



Auditing in an Electronic Environment

If You Use a Computer to Record Your Business Activity and Maintain Data Electronically, You are a Candidate for an Electronic Audit.

What is Electronic Auditing?

Electronic auditing is computer-assisted auditing that uses your electronic records to complete all or part of the audit. If you use a computer to record your business activity and maintain this data electronically, you are a candidate for an electronic audit.

Electronic Audit Techniques

The Florida Department of Revenue (Department) uses a combination of purchased and custom software to perform electronic data conversion and analysis. Electronic auditing uses various audit techniques, including electronic detail auditing and sampling.

It is common to use more than one technique in the same audit. For example, sales and purchases of fixed assets could be audited using the electronic detail technique, while expenses could be audited using a sampling method.

Electronic Detail Audit

When performing an electronic audit, it may be possible to review every transaction in a file, eliminating the need for sampling. If the Department can perform a detail audit within the same amount of time as a sample, a detail audit will be performed.

Sampling

Sampling involves taking a segment of a much larger group or population and making a conclusion about the population based on the sample results. Generally, a sample can be conducted much faster than a detail audit and is, therefore, less costly for both you and the Department.

Under Florida Statutes, any taxpayer paying sales and use tax to the Department and filing returns must keep records and other information that will allow the Department to determine the correct amount of tax due. Section [\(s.\) 212.12\(6\)\(c\), Florida Statutes \(F.S.\)](#), states that the Department may sample your records when the records are adequate but voluminous.

According to [s. 212.12\(6\)\(b\), F.S.](#), if you do not have adequate records of sales or purchases, the Department may project a deficiency from a sample of your available records. There is no provision in [s. 212.12\(6\)\(b\), F.S.](#), to project an overpayment for taxpayers who do not have adequate records.

Frequently Asked Questions

If I maintain my data electronically, am I a candidate for an electronic audit?

Yes. If electronic data is available in any form, electronic auditing may be used.

[Section 213.35, F.S.](#), states:

Each person required by law to perform any act in the administration of any tax enumerated in [s. 72.011, F.S.](#), shall keep suitable books and records relating to that tax, such as invoices, bills of lading, and other pertinent records and papers, and shall preserve such books and records until expiration of the time within which the Department may make an assessment with respect to that tax pursuant to [s. 95.091\(3\), F.S.](#)

Will the Department keep my data confidential?

The confidentiality of all taxpayer information, whether on paper or electronic medium, is ensured by s. 213.053, F.S. Any violation of confidentiality by any Department employee is a misdemeanor of the first degree.

Reference Material

Tax laws are available at leg.state.fl.us.

Search the website for section 213.34, F.S., *Authority to audit*, Section 213.35, F.S., *Books and records*.

Rules are available at flrules.org.

See Rule 12-24.023, Florida Administrative Code, Recordkeeping Requirements – General.

Brochures – Download these brochures from floridarevenue.com/forms:

- *What to Expect from a Florida Tax Audit* ([GT-800042](#))
- *What to Expect from a Florida Reemployment Tax Audit* ([RT-800063](#))
- *Sampling and Your Audit* ([GT-800059](#))

Information and tutorials are available at floridarevenue.com/taxes/education.

Tax forms and publications are available at floridarevenue.com/forms.

To speak with a Department of Revenue representative, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

To find a taxpayer service center near you, visit floridarevenue.com/taxes/servicecenters.

For written replies to tax questions, write to:

Taxpayer Services - MS 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

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