STANDARD AUDIT FILE – TAXATION (SAF-T) STANDARD AUDIT FILE – PAYROLL (SAF-P) AND RELATED GUIDANCE

FROM THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

Background information for UN/CEFACT Conference:

Impact of new technologies on Accounting and Audit: Harmonizing Interoperability of Standards and Specifications

5 April 2019   Salle XXII, Palais des Nations, Geneva, Switzerland

DISCLAIMER

- This is not an official document from the OECD and the opinions therein do not represent the OECD or its committees

- The document was prepared by Eric E. Cohen, who served on the informal working group (IWG) that developed the SAF-T 2005 directly and as liaison from XBRL, and has worked to establish an ongoing relationship between OECD and other efforts. Any errors or corrections can be noted to OECDSAF@computercpa.com

- Most of the content is drawn from meeting minutes and official OECD presentations

ORGANIZATION AND PARTICIPATION

- About
  - OECD
  - Committee on Fiscal Affairs (CFA)
  - Forum on Tax Administration (FTA) - July 2002
    - Informal Working Group (2003-2005)
    - Tax e-Audit Group (2005-2010)
      - Both made up of FTA member countries, software developers, accountants/auditors

WHAT IS THE OECD?

- A forum in which governments work together to address the economic, social and environmental challenges of interdependence and globalization
- Setter of "soft" and occasionally "hard" rules
- A provider of comparative data, analysis and forecasts to underpin multilateral co-operation
- Born after World War II (1948) as the Organisation for European Economic Co-operation to coordinate the Marshall Plan
- Transformed in 1961 into the Organisation for Economic Co-operation and Development with trans-Atlantic and then global reach
- Today the OECD has 36 member countries, a budget of EUR 374 million and 250 staff
- More than 70 developing and transition economies are engaged in working relationships with the OECD

The Committee on Fiscal Affairs

What are we? → A forum for senior policy makers and administrators

**What do we cover?** → All international and related domestic tax issues

How are we organised? →
- Biannual meeting
- Subsidiary bodies
- Centre for Tax Policy and Administration

THE INFORMAL WORKING GROUP ON THE GUIDANCE ON TAX COMPLIANCE FOR BUSINESS AND ACCOUNTING SOFTWARE (GTCBAS) AND ON THE STANDARD AUDIT FILE - TAX (SAF-T) (2003)

- Representatives from tax adminstration and businesses (Chaired by F Wall, HMRC, UK and I Lejeune, PwC)

- Development of international agreed guidelines and standards for tax accounting software

- Major software vendors and accounting bodies are encouraged to take these up

- Find ways specifically to make it easier for the EU tax and customs auditors to audit the same company

