



– Audit Report Abstract –

(Audit of Tax Administration Systems for Assets Seizure)

This audit was requested by the Parliament and focused on the computer system developed for seizure of assets by the tax administration. The audit involved documentary analysis, interviews and surveys performed at the Directorate-General for Taxation and at the Directorate General for Informatics and Support to the Taxation and Customs Services.

The audit covered 2009 and 2010 and examined the respect of the conditions for establishing assets seizures including the observance of the legal limits and of the proportionality principle. The implementation of effective performance indicators in this field of the tax administration was also examined.

Following the introduction, in 2005, of the SIPA (the Tax Administration Computer System for Automatic Assets Seizure) and of a set of important procedural simplifications, the number of seizures established significantly increased (nearly 236 thousand in 2009 amounting to 4 thousand million Euros). This increase in efficiency of the tax administration has nevertheless aroused public concern regarding the respect of taxpayers and debtors rights in relation to rapidly enforced seizures which are seen as "automatic".

In reality, "automatic seizures" are not carried out. As a decision support system, SIPA provides the competent Head of the Local Tax Office with most of the data required on seizable assets allowing him to take, in each case, the decision to seize specific assets. After the decision is taken, SIPA immediately launches the administrative procedures to enforce the seizure.

Important progress has been made in terms of efficiency in carrying out the legal procedures for assets seizures. Nevertheless, the information and control systems show limitations and shortcomings. Improvements are required in order to mitigate the risk of undue seizures, to compensate any aggrieved debtors quickly and to keep track of the elements upon which the seizure decision is based having in each case in due regard the debtors' legitimate interests.

On the basis of its audit findings, the Tribunal de Contas has recommended the Government:

- To set up an action plan with an appropriate timetable for the improvement of the existing information system, concerning the recording of the legal basis used to justify the seizure of a specific asset, the updating of the information provided on seizable assets, the auditing of the system itself and its certification by an agreed professional entity;
- To take steps towards fixing a legal deadline to reduce and/or withdraw assets seizures and the terms of an immediate reimbursement of the taxpayer/debtor in the event of noncompliance, without prejudice to the respective right to compensation;
- To establish quality indicators for assets seizures as well as the terms of reference for the assessment and implementation of the relevant corrective actions.