

NICHE-SEARCH

WORKSHEET 6 OF 9

Audit-Letter Response Framework

*For when the tax authority issues an audit notification or information request.
Complete within 72 hours of receipt. Do not respond before this worksheet is finished
and reviewed by a registered tax consultant.*



Complementary worksheet for
Tax Optimization for SMEs
by Ibrahim Anwar

What This Is For

A tax audit notification is a time-limited event. The letter specifies which tax periods and which tax types are under review. It also specifies the first document submission deadline. Most of the damage that happens in a tax audit is not caused by the audit itself — it is caused by the first 72 hours: responding too quickly, responding without knowing which cost categories are exposed, or retrieving documents in the wrong order.

This worksheet forces a structured pre-response session. Before any document leaves the premises and before any call is made to the auditor's office, the operator maps the full exposure landscape: which deductions were claimed, which documentation exists, which is missing, and what the estimated additional tax liability is if the missing documentation cannot be recovered. That number, calculated before the audit progresses, is what guides every subsequent decision — whether to concede, supplement with secondary evidence, or contest.

Benefits

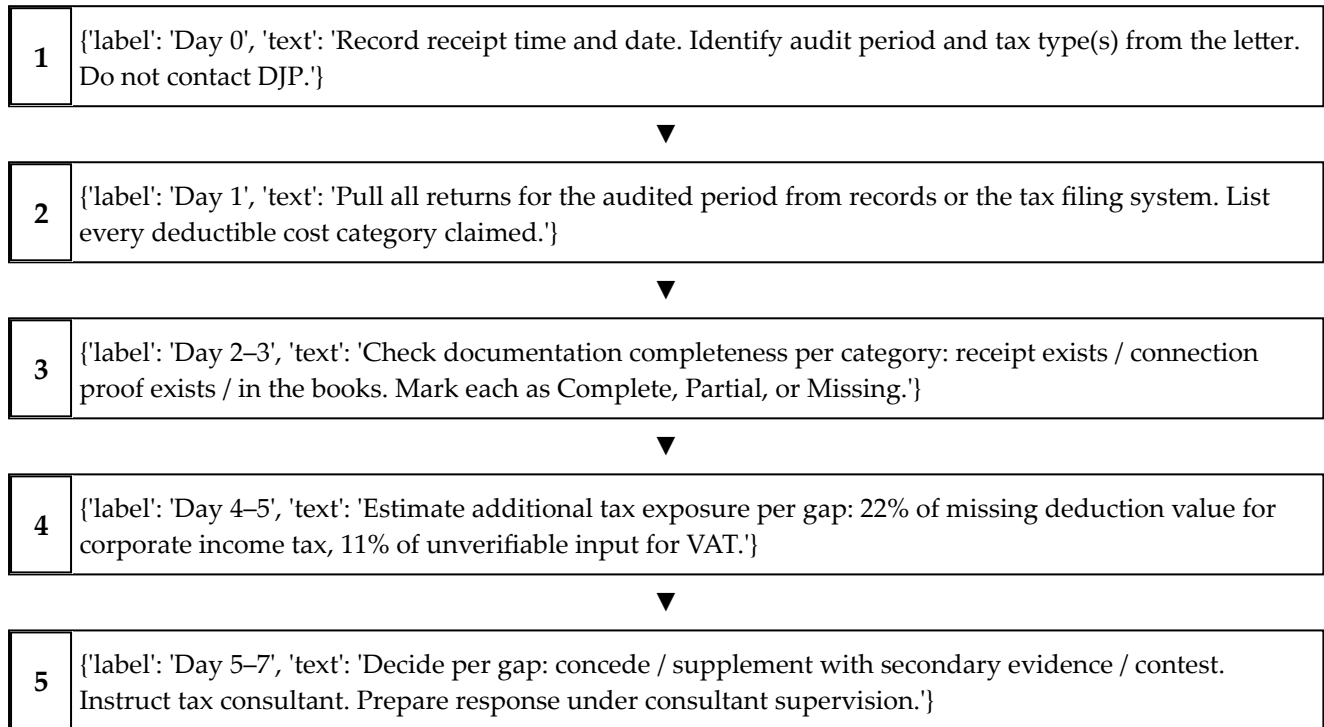
What you get when you actually run this worksheet on a real situation:

- Prevents the most expensive audit mistake: responding to DJP before knowing which cost categories are exposed and by how much.
- Produces the estimated additional tax exposure figure — the number that determines whether the audit is worth contesting or whether a settlement is preferable.
- Identifies which document gaps can be filled with third-party secondary evidence (supplier copies, bank statements) and which cannot.
- Creates an internal timeline that ensures all documents requested in the first submission are retrieved before the deadline, preventing follow-up requests that extend the audit.
- Documents the decision rationale for each gap — concede, supplement, or contest — so the tax consultant can build the response on instructions, not assumptions.