  - 2003 – 15 members of EU

  - 2004 – 25 members of EU

  - 2010 – 27 members of EU

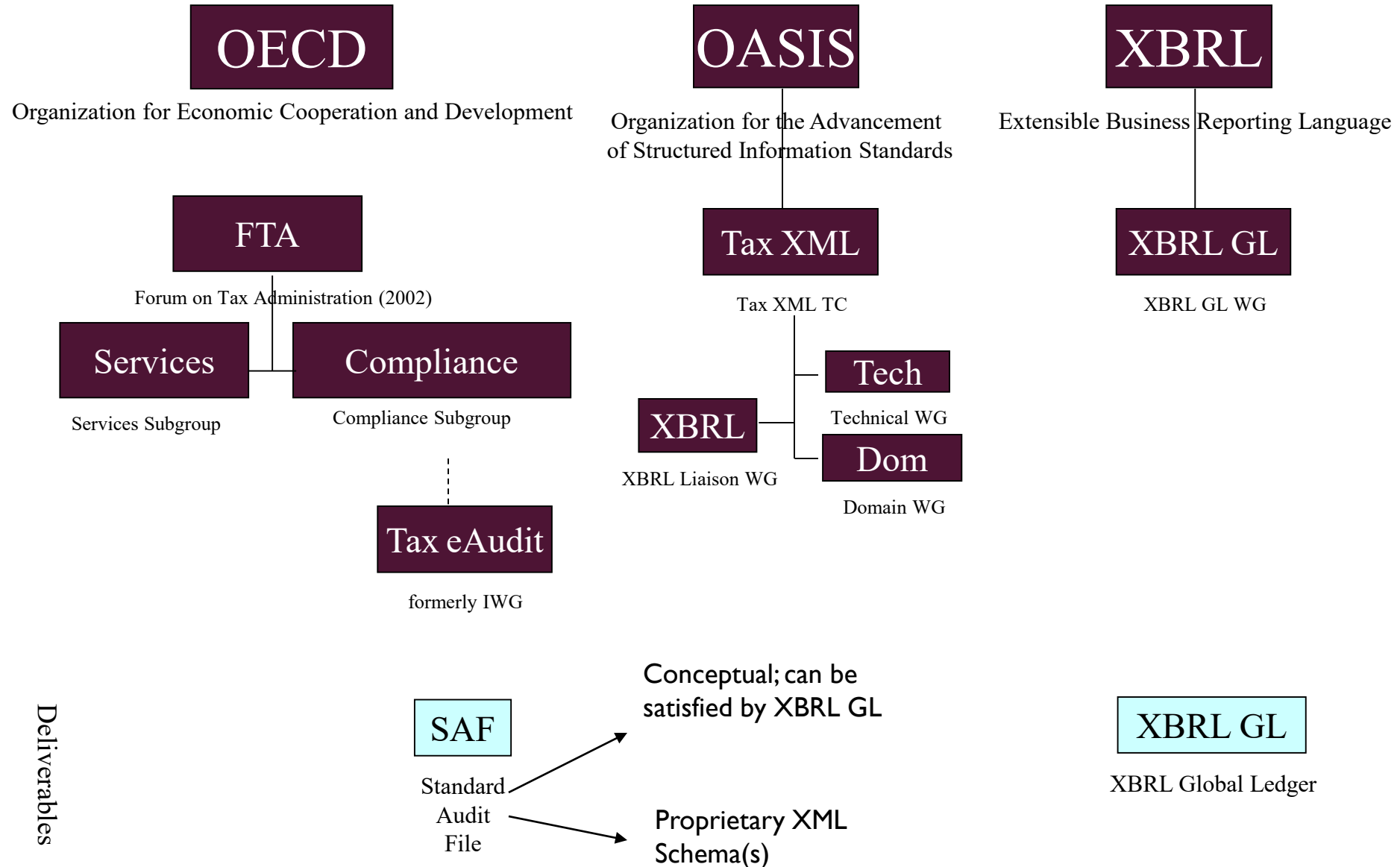# OECD: MANY GROUPS INVOLVED IN TAX (LEADING TO 2005 SAF-T)
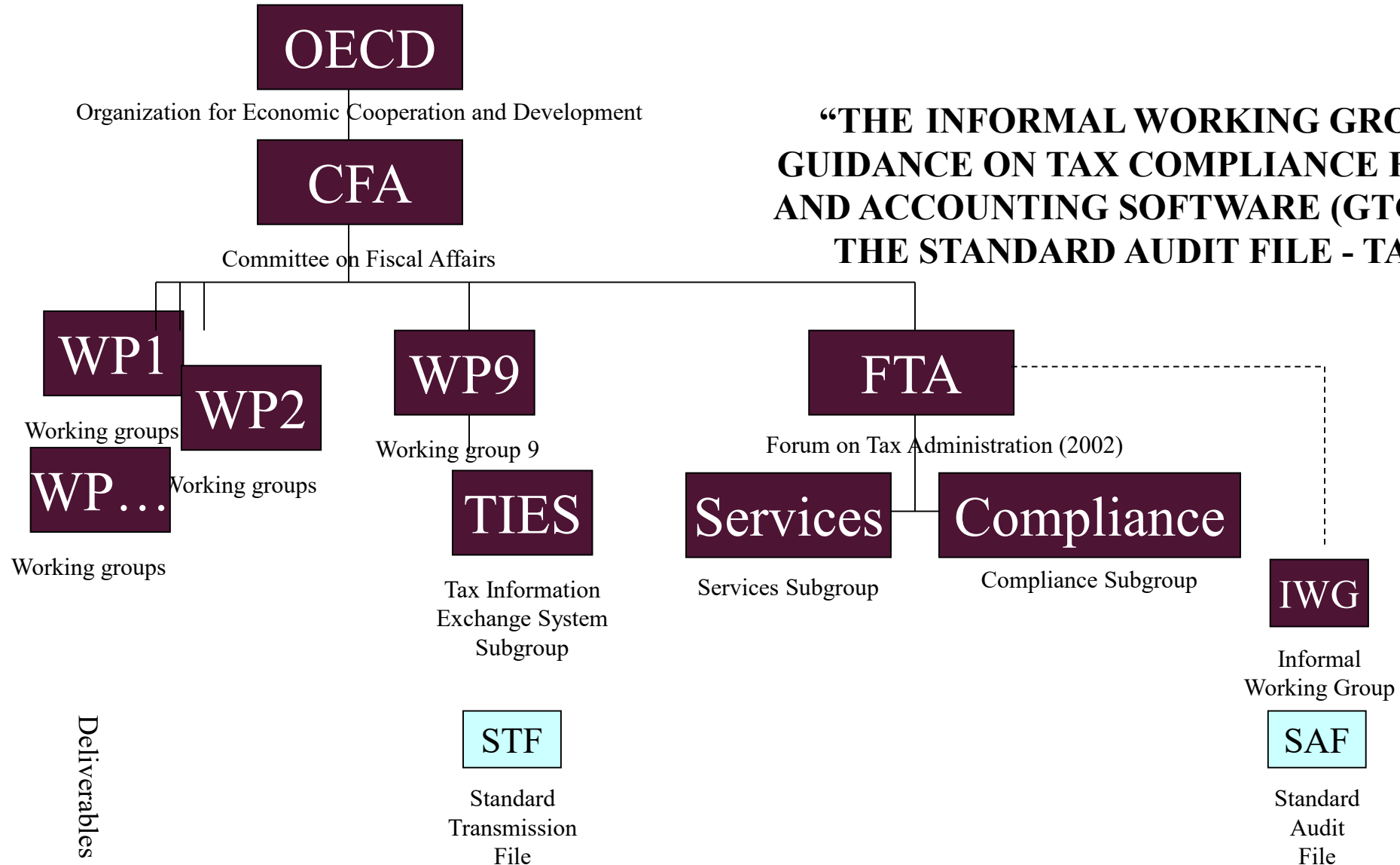
OECD

