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Newsletter about:

- *When do the tax Auditors in Libya accept the result of the company with some adjustments instead of refusing it completely?*

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When do the tax Auditors in Libya accept the result of the company with some adjustments instead of refusing it completely?

The tax auditor in Libya usually reaches such opinion, when the company mainly keeps regular records & books, but he has had some reservations weren't dramatic about these records.

The auditor will make necessary adjustments to the company's results of operation in accordance with tax law, and other requirements, the auditor should issued a report called assessment report explaining the reason behind making these adjustments to the company accounts, in order any circumstances, the company has the right to see the report to know the reasons.....

Suppose that the company's operation result in 2006 showed profit of 200,000 L.D, and the tax department believe the figure did not represent the true profit.

For some reasons the tax department considers 300,000 L.D the true profit for the year, and these are some of the followed adjustment method:

- 1- Reducing some items in the Expenses statement; because of some mistakes in booking them or lack of supporting document...Etc.
- 2- Adjusting in the income figure by enlarging it; because of some mistakes in booking them or some undeclared & invoices...Etc. that should NOT be considered as a kind of misreporting.
- 3- This adjustment of profit could be a result of the formation of reserves. So, the Libyan tax law does not permit forming provisions and reserves from the profit.

However, the auditors will add back the amount of reserves to the profit appearing on the profit and loss Account to determine the taxable income.

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