

# Abstract

## ADMINISTRATIVE PROCESSING OF COMPLAINTS RELATING TO DIRECT TAXES

The Court of Audit has examined how the tax services remove the large backlog of direct tax complaints (personal and corporate income taxes) and how the new complaint procedure has been implemented. The audit was carried out in 2001 but was updated till 31 May 2003. Also under the new complaint procedure, the backlog remains high.

At the end of 1999, the backlog in processing direct tax complaints reached a peak of nearly 190.000 files. As a result, direct taxes for an amount of 5,5 thousand million euros could not be collected. In March 1999, the tax complaints procedure was amended and a two-year transition period was introduced to speed up the removal of the backlog.

In spite of the various positive measures taken (hiring of additional staff, higher efficiency and delegation of decision competence), the backlog of cases has not been removed. On 31 March 2001, about 40.000 complaints from 1999 and earlier were still pending, and at the end of May 2003, 9.000 complaints still remained unresolved. The striking fact here was the high portion of special tax inspection complaints, which are often very complex and involve a tedious procedure.

The Court blames the persistent backlog on the heavy load inherited from the past, for which action was taken much too late, to the lack of useful statistical data and efficient IT-support and to the insufficient co-ordination between the services, which made administrative supervision nearly impossible. Structural measures were only taken in the frame of the so-called "Copernicus reform".

Also under the new procedure, the total amount of pending complaints remains high (more than 120.000 at the end of 2002). As a result, the taxpayers' right to receive a reply within the legally prescribed term of 6 or 9 months is not guaranteed. However, instead of resorting to the tax courts set up recently in Belgium, taxpayers prefer awaiting an administrative decision. Nevertheless, some tax courts are already facing a heavy structural backlog of cases.

The Court recommends therefore preventing as many complaints as possible. To reach that goal, the taxable amount should be calculated more accurately, tax services should be made more accountable and cases should be processed in a more efficient way by simplifying procedures as much as possible. To this end, a performing automatic case follow-up system is urgently needed.

In their response, the tax services largely subscribe to the Court's findings and recommendations. A pilot scheme called 'workflow complaint' is in place and complaints are now processed through an electronic file. As tax services can now exchange information more rapidly, cases can be resolved more quickly and efficiently. Thanks to automatic statistical data, processing will also be better followed up. At a later stage, the pilot scheme will be extended to all income tax services, the VAT services and the special tax inspection services.