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By PwC Deutschland | 03. September 2014

No provision for costs of voluntary audit

The Supreme Tax Court has rejected a provision in the financial statements for the costs of a voluntary audit of a KG on the grounds that in the absence of a legal or third party commitment, the audit is a matter for the year of completion.

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A KG was obliged to submit to an annual audit of its financial statements under the terms of its partnership agreement. However, the tax office rejected a provision for the audit cost. The Supreme Tax Court has now agreed with this view. The KG was not under a statutory or contractual obligation to have its accounts audited, so there was no outside third party in a position to force it to do so. Its partnership agreement was an internal matter for its partners. Even if a partner were able to enforce his right to audited accounts, the matter remained internal. At year end, failure to appoint an auditor would have had no consequences for the partnership as a body. The expense arose in the following year when the audit was completed and the benefit felt.

Supreme Tax Court judgment IV R 26/11 of June 5, 2014 published on September 3

Schlagwörter

audit cost, voluntary audit