

## **Report to the Federal Parliament: Organisation and working of the Special Tax Inspectorate (ISI-BBI)**

*The Court of Audit's report on the Special Tax Inspectorate (the acronym is ISI-BBI) is an extension of the work of the special parliamentary investigation committee on the major cases of tax evasion. This committee has emphasized the importance of regular audits by the Court on the way the tax authority works. The Court's report suggests several paths for improvement of the ISI-BBI's working.*

The Special Tax Inspectorate (ISI-BBI) is within the Finance department the division responsible for the fight against serious and organized tax evasion. The Court examined five key areas of its functioning: the human resources, the tax investigations selection process, the management indicators, the duration of an investigation and the whistleblowing of possible tax evasion cases to the Public Prosecutor's office.

Although there has been no serious failing found, the Court takes the view that this division's organisation could be improved on some points.

The ISI-BBI's staff number has been on the increase since 2000 (+ 12.5%), but is still lower than the number envisaged under the Coperfin reform (622 civil servants instead of 493 at present). The ISI-BBI's staff is for the most part made up of civil servants on secondment on a voluntary basis from other tax authorities. Consequently, the ISI-BBI is staffed depending on the availability of persons interested to work there and is thus never sure that all divisions will be equipped with enough qualified candidates interested in such a secondment.

The ISI-BBI's mission should be more clearly defined – in terms of the kind of tax evasion fought – to allow every tax service to work according to its own expertise while ensuring an effective cooperation.

The effectiveness of the investigations' selection process at the ISI-BBI is determined by the amount and the quality of the data collected on indications of tax evasion. The current *input management* project should allow to use objective criteria of selection and to increase the focus of ISI-BBI's line of research on its core business. The selection of investigations should be improved – for instance through risk analyses – in order to shorten the length of time an investigation takes and increase their efficiency.

Certain management indicators presently used by the ISI-BBI should be redefined so as to provide managers with more useful and complete information on the whole set of their essential tasks and to allow working out a strategic vision of the development of this division.

As things stand now the tax recovery statistics are neither precise nor reliable enough in order to determine the budgetary impact of the work performed by the ISI-BBI.

The ISI-BBI should account for its action by providing a wider range of data and most of all more comments on the provided data.

The whistleblowing reporting procedure of crimes and offenses discovered during the investigations carried out by the ISI-BBI's services is not applied in all cases. Moreover, the lack of precise administrative standards relating to reporting crimes and offenses increases the risk that the law would not be uniformly implemented.

In his answer, the Finance minister emphasised the points of the report he found important and cited a range of recent developments (lifting of the banking secrecy, cooperation between tax authorities and the Justice department, international actions) that would meet some of the Court's recommendations.

The full report, the summary and the press release can be found on the Court of Audit's website ([www.rekenhof.be](http://www.rekenhof.be)).