



Tax Audit and Tax Fraud Investigation

Course: Field Audit, Indirect Methods and Criminal Referral



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Introduction:

Tax audit and tax fraud investigation, covering field audit techniques, indirect methods and criminal referral, is a 1-week course for tax auditors, fraud investigators and in-house tax teams, ending with a Field Audit and Investigation Plan for a case organisation. Revenue bodies lose cases when under-reported income cannot be proved, working papers fail evidence tests and suspected evasion is referred without a sound file. Nominees already examine returns or answer audit queries, and they work through case records, bank data and interview notes to analyse and defend. CoreConcept Training Center delivers this tax audit and tax fraud investigation course.

Course Objectives:

- Distinguish tax evasion from avoidance and identify the indicators of wilful intent in a taxpayer's records and conduct
- Plan a field audit with a documented case file, risk hypotheses and records requests
- Reconstruct taxable income using the specific item, net worth, bank deposits, expenditures and mark-up methods of proof
- Test declared sales and purchases against e-invoice data and third-party information
- Conduct and record taxpayer and witness interviews and keep working papers that meet evidence standards
- Prepare a criminal referral report and a Field Audit and Investigation Plan for a suspected evasion case

Target Audience:

- Field auditors responsible for examining taxpayers' books, records and returns on site
 - Investigators responsible for developing suspected tax evasion cases for referral
 - Desk audit and verification officers who escalate cases to field examination
 - Audit quality reviewers responsible for checking working papers and audit findings
 - In-house tax staff responsible for responding to field audits and information requests
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Course Outline:

Day 1: Tax Evasion, Avoidance and the Field Audit Mandate

- Evasion Versus Avoidance Distinction and Wilful Intent Tests
- Common Evasion Schemes in Sales, Deductions and Invoices
- Civil Field Audit Versus Criminal Tax Investigation Pathways
- OECD Ten Global Principles for Fighting Tax Crime Overview
- Taxpayer Rights and Due Process Safeguards During Examination

Day 2: Methods of Proof and Income Reconstruction Models

- Specific Item Method Basic and Aggregate Approaches
- Net Worth Method Opening Position and Cash Balances
- Bank Deposits Method Adjustments for Transfers and Loans
- Source and Application of Funds Expenditure Analysis
- Percentage Mark-Up and Unit Volume Corroboration Tests

Day 3: Field Audit Planning, Records Examination and Interviews

- Audit Plan and Case File Structure for Field Examination
- Books and Records Examination Using Ledger Tracing Procedures
- E-Invoice Data Matching Against Declared Sales and Purchases
- Third-Party Information Reconciliation From Banks and Suppliers
- Structured Taxpayer and Witness Interview Planning and Records

Day 4: Badges of Fraud, Evidence Standards and Referral Thresholds

- Badges of Fraud Indicators and Wilfulness Evidence Matrix
- Working Paper Standards and Chain of Custody Logs
- Anticipated Defences Including Cash Hoards, Gifts and Loans
- Professional Enablers and Nominee Arrangement Detection Techniques
- Criminal Referral Thresholds and Prosecution Case Acceptance Criteria

Day 5: Case Study on a Field Audit and Investigation Plan

- Case Organisation Records Review and Risk Hypotheses
 - Net Worth and Bank Deposits Reconstruction for the Case
 - Interview Strategy and Evidence Gap Analysis for the Case
 - Criminal Referral Report and Prosecution File Assembly
 - Field Audit and Investigation Plan Completion and Panel Review
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Skills You Will Gain:

- Field Audit Planning
- Income Reconstruction
- Net Worth Analysis
- Bank Deposits Analysis
- E-Invoice Data Testing
- Investigative Interviewing
- Audit Evidence Documentation
- Criminal Referral Preparation

Why Attend This Course:

- Deliver a Field Audit and Investigation Plan for a case organisation to the audit or investigation manager for approval
- Decide which method of proof suits a case by comparing the records, bank data and third-party information available
- Avoid lost adjustments, rejected referrals and challenged findings caused by weak working papers or untested defences
- Share the case file template, net worth schedule, bank deposits worksheet and interview record format with audit colleagues

Conclusion:

Back at work, the participant presents the Field Audit and Investigation Plan to the audit or investigation manager and, where evasion is suspected, to the unit that decides on criminal referral. The plan supports decisions on which records to request, which method of proof to apply, whom to interview and whether the evidence meets the referral threshold. After its first use on a live case, the unit should review whether the reconstructed income survived the taxpayer's explanations and whether the working papers held up under review.

Frequently Asked Questions FAQ:

What should participants know before the tax audit and tax fraud investigation course?

Participants should already examine tax returns, review accounting records or respond to audit queries. Working knowledge of bookkeeping and financial statements is expected. A laptop with a spreadsheet application is used for the net worth, bank deposits and expenditure schedules built during the case work.

How does tax audit and tax fraud investigation differ from a tax administration or corporate fraud course?

This course works on a single case after selection: field examination, methods of proof, interviews, evidence and referral. Tax administration courses cover agency-wide registration, risk selection and collection, while corporate fraud courses cover internal fraud risk programmes inside organisations rather than tax evasion.

Why does tax fraud investigation use indirect methods to prove unreported income?

Indirect methods are used when records are missing, incomplete or false. Net worth, bank deposits and expenditure analysis show that a taxpayer's wealth or spending exceeds reported income, and the investigator must then rule out non-taxable sources such as loans, gifts or earlier savings.

What do participants take back from the tax audit and tax fraud investigation course?

Participants take back a Field Audit and Investigation Plan for a case organisation, with a case file structure, income reconstruction schedules, an interview strategy, an evidence matrix and a referral report outline they can adapt to their own cases.