Organization for Economic Cooperation and Development

CFA

Committee on Fiscal Affairs

"THE INFORMAL WORKING GROUP ON THE GUIDANCE ON TAX COMPLIANCE FOR BUSINESS AND ACCOUNTING SOFTWARE (GTCBAS) AND ON THE STANDARD AUDIT FILE - TAX (SAF-T)"

WP1

WP2

Working groups

Working groups

WP...

Working groups

Deliverables

WP9

Working group 9

TIES

Tax Information Exchange System Subgroup

STF

Standard Transmission File

FTA

Forum on Tax Administration (2002)

Services

Services Subgroup

Compliance

Compliance Subgroup

IWG

Informal Working Group

SAF

Standard Audit File

PROMOTION OF OPEN STANDARDS AND NET NEUTRALITY

- *Standard-making processes should be open and should encourage competition. We support the procurement policies that promote open standards, open data formats, and free and open software.*

  - The OECD Civil Society Seoul Declaration (2008)

- *"Soft and sometimes hard" standards*

- *Cooperation with other standards organizations*

  - *"In addition, it will liaise with the FTA Taxpayer Services Sub-group, the OASIS Tax XML Committee (an external OECD body), and XBRL International."*
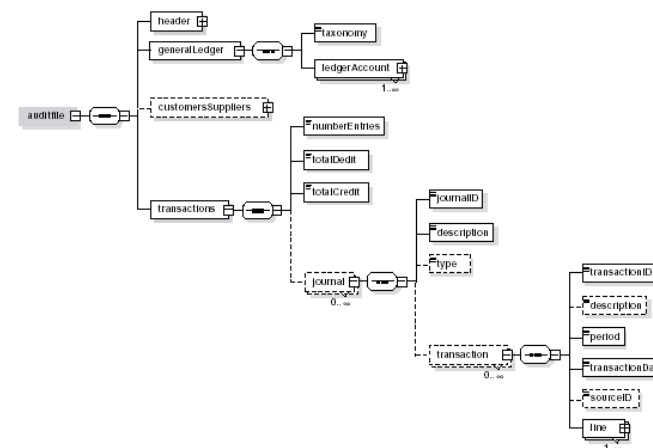
OECD

