Descriptive Evidence from Risk Based Tax Audits on firms in Finland

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Abstract

We provide descriptive evidence on firm tax audits in Finland. We use data on all risk based tax audits of firms in Finland in 2003–2016 from the Finnish tax administration. This is combined with tax return data on the full population of firms in 2000-2016. In this study we describe how firm characteristics are associated with getting audited and the results of the audits. We find that large firms are much more likely audited than small but relatively larger tax deficits are detected in small companies. Also, limited companies have a higher audit rate and larger deficiencies, but are less likely to have positive tax deficiencies at audit. We also describe the behavior of the audited firms compared to those not audited. The audited firms grow faster before the audit but slower after, and have a higher exit rate after the audit.

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