

# RELIABLE AUDIT TRAIL

## TAXATION AND INTERNAL AUDIT : ARE YOU READY ?

### Issues

Since 1<sup>st</sup> January 2013 (transposition of European Directive 2010/45/UE of 13<sup>th</sup> July 2010), the reliable audit trail :

- Is a tax obligation which is subject to audit or right of inquiry or right of communication ;
- Is a condition to access to the tax personalised support of small entities (ESSOC Law and PME)
- Permits the update of internal controls related to invoices' transmission.

### 3 guarantees required : Authenticity Integrity Readability

The **authenticity of the origin, the integrity of the content and the readability** of the invoice must be applied by all entities since the transmission of invoice to the end of conservation period.

The existence of a reliable audit trail must be demonstrated by documented and permanent controls. The French tax authorities is allowed to request a documentation during tax audit.

#### Sanctions:

- For the supplier : output VAT is due even if invoices are no longer considered as originals, with potential challenge of input VAT for the customer
- For the customer : input VAT is not recoverable

**Beyond the tax obligation, it is an opportunity to reinforce internal control of flow management and improve processes in place.**

**These issues involve that the documentation is ready before any tax audit, under a format that corresponds to your entity in order to secure your invoicing and control processes.**

### Feedback

- Tax inspectors request the reliable audit trail documentation at the beginning of tax audit
- Customers are not ready and documentations must be drafted during the tax audit
- Be aware of unannounced audit
- It is more than essential to determine the scope of the obligation in each entity

### Our referents ORATIO and BTS



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### Services

*ORATIO AVOCATS offers an unique expertise in advice and support on your business issues in France and internationally to meet all of your obligations and optimize your organization and activities.*

### Multidisciplinary support

- Corporate law
- Commercial law
- Tax law
- Social law
- Collective proceedings
- IP and new technologies
- Real estate law
- Rural law
- Criminal law / Credit law
- Family law

An interprofessional support, ORATIO and BAKER TILLY STREGO, as close as possible to your reliable audit trail need

- **Drafting of the reliable audit trail documentation**
- **Preparation and support during tax audit**
  - Diagnosing of the existing invoicing process
  - Assessment of controls in place which establish the reliable audit trail
  - Establishment of organized and permanent controls of VAT and of the reliable audit trail
  - Control of the reliability of the audit trail and of invoice archiving process

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