The time, money and effort it takes audited SMEs to comply

Findings from the 2016 survey of SMEs’ compliance costs

Overview

The findings below offer a snapshot of how much time, money and effort SMEs who said they have been audited in the previous year spend meeting their tax obligations. Other snapshots are available, as well as a report of all findings.

Key findings

- Few (1%) SMEs said they had been audited in the previous year
- Median time audited SMEs say it takes to meet their tax obligations; much higher than the overall group (27hrs)
- Median value of that time; much higher than the overall group median of $1,573
- Audited SMEs are less likely to say meeting their tax obligations is not stressful, compared to overall group (49%)
- Most Audited SMEs used digital accounting systems (e.g., PC- and web-based software), slightly more than the overall group (76%)
- Most audited SMEs use a tax agent or accountant, slightly less than the overall group (89%)
- Median cost of using a tax professional (tax agent, accountant, tax lawyer) amongst audited SMEs
- Few audited SMEs say meeting their tax obligations is getting easier

Additional insights

Very few survey respondents commented about the impact of an audit on their business; those that did typically referred to it as an event that produced an increase in their compliance costs:

“We had an IRD audit which we dealt with through our accountant/tax advisor. This was very expensive.”

Another specifically mentioned their dissatisfaction with IR:

“We were disappointed with the approach of IR in the tax audit.”