Document Review by the Tax Authority – Why a Minor Audit in Romania Can Become Costly

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The so-called "document review" (Romanian: *control documentar*) has evolved into a frequently used, document-based tax audit in Romanian practice. Today, it often goes beyond a mere plausibility check and sometimes effectively carries the same weight as a comprehensive tax audit—albeit without the latter's procedural safeguards and formalities.

Background

A "full" tax audit is typically conducted on-site at the taxpayer's premises. This facilitates more direct dialogue, allows for the clarification of outstanding issues, and ensures a clearly defined procedural framework. Precisely because it is considered a thorough form of interaction with the tax authority, it is subject to detailed procedural rules.

In contrast, a document review is conducted in writing and remotely, with the tax authority examining a taxpayer's tax position based on existing files, documents, and requested information. Its primary purpose is to resolve inconsistencies quickly and efficiently without going through the full process of a traditional tax audit.

Practice

Problems arise when the document review procedure goes beyond its actual purpose. Instead of a simple consistency check, extensive documentation, explanations, and additional information are requested — similar to a comprehensive tax audit covering extended periods. Thus, what was intended as a tool for targeted verification becomes a time-consuming process that closely resembles a tax audit, yet without providing the taxpayer with the same level of transparency and safeguards.

The biggest drawback is clear: Taxpayers must respond to extensive and sometimes unpredictable requests without always having a clear understanding of the scope, start date, or end date of the audit. In practice, this lack of procedural transparency leads to stress, wasted time, and additional costs, especially for companies that do not have dedicated in-house tax audit teams.

Rating

One drawback concerns the taxpayer's right of defense. While taxpayers have direct contact with the audit team during a "traditional" tax audit, communication during a document review is often limited to documents and written communications. This makes it difficult to clarify misunderstandings and correct misinterpretations in a timely manner. Instead of resolving inconsistencies, the process can actually reinforce suspicions.

The document review also raises questions of proportionality. If a large volume of supporting documents is requested for what appears to be a minor inconsistency, the procedure no longer appears to be a simple consistency check, but rather an expanded audit without the traditional elements of a full audit. Consequently, there is a growing view among tax professionals that this procedure is being applied beyond its original function.

Legal certainty is a particular issue: on the one hand, the results of a document review can, through a tax assessment notice, have effects comparable to those of a tax audit. On the other hand, however, even after such a review has been completed, the taxpayer may be audited again by a different audit team for the same tax period and the same taxes. In a traditional audit, the periods under review are considered closed, and management can focus on the future.

Furthermore, when decisions are issued within a short timeframe without subsequent confirmation through a more rigorous procedure, it creates the impression that the instrument is being used beyond its original function and has consequences that are difficult to reverse.

Conclusion

A document review is not, in and of itself, a bad tool. On the contrary, it can be useful if it remains limited to its actual function: a quick and targeted plausibility check. It becomes problematic, however, when it effectively turns into an expanded tax audit that has significant consequences for the taxpayer without offering the procedural safeguards of a genuine tax audit.

What is crucial, therefore, is not the abolition of the procedure, but rather its return to its original role and the curbing of those excesses that are increasingly making it resemble a full-scale tax audit — only without the transparency and procedural safeguards that such an audit entails.

If a document review is initiated, business owners or tax advisers should not assume that submitting documents will resolve the issues identified by the tax authority. Rather, an experienced tax professional should review the questions and requested information to determine whether they leave room for speculation or grounds for suspicion. Otherwise, the audit may extend far beyond its original purpose.

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