

The Role of Forensic Accounting in Detecting Tax Evasion and Fraud

- A case study in the office of a forensic accountant expert -

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Abstract:

Through this study, we aim to highlight the role of forensic accounting expertise in exposing the various methods of tax evasion and fraud, and we relied on the deductive approach using the description tool, with regard to judicial or forensic accounting, as for a case study in the office of forensic accountant. We relied on the analytical approach, where did we study a case that was presented to judicial experience by the Judicial Council. In order to investigate her accounting and tax file.

One of the most important finding of this study is that forensic accounting is tasked with investigation to detect fraud by order of a judicial party. Whoever practices forensic accounting is not just an ordinary accountant or auditor, rather, it practiced by someone who has extensive knowledge in his field, has great degree of experience, and is fully and sufficiently aware of the laws and regulations and their updates, in order to make a judicial decision.

Keywords: Forensic Accounting, Judicial Investigation, Tax Evasion, Tax Fraud.

I- Introduction:

As a result of the breadth and complexity of the business, the judiciary may disclose of any suspected legal and financial violations or reported by the judiciary, this is by relying on an expert accountant in fraudulent financial investigations, he possesses outstanding skills in scientific and legal knowledge, and knowledge of accounting, taxation, auditing and evaluation tools, and analyze things for separation from a professional point of view.

Of the above can subtract the following Problem:

How does forensic accounting work to detect tax evasion and fraud?

We relied on the deductive approach using the description tool, with regard to judicial or forensic accounting, as for a case study in the office of forensic accountant. We relied on the analytical approach, where did we study a case that was presented to judicial experience by the Judicial Council. In order to investigate her accounting and tax file.

1. Conceptual framework for Forensic Accounting

1.1. Definition of Forensic Accounting

Considering that accounting is an information system through which the economic events of the company are identified, recorded and communicated to the beneficiaries of this information (Mohamud Ambashe, Hikmat A Alrawi, 2013, p 95), Forensic accounting definitions are widely indicated to prevent fraud and investigations in fraud it is a role played by the criminal accountant. Criminal accounting is the application of investigative and analytical skills for the purpose of resolving financial issues in a way that meets the standards required by the courts of law. Forensic accountants apply special skills in accounting, auditing, financing, quantitative methods, some areas of law, research and investigative skills to collect, analyze, evaluate the proof, interpret and connect the results (Howard Silverstone and others, 2006, p 01). It is a way to investigate financial transactions and work situations in order to obtain a reality, and to develop an expert opinion regarding possible fraudulent activity (Les Nunn and others, 2006, p 01).

The Forensic Accounting requires several characteristics in the accountant-investigator, the, most important of which are as follows: (Les Nunn and others, 2006, p 02).

- Education and training.
- Advanced and continuous education in the appropriate specializations.
- Various accounting and auditing experience.
- Communication skills - by mouth and writing.
- Practical work experience.
- Various forensic audit experience.
- The ability to work in the team's environment, and People and flexibility skills.

However, the most important skill is the experience, which is obtained through maturity in the profession; the accountant acquires accounting, scrutiny, taxes and business skills, businesses, operations and management, internal controls, personal relationships, communications, and people (The experience of working on complex fraud cases in law enforcement for several years informed knowledge). (Les Nunn and others, 2006, p 02).

- ↪ Forensic accounting is the application of financial principles and theories to facts or hypotheses in legal dispute. Thus, it recognizes the role of an accountant with excellent experience in his field, as an expert and judicial consultant, who provides advisory services to the judiciary. The skills of the forensic accountant are used in providing investigative services, which may or may not lead to testimony in the courtroom.
- ↪ Forensic accounting is the use of accounting for legal purposes, and by order of a judicial party.
- ↪ Forensic accountants are accountants specially trained as financial investigators and experts.

1.2. Comparison between Audit and Forensic Accounting

Can compare between audit and the forensic accounting, in the following table: (Dewan Mahboob Hossain and others, 2020, p 06)

Table (1): Audit Vs Forensic Accounting

	Audit and Accounting	Forensic Accounting
Objective	To provide an opinion to the stakeholders On the financial situation for a certain period	To make sure that the possibility of fraud, and determination The size of this fraud.
Nature	Add credibility to the financial statements.	Dealing with special doubts related to fraud charges.
Frequency	It is done on a recurring basis.	Is non-recurring (It is done with problem, question, doubts).
Beneficiary	Serves the interests of stakeholders (investors, owners ... etc).	Criminal Accounting audience is the party that employs criminal accountants To investigate a certain fraud.