Framework To Use

— 72-Hour Pre-Response Protocol

Structure the first three days around mapping exposure, not retrieving documents. Know the total figure before moving a single file.



How To Use

Follow these steps in order. Each one builds on the previous.

- 1** Step 1: Write the exact date and time the audit letter was received. The response deadline counts from this date.
- 2** Step 2: Read the letter carefully and identify: which tax periods are covered (e.g., 2022 and 2023), which tax types (corporate income tax, VAT, PPh 21), and the date by which the first set of documents must be submitted.
- 3** Step 3: Pull all returns filed for the audited periods from Coretax or your own records. Confirm the figures you reported.
- 4** Step 4: For corporate income tax returns, list every deductible cost category claimed. For VAT returns, list the input VAT credited each period.
- 5** Step 5: For each category, check whether three documentation elements exist: proof of expenditure (receipt/invoice), proof of connection to business activity (contract/purchase order/trip log), and consistency with the books (journal entry).
- 6** Step 6: Mark each category as Complete (all three elements present), Partial (one or two elements missing), or Missing (nothing retrievable).
- 7** Step 7: Estimate the additional tax exposure for each gap. For corporate income tax: the missing deduction amount \times 22%. For VAT: unverifiable input VAT amount \times 11%.
- 8** Step 8: For each gap, decide: concede (acknowledge and pay), supplement (retrieve secondary evidence), or contest (challenge the auditor's position with a documented argument). Record the decision.
- 9** Step 9: Give the completed worksheet to the registered tax consultant before they draft a single word of the response letter.

Example Use

A PT receives an audit notification covering corporate income tax and VAT for 2022 and 2023. The first document deadline is 30 days out. The owner sits down to map exposure before calling the consultant.

The owner reads the letter: two-year audit, corporate income tax and VAT, both years. First document list due in 30 days. Receipt time recorded: 10:14 AM, Monday.

Corporate income tax 2022 — deductions claimed: \$280,000. The owner pulls the 2022 annual return. Five cost categories claimed.

Category A (salaries): \$180,000. Payroll lists exist for all 12 months. E-Bupot submitted. Documentation: Complete.

Category B (premises rent): \$18,000. Lease contract exists. Receipts exist. Documentation: Complete.

Category C (raw materials): \$52,000. Supplier invoices for \$44,000 located. \$8,000 in purchases paid cash from one supplier — invoices not retained. Documentation: Partial. Estimated exposure: $\$8,000 \times 22\% = \$1,760$.

Category D (vehicle costs): \$14,000. Fuel receipts exist. Maintenance invoices exist. But no trip log for the delivery van — the vehicle is registered in the owner's personal name. Connection to business activity: Partial. Estimated exposure: potentially $\$14,000 \times 22\% = \$3,080$ if the auditor rejects the entire claim. The owner notes that a partial concession on personal-use percentage is also possible.

Category E (consulting fees): \$16,000. Two consultants. Consultant A: contract exists, invoices exist, deliverables documented. Complete. Consultant B: invoice exists but no contract, no job description, no deliverable record. \$6,500 exposure. Estimated exposure: $\$6,500 \times 22\% = \$1,430$.

VAT 2022: input VAT credited \$24,200. Three input invoices from one supplier total \$3,600 are not in the file — the supplier has since closed. Estimated VAT exposure: $\$3,600 \times 11\% = \396 .

Total estimated exposure: $\$1,760 + \$3,080 + \$1,430 + \$396 = \$6,666$. The owner decides: concede the cash purchase gap (\$1,760), attempt to recover trip records for 60% of vehicle costs (\$1,848 of the \$3,080), negotiate partial concession on the vehicle balance, contest the consulting B gap by obtaining the consultant's own records of the engagement. Call the consultant with this map in hand.

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

Audit-Letter Response Framework

For when the tax authority issues an audit notification or information request. Complete within 72 hours of receipt. Do not respond before this worksheet is finished and reviewed by a registered tax consultant.

