

**Report of the federal Parliament :  
Follow-up audit regarding the administrative processing of direct tax appeals**

**In its report to the federal Parliament the Belgian Court of Audit pointed out that the automated and integrated file follow-up system called ‘Contentious Matters Workflow (“*workflow geschillen*”/“*workflow contentieux*”) resulted in a more transparent and more accessible processing of direct tax contention issues by the Finance government department. The system, however, stills needs refining so as to convert it into a comprehensive and vigorous instrument ensuring that administrative decisions are consistent. Therefore the Court recommended to link the ‘Contentious Matters Workflow’ with the tax collection data bank. Contention processing staff should get structural legal support by specialised sections “pre-contentious matters”.**

In April 2004 the Court published a first audit report on the administrative processing of direct tax appeals. This report contained three major recommendations :

- Work out a performing, consistent, integrated and automatic file follow-up system
- Establish a database for the content of appeals, administrative decisions and judiciary’s decisions
- Stimulate a change of attitude and accountability for the tax and contention divisions.

During the parliamentary discussion of that report the government department concerned pointed out that it would further develop the ‘Contentious Matters Workflow’ and stimulate accountability through structural measures.

Moreover, the goal was, in the future, to link the ‘Contentious Matters Workflow’ to the tax collection databank.

The Court carried out a follow-up audit to assess the progress that had been made on the three measures announced. In addition, it examined how many contention issues were then under examination and whether the time limit prescribed for dealing with contentions had been abided by. Finally, it assessed the implications of the tax mediation process introduced in 2007 on the administrative contention processing.

The workflow ensured a more transparent and more accessible contention processing but it had not till then proved very useful as a (statistical) follow-up and factual monitoring and support instrument. In its present form it cannot guarantee that administrative decisions are consistent.

The Court’s recommendation to have audit offices supported by a legal staff section had only been partly implemented. Such a staff section exists for contentions to be settled by a court but not yet for pre-contentions matters.

The Court’s recommendation to let the Special Tax Inspection be accountable for contentions it had itself originated and process them has been implemented since 1<sup>st</sup> February 2008.

The link between the workflow and the tax collection data file has not been implemented yet and no concrete plans are yet in the making. In the meantime contention staff will input the necessary data into the collection data files on a daily basis.

The number of personal and company contention issues was reduced from 84.617 as at 31 December 2001 to 22.980 as at 31 December 2006, that is a bit more than a quarter of the original figure.

In the recent years conventional audit offices (which have most contentions on their hands) can settle about two-third of files within the six /nine month time limit prescribed.

Out of the 27,723 contention cases pending with the court of first instance only 2.023 (7.3%) were introduced before the department had taken a decision on the contention issue. This shows that in general the taxpayer awaits the administrative decision before he refers his case to the court. The contention procedure thus performs a filtering role as was envisaged by the lawmaker.

The Court could not yet appraise the functioning of the new tax mediation unit nor its potential impact on the tax contention process because this unit is not yet operational. Nevertheless the Court enquired whether the absence of suspension or interruption following a mediation request could not entail some risks for the taxpayers' equality of treatment.