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# FTA Guidance Notes on E-Auditing Standards

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Rapid developments in information and communication technology have had a great influence on the way of doing business, particularly in relation to business and accounting systems. Developments include integrated accounting systems, Enterprise Resource Planning (ERP) systems, automated internal audit measures and E-invoicing. The OECD has released a package of standards that leverage off these development and which are aimed at reducing the costs of tax compliance for businesses.

These standards are contained in five Forum on Tax Administration guidance notes that deal with various important aspects of the audit of business and accounting systems. The guidance notes have been produced in co-operation with representatives from revenue bodies, the accountancy and audit professions, and software developers.

The products described in these guidance notes can be used by business taxpayers to underpin their voluntary compliance, and to facilitate their participation in an enhanced relationship as the products provide adequate internal tax controls and the testing of those controls to ensure the integrity of tax processing and declarations and which support taxpayers and software developers.

The guidance notes are intended not only for revenue bodies but also other stakeholders including accountants, businesses, and software developers.

## **Forum on Tax Administration Guidance Note - Guidance and Specifications for Tax Compliance of Business and Accounting Software (GASBAS)**

This guidance note describes in general terms the standards that should be applied in the development of tax accounting software and the key controls that are expected from a tax perspective. It sets out the high-level design principles covering the processes found in a typical computerised business accounting system, including the integration of internal and tax protection controls; procedures to ensure the reliability of electronic records; and the facility to export data for further analysis. It also demonstrates how tax audit processes can be carried out with greater reliability and in such a way that costs to both revenue authorities and businesses can be minimised, and provides guidance on how the principles may be implemented in practice.

This note also sets out a specification for controls, functions and audit reports for use in the development of tax accounting software. This includes the facility for both self-auditing of data and its download for external audit testing including use of the OECD Standard Audit File-Tax.

## **Forum on Tax Administration Guidance Note – Guidance on Test Procedures for Tax Audit Assurance**

This guidance note contains a detailed inventory of compliance and substantive tests performed by tax auditors that could also be performed by businesses to check the operation of their internal controls. It describes the tests that revenue bodies would expect in the control activities and monitoring component of the internal control framework.

## **Forum on Tax Administration Guidance Note – Guidance for the Standard Audit File-Tax, version 2.0. (SAF-T)**

This guidance note describes the specification for the Standard Audit File-Tax (SAF-T) that also includes inventory data elements. It updates SAF-T version 1.0 issued in 2005 to include information on Inventory and Fixed Assets. The opportunity has also been taken to enhance the original SAF-T specification to take account of suggestions from OECD member countries and others. SAF-T can be used for both internal and external test programmes, and can be linked to the inventory in the Guidance on Test Procedures for Tax Audit Assurance guidance note. An annex provides further technical elements required to support SAF-T.

### **Annex B**

## **Forum on Tax Administration Guidance Note – Guidance for the Standard Audit File-Payroll, version 1.0. (SAF-P)**

This guidance note describes the specification for the Standard Audit File for Payroll (SAF-P), and provides guidance to revenue bodies and software developers on its design, application and

implementation. It also lists a number of potential benefits to stakeholders that may accrue by use of SAF-P in payroll software.

The guidance note encourages the production of a data file containing payroll transactions in a standardised format. It also suggests how use of SAF-P can be applied to payroll tax audit processes to enable them to be carried out with greater efficiency and in such a way that costs to both revenue bodies and businesses can be minimised. The options for implementation of the specification by revenue bodies, either directly or in partnership with others, are also examined. The implementation tasks identified and summarised in the document are aimed at both software developers and revenue bodies. An annex provides further technical elements required to support SAF-P.

## [Annex B](#)

### **Forum on Tax Administration Information Note - Tax Compliance and Tax Accounting Systems**

This information note discusses internal control frameworks for tax and how the adoption of the OECD FTA Guidance Notes on business and accounting software specifications can be an important element of such frameworks. The use by a business of an internal control framework for tax will demonstrate a willingness to deal transparently with the revenue body who should reciprocate by providing increased and timely tax certainty.