Organization for Economic Cooperation and Development

OASIS

Organization for the Advancement of Structured Information Standards

XBRL

Extensible Business Reporting Language

FTA

Forum on Tax Administration (2002)

Tax XML

Tax XML TC

XBRL GL

XBRL GL WG

Services

Services Subgroup

Compliance

Compliance Subgroup

XBRL

XBRL Liaison WG

Tech

Technical WG

Dom

Domain WG

Tax eAudit

formerly IWG

Deliverables

SAF

Standard Audit File

Conceptual; can be satisfied by XBRL GL

Proprietary XML Schema(s)

XBRL GL

XBRL Global Ledger

WHO, WHAT, HOW

- Who was involved: Informal working group of tax and customs specialists from tax administrations, software developers and their representatives (especially BASDA) and accountants/auditors

- Primary input: included Dutch XML Auditfile Financieel

- Tools: Technical development included visualization using Altova XML Spy

- Deliverables
  - Guidance
  - Schemas
  - Tests

OECD Leads the Way on Standard Software Guidance for Tax Administration

Delegates from tax authorities of OECD member countries, the Business Application Software Developers Association (BASDA), accounting bodies, and other interested organisations recently held a meeting in Paris to discuss progress and issues concerning plans to develop a set of standard software and practical guidance to simplify tax compliance and tax audit requirements worldwide. The meeting, which was part of a series of discussions to develop international software standards and guidance, took a significant step forward in the development of a global standard for software, known as 'The Standard Audit File'.

In today's increasingly electronic world, there are many issues that arise for business and for national tax authorities in dealing with electronic business accounting systems and the need to

REPRESENTATIONS

- SAF-T 2005
  - General Ledger
  - Accounts Receivable
  - Accounts Payable
- SAF-T 2010
  - As above
  - Inventory
  - Fixed Assets
- SAF – P 2010
  - Payroll
- Guidance, tests and other materials
  - Extension mechanisms (2010)

SAF-T and SAF-P
Organization
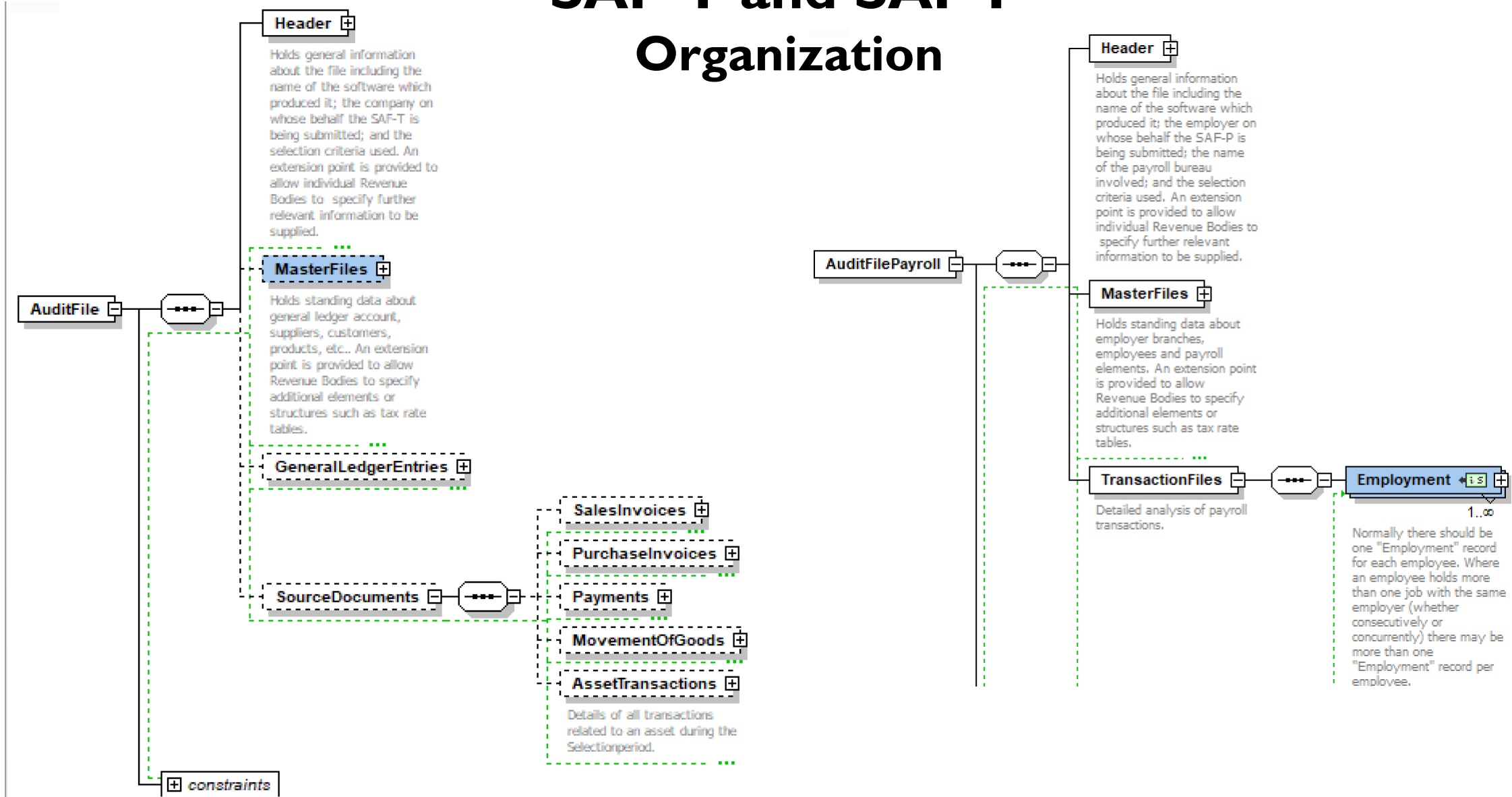
FORMAT OF SAF-T

