

Revenue Audit Fees

Part 04-06-02

This document should be read in conjunction with section 81 of the Taxes Consolidation Act 1997

Document last reviewed May 2021

Executive summary

This manual contains an extract from Tax Briefing (Issue 11, July 1993), which sets out the deductibility of professional fees for audit and back-duty settlement.

The Revenue Commissioners are committed under the Charter of Rights to keeping compliance costs for taxpayers to a minimum.

Where a tax return is selected for audit, and the normal recurring professional fees in that case would be allowed as a deduction, any additional professional fees incurred by the taxpayers in consequence of the audit are allowable as a deductible expense provided that they are reasonable in the circumstances and do not relate to tax planning and/or avoidance matters.

Where, however, the audit takes on the attributes of a back-duty settlement (e.g. where the scope of the audit is extended back beyond two years), the existing practice, as set out hereunder, in regard to the allowability of professional fees will continue to apply.

Any part of professional fees incurred in connection with a back-duty settlement may be allowed as tax deductible to the extent that they relate to the preparation of accounts. However, any expenses applicable to the negotiation of a settlement are not allowable. Where necessary, fees should be apportioned so as to identify allowable and disallowable fees.

Where it appears unlikely that the fees charged in accounts exceed the aggregate of the sums which would have been charged, had accounts been prepared and presented annually, no part of the fees should be disallowed.