Source: Dewan Mahboob Hossain and others, Forensic Accounting and Fraud Investigation: A Conceptual Summary, the cost management, vol. 48, N 06, December 2020, p 06.

- ↪ The differences in the table above, prove that certain skills must be available in those who perform forensic accounting, so that can be separated between the accountant and auditor for regular financial, and the judicial auditor.

2. The skills that must be available for the application of forensic accounting

Many skills required by forensic accountant while executing work. Of these skills:

- Auditing Skill

Auditing skill is the ability to examine and verify a company's accounts and transactions, and the physical inspection of other relevant documents. This skill helps in examining transactions and documents, this is necessary in determining the type of fraud and controlling its amount. Therefore, there is a relationship between auditing skill and the identification of fraud activities by the accounting expert. (Farah hazwani and others, 2021, p 60)

- Investigative Skill

Investigative skill is the ability to have highly inquisitive approach and a willingness to investigate opinions and/or facts that indicate fraud; in addition, it is ability to examine and analyze facts or information that is also necessary to identify fraud in all available sources. (Farah hazwani and others, 2021, p 60)

- Critical Thinking Skill

Critical or strategic thinking skills is defined as ability to think about the whole picture conceptually, imaginatively, systematically and opportunistically, to identify and understand the information in order to solve a problem.

The existence of the creativity in the judicial investigation creates a distinguished work that is depended on in, making judicial decisions. (Farah hazwani and others, 2021, p 60)

- Analytical skill

The analytical skills of forensic accountant are very important to proceed the required analysis and to reserve the secrecy of collected evidences. This skill should be accompanied with computer skills as a tool to use the analytical skills. (Hamdan MW, 2018, p 02)



Moreover, previous skills, the judicial expert must be, identified and informed of laws and decrees governing the legitimacy of the investigated operations, which he relies on to support the validity and seriousness of the results reached in the judicial investigation (a good background in law).

3. A case study in the office of a forensic accountant expert (investigating the file of an economic company by order of the Judicial Council)

Pursuant to the order issued by the investigating judge in the court, the accounting expert provides accounting expertise in the case entrusted to him, the two sides of which are the general directorate of taxes and an economic company (Limited Liability company) that engages in various activities, including the wholesale of building materials and public works.

3.1. The operative order issued by the investigating judge

The investigating judge issued an order to assign an accountant expert, in order to carry out the following procedures:

- Contact the general directorate of tax and the tax inspectorate to study the tax file of the company under investigation.
- Determining the nature of the company's commercial activity, and the tax base of its activity, separately during the years of operation, and determine the value of taxes due on this company.
- Extracting the value of taxes that the accused evaded from, paying for each of the years.

3.2. What does an accountant do?

3.2.1. Receive statements:

The expert moved to the general directorate of taxes and tax inspectorate by letters, he met with the legal representative, who placed the complaint submitted to the public prosecutor at the Court, which states the following:

The owner of the limited liability company carried out an organized fiscal fraud by concealing the real turnover. since he did not deposit his monthly (G 50) and annual statements, and not responding to administrative and other correspondence, due to the lack of repeated response to the correspondence, the Directorate's interests conducted a field inspection of the foundation's headquarters, where he proved the absence of the concerned and the place designated for the exercise of the activity. However, the Directorate's interests received several statements (Crosschecking report) of information proving that the owner of the establishment made purchases from several suppliers, which were not authorized, forcing the tax authority to send a calendar notice document (C4), but without a response from him. According to article N^o 19 of the tax procedures law, the tax authority sent the final assessment document to the concerned person.

Consequently, the complainant owes the public treasury a tax amount 12 361 767 AD. the aforementioned actions of the complainant are considered as organized acts of fraud, it is stipulated in Articles 193 of the direct tax law and 118 of the tax on turnover law, it punishable in Article 303 of the first law and 117 of the second law.