25. In any examination of the issues relating to the provision of data, it is very difficult to avoid the issue of the data format. This guidance note has attempted to deal with this issue in a balanced way.

26. While SAF-T could be represented using different file formats, it should be created in a data format that meets the needs of the auditor, preferably one that is widely used internationally. Revenue bodies acknowledge that standard formats facilitate audit automation processes.

27. It is entirely a matter for revenue bodies to develop their policies for implementation of SAF-T, including its representation in XML. However, revenue bodies should be aware of the on-going development of XBRL, which may offer a more holistic approach to audit. They should also be aware of international efforts to develop data standards for compliance needs under the formal OASIS Tax XML Committee.

28. In their implementation strategy for SAF-T, revenue bodies should consider data formats that permit audit automation today while minimising potential costs to all stakeholders when moving to new global open standards for business and financial data such as XBRL, and XBRL- GL in particular.

29. Other formats and structures for SAF-T may be added to this technical document as business practices evolve over time.

30. The current XML definition contains a separate structure which allows a connection to XBRLFR, and any other taxonomy for General Ledger accounts.

ADOPTION

- Austria

- Lithuania

- Luxembourg

- Norway (for 2020)

  - https://www.regjeringen.no/no/aktuelt/endring-i-bokforingsforskriften---standard-audit-file-tax--saf-t/id2583118/

- Poland

- Portugal

Note:
(1) The French Ministry of Finance uses a standard audit file for taxation (FEC), but not based on OECD SAF-T.
(2) A variation was a British standard (PAS 76) in January 2006, withdrawn April 2007.

RESOURCES

- Guidance Note - Guidance for Developers of Business and Accounting Software Concerning Tax Audit Requirements (2005)/Guidance and Specifications for Tax Compliance of Business and Accounting Software (GASBAS 2010)

- See http://www.oecd.org/tax/administration/ftaguidancenotesone-auditingstandards.htm and http://www.oecd.org/tax/administration/46081743.pdf

  - Document: http://www.oecd.org/tax/administration/45045404.pdf (2010)

    - Guidance for the Standard Audit File – Tax Version 2.0

      - http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/technologies/45045602.pdf

    - SAF-T Schema documentation https://www.oecd.org/tax/administration/45167181.pdf

    - Guidance for the Standard Audit File – Payroll Version 1.0

      - http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/technologies/45045611.pdf

  - Document: http://www.oecd.org/tax/administration/34910263.pdf (2005)

  - Accompanying files: http://www.oecd.org/tax/administration/34910277.zip (2005)

    - Guidance for the Standard Audit File – Tax, including data elements

    - XML Schema, instantiating concepts for visual documentation using XML Spy and output from XML Spy