STEP	ACTION REQUIRED	RESPONSIBLE	DEADLINE	STATUS
1	Record exact date and time audit letter was received	Owner / Finance	Day 0	
2	Identify the audit period(s) and tax type(s) stated in the letter	Owner + Consultant	Day 1	
3	Pull all returns for the audited period(s) from tax system / own records	Finance	Day 1-2	
4	List every deductible cost category claimed in the audited period	Finance	Day 2-3	
5	Check documentation completeness for each cost category (receipt + connection proof)	Finance + Consultant	Day 3-5	
6	Identify gaps: costs claimed but documentation incomplete or missing	Consultant	Day 5	
7	Decide on each gap: concede, supplement with available evidence, or contest	Owner + Consultant	Day 5-7	
8	Prepare response letter through registered tax consultant (IKPI)	Consultant	Before deadline	
9	File all documents used in the audit response in a separate folder	Finance	Before deadline	

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. Are there any cost categories where documentation is entirely missing (no receipt, no contract, no reference)? These are the categories most likely to be corrected. Quantify the tax exposure for each.
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2. Is the revenue figure in the audit letter consistent with what was reported on the annual return? If there is a discrepancy, identify its source before the consultant prepares the response.
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3. What is the earliest date DJP has requested the first set of documents? Work backwards from that date to set internal preparation milestones.
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Tips and Traps

TIPS

- Do not call the audit office, send any documents, or make any statement before the 72-hour worksheet is complete. Everything said and sent in the first 72 hours is on record.
- Quantify the exposure before deciding whether to contest. A \$2,000 gap costs more to contest than to concede. A \$40,000 gap may be worth contesting even if the probability of success is moderate.
- Third-party copies of missing documents are secondary evidence but they are evidence. A supplier's copy of the invoice you lost, a bank statement showing the payment, a client's signed purchase order — all of these can supplement incomplete documentation.
- The decision whether to concede, supplement, or contest should be made on the worksheet, not verbally with the consultant. Written instructions prevent misunderstandings about what position the owner has authorized.

TRAPS

- Sending documents to DJP before the consultant has reviewed them. Documents submitted cannot be retrieved. If a document you send contains information the consultant would have advised against disclosing, it is in the record.
- Assuming the audit scope is limited to what the letter states. Auditors often expand scope during the process if new issues surface. Prepare documentation for the entire audited period across all tax types, not just the specific items mentioned in the letter.
- Reconstructing documents after the audit begins and presenting them as originals. Reconstruction from records is acceptable, but the documents must be dated with the date of reconstruction, not the original transaction date. Presenting reconstructed documents as contemporaneous originals is fraud.

Appendixes

Appendix A – Audit Exposure Estimation Table

Cost category	Amount claimed (\$)	Docs located (\$)	Docs missing (\$)	Exposure at
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Salaries & benefits				
Premises rent				
Raw materials				
Vehicle / transport				
Consulting / services				
Other operating costs				
TOTAL				

VAT input exposure:

Input VAT claimed (\$) :

Input invoices verified (\$) :

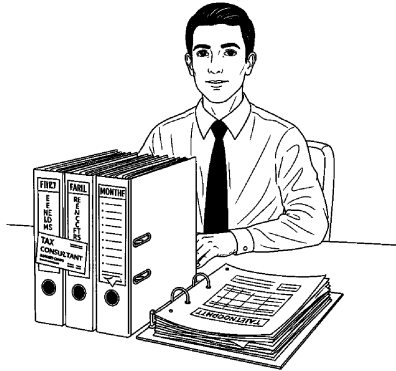
Unverifiable input (\$) :

VAT exposure at 11% (\$) :

TOTAL COMBINED EXPOSURE (\$) :

Appendix B – Secondary Evidence Sources for Missing Documents

Missing document type	Where secondary evidence may exist
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Supplier invoice	Supplier's own copy (call the supplier) Bank statement showing the payment Purchase order if raised before delivery
Lease / rental agreement	Landlord's copy Bank transfers matching the lease amount
Consulting contract	Consultant's engagement letter or file Email thread confirming the scope of work
Vehicle trip log	Toll records (electronic), delivery records, client visit calendar entries
Employee payroll	Bank transfer records per payroll date Social insurance (BPJS) contribution records



WHERE THIS WORKSHEET COMES FROM

Tax Optimization for SMEs

Paying Tax Correctly Is the Kind of Business That Sleeps at Night

by Ibrahim Anwar

This worksheet is one of nine in the *Tax Optimization for SMEs* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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