3.2.2. Submitted documents:

The accounting expert obtained documents proving the establishment's activity; we mention the most important of them as follows:

- Copy of the commercial register dated 2003.
- Copy of the deletion from the commercial register dated 2011.
- Copy of the tax identification number card.
- Copy of the commercial premises lease contract.
- Copy of the commercial shop inspection preview dated 2007.
- Copy of the information sheets dated 2007, 2009, 2010, and 2011.
- Copy of the notice document (C4) dated 2006, 2007, 2008, 2009, 2010, 2011, 2012, and 2014.
- Copy of the individual role dated 2012.
- Copy of the invoices dated 2006, 2007, 2008, 2009, 2010, and 2011.

3.2.3. Analyze statements and study documents

To access the apparent target, the accounting expert does the following:

- In absence of tax declarations by the company, the accounting expert studies and analyzes the documents provided to him by the general directorate of tax and the tax inspectorate to which the activity of the company is affiliated.
- From a copy of the commercial register, it was found that the company started its activity in the year 2003, which is represented in the wholesale trade of various commodities a company that performs works in several fields.
- From a copy of the deletion of the commercial register on 2011, the taxes due on the company stop at this date (calculated from 2003 to 2011).
- From of the statements of information, related to the sales and purchases of the company, and invoices, submitted to the accounting expert by the general directorate of tax and the tax inspectorate. The expert calculates the tax base, which is represented in the amount of the business then the profit to be achieved, including the calculation of the taxes payable for the years from 2003 to 2011.

N.B: since the company's manager did not make his tax declarations on time, he will not benefit from refunding the amounts of the value added fee paid by him when he purchased products related to his business activity.

3.2.4. Analyze statements and study documents

The results of the accounting expert's work, represented in auditing the accounts of the company, are show as follows:

N.B: Due to the confidentiality of the information related to the investigation documents of the file, we only showed the amounts in our accounts, and the other information we referred to only.

3.2.4.1. Calculating the total amounts of sales and purchases for the period from 2004 to 2011:

a. According to the sales information documents:

Table (2): The amounts of sales from 2006 to 2011

Date of information document	supplier	Invoice date	Invoice number	Amount outside the fee	Amount of the Value added fee	Amount of purchases with all fees
- -/ -/ - -	//	- -/ -/2006	- -/2006	911 700,00	154 989,00	1 066 689,00
Total 2006				911 700,00	154 989,00	1 066 689,00
Total 2007				0,00	0,00	0,00
Total 2008				0,00	0,00	0,00
- -/ -/ - -	//	- -/ -/2009	- -/2009	653 626,00	111 116,42	764 742,42
- -/ -/ - -	//	- -/ -/2009	- -/2009	623 206,00	105 945,02	729 151,02
- -/ -/ - -	//	- -/ -/2009	- -/2009	693 456,00	117 887,52	811 343,52
- -/ -/ - -	//	- -/ -/2009	- -/2009	764 776,00	130 011,92	894 787,92
- -/ -/ - -	//	- -/ -/2009	- -/2009	804 556,00	136 774,52	941 330,52
- -/ -/ - -	//	- -/ -/2009	- -/2009	781 156,00	132 796,52	913 952,52
- -/ -/ - -	//	- -/ -/2009	- -/2009	757 756,00	128 818,52	886 574,52
- -/ -/ - -	//	- -/ -/2009	- -/2009	705 556,00	119 944,52	825 500,52

