

FIGHTING TAX INVESTIGATIONS - ROUSAUD COSTAS DURAN

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Businesses have to ensure they maintain adequate and up-to-date tax compliance procedures to avoid falling foul of legislative changes, says Adolf Rousaud, Managing Partner and Head of Corporate at Rousaud Costas Duran in Barcelona. This is mainly due to the rapid pace of reform in the tax arena and the various influences now at play on domestic policy.

“Since the onset of the financial crisis, there has been a very noticeable upturn in the number of investigations conducted by the Authorities,” he explains, “and this analysis, particularly of corporate issues, has increased further as the economic situation has deteriorated.” In light of a reduced national tax base, tax evasion and avoidance is now a very political issue and the response by the Spanish Authorities reflects that of governments across Europe. It is adopting a much more aggressive approach to the assessment of tax issues and in the demand for supporting data, says Rousaud.

“We are seeing a more joined-up approach being taken by the Authorities, improved data sharing between the relevant agencies and greater pressure being placed on banks and institutions to

provide financial information to corroborate suspicions. This means that companies engaged in tax evasion have far fewer places to hide."

For legal and tax departments in companies it is not business as usual, he emphasises. There is a much greater demand being placed on companies to produce paper trails to validate transactions, and to demonstrate transparency in the processes utilised to manage their tax affairs.

"The Authorities are being very aggressive, the penalties for non-compliance are increasingly severe," he concludes. "Companies have to be able to prove that they are operating not only within the letter of the law, but more than ever acting also within the spirit of it."