

TALK TO MY TAX CONSULTANT, NOT ME! By Jonathan Hore

There is a common saying which goes, 'Don't talk to me, talk to my lawyer.' Well, that saying simply points to the fact that someone acknowledges that there are certain matters that they can't handle and that those can be best dealt with by a lawyer. It is not every time that you engage a lawyer but the moment something warrants it, you have no option but to do so. Coincidentally, tax is also a matter of law and the people who speak the tax language are tax consultants. Yes, we know lawyers come at a charge. Tax consultants also come at a charge but a significantly lower one. And yes, we know that most lawyers are technical and very knowledgeable in their field. That is also true for seasoned tax consultants; they have been in the game for years and know how to extinguish all your tax fires. Ok, I want to talk to you about instances where you certainly need a tax consultant. In this article, words importing the masculine shall be deemed to include the feminine.

A TAX AUDIT

Many taxpayers want to play it hard by trying to handle a tax audit without the expert advice of a tax consultant. This is, in most cases, self-defeating as the taxman speaks a language which non-tax practitioners don't speak or understand; and that language is called tax legalese. How many of us will understand when the taxman uses words like, 'the income had accrued to you,' or 'the expense was not incurred wholly, necessarily and exclusively in the production of assessable income?' Well, chances are very high that you will fall to this technical legalese and at times end up paying more tax than you could have, had you engaged the services of a tax consultant.

Tax audits usually result in underpayments of tax and BURS can levy penalties of up to 200%. These penalties have the potential of damaging your financial position. Further, BURS charges compound interest at 1.5% per month or part thereof for late payment of tax. You may find yourself with such a hefty bill that you could otherwise avoid by simply saying, 'Don't talk to me, talk to my tax consultant,' when things get hot. Walking through a tax audit alone is like walking through a park full of lions and elephants without a professional park guide and other defense mechanisms. It's a dangerous move.

MAJOR TRANSACTIONS

Most major transactions such as the sale of a business, disposal of shares, acquisition of a business or donations can have serious tax implications. One of the most common issues that arises from the sale of shares or a property is the fact that BURS expects you to have anticipated such a sale when some of them are just not predictable. A good example is when you get an irresistible offer for your property and this happens in the last quarter of your financial period, say in November for those who have a December year-end. When that happens, you may realise huge taxable profits and then BURS expects that you should have paid tax in 4 instalments, being by 31 March, 30 June and 30 September. And because you would not have paid the tax, BURS then goes ahead to charge you 1.5% interest for late payment of tax on something which you did not expect to sell and which you do not trade in. That being the case, you find yourself in a quandary as the tax laws are on BURS' side but the circumstances support your case. That is when a tax consultant becomes necessary.

Further, there are other transactions where you simply need to clear the tax implications thereof before engaging or putting your signature on the dotted line. Most transactions with non-resident persons require the expert advice of a tax consultant. Transactions where you are not sure of how they impact your tax bill also certainly need tax consultancy. Don't walk

alone, get a tax consultant by your side and be able to say, 'Don't talk to me, talk to my tax consultant,' when the going gets tough.

NEW SYSTEMS/BUSINESS LINES

Businesses do grow and sometimes you need to expand into a new field which you would not have ventured into before. For example, if you are a resident individual who wants to venture into farming, then you may as well not register a company but trade as an individual as you may not even have to pay tax on that business. But what do most of us do? We wait until we are in tax troubles and start hunting for a tax consultant. No; change your ways. Get a tax consultant today and be able to say, 'Don't talk to me, talk to my tax consultant,' when the taxman pounces.

Well folks, I hope that was insightful. As Yours Truly says goodbye, remember to pay to Caesar what belongs to him and avoid trying to be a tax expert when you are not.