. He also stressed the need for a preliminary consultation with other authorities involved (Justice and Economic Affairs department, Regions ...) for certain reforms.