--/--/--	//	--/--/2009	--/2009	691 456,00	117 547,52	809 003,52
--/--/--	//	--/--/2009	--/2009	667 654,70	113 501,30	781 156,00
--/--/--	//	--/--/2009	--/2009	677 654,70	115 201,30	792 856,00
--/--/--	//	--/--/2009	--/2009	659 654,70	112 141,30	771 796,00
--/--/--	//	--/--/2009	--/2009	687 654,70	116 901,30	804 556,00
--/--/--	//	--/--/2009	--/2009	692 654,70	117 751,30	810 406,00
--/--/--	//	--/--/2009	--/2009	708 456,00	120 437,52	828 893,52
--/--/--	//	--/--/2009	--/2009	673 456,00	114 487,52	787 943,52
--/--/--	//	--/--/2009	--/2009	701 456,00	119 247,52	820 703,52
--/--/--	//	--/--/2009	--/2009	706 456,00	120 097,52	826 553,52
--/--/--	//	--/--/2009	--/2009	671 456,00	114 147,52	785 603,52
--/--/--	//	--/--/2009	--/2009	664 056,00	112 889,52	776 945,52
--/--/--	//	--/--/2009	--/2009	703 456,00	119 587,52	823 043,52
--/--/--	//	--/--/2009	--/2009	665 517,95	113 138,05	778 656,00
--/--/--	//	--/--/2009	--/2009	370 256,00	62 943,52	433 199,52
--/--/--	//	--/--/2009	--/2009	595 517,95	101 238,05	696 756,00
--/--/--	//	--/--/2009	--/2009	708 456,00	120 437,52	828 893,52
--/--/--	//	--/--/2009	--/2009	5 039 456,00	780 820,00	5 820 276,00
Total 2009				22 068 813,40	3 675 810,76	25 744 624,16
--/--/--	//	--/--/2010	--/2010	681 006,00	115 771,02	796 777,02
--/--/--	//	--/--/2010	--/2010	624 656,00	106 191,52	730 847,52
--/--/--	//	--/--/2010	--/2010	700 956,00	119 162,52	820 118,52
--/--/--	//	--/--/2010	--/2010	628 956,00	106 922,52	735 878,52
--/--/--	//	--/--/2010	--/2010	628 956,00	106 922,52	735 878,52
--/--/--	//	--/--/2010	--/2010	3 651 415,38	620 740,62	4 272 156,00
--/--/--	//	--/--/2010	--/2010	1 259 928,21	214 187,79	1 474 116,00
--/--/--	//	--/--/2010	--/2010	1 181 517,95	200 858,05	1 382 376,00
--/--/--	//	--/--/2010	--/2010	10 441 056,00	1 660 032,00	12 101 088,00
Total 2010				19 798 447,54	3 250 788,56	23 049 236,10
--/--/--	//	--/--/2011	--/2011	680 956,00	115 762,52	796 718,52
Total 2011				680 956,00	115 762,52	796 718,52
Total				43 459 916,94	7 197 350,84	50 657 267,78

Source :Prepared by the researcher, based on the information provided.

b. According to the purchases information documents:

- **The purchases:**

Table (3): The amounts of purchases 2004 According to the purchases information documents

Date of information document	supplier	year	Amount outside the fee	Amount of the Value added fee	Amount of purchases with all fees
--/--/--	//	2004	25 781 958,00	4 382 932,86	30 164 890,86
--/--/--	//	2004	4 986 967,00	847 784,39	5 834 751,39
Total			30 768 925,00	5 230 717,25	35 999 642,25

Source :Prepared by the researcher, based on the information provided.

- **The Turnover :**

Table (4): The Turnover 2004 According to the purchases information documents

year	basis	Gross Margin Ration	Gross Margin	Sales Amount
2004	30 768 925	12%	3 692 271	34 461 196
Total	30 768 925		3 692 271	34 461 196

Source :Prepared by the researcher, based on the information provided, and the direct tax law.

N.B: the sum of the amounts of purchases registered in the information documents, received from the various inspectorates in the name of company; take into account the amounts outside the value added tax.

We note that the concerned company carried out buying and selling operations during the period from 2004 to 2011, this is according to the information obtained by the expert from the information documents submitted to him by the various tax inspectorates across the national territory. It appears that the owner of the concerned company under investigation did not disclose his real turnover during the aforementioned period (shown in the tab. 02-03-04).

c. According to sales invoices:

Table (5): The amounts of sales from 2007 to 2011 According to sales invoices

Year	supplier	Invoice date	Invoice number	Amount outside the fee	Amount of the Value added fee	Stamp	Amount of purchases with all fees
--/--/2007	//	--/--/2007	--/2007	2 965 567,00	504 146,39	2 500,00	3 472 213,39
--/--/2007	//	--/--/2007	--/2007	565 456,00	96 127,52		661 583,52
--/--/2007	//	--/--/2007	--/2007	563 656,00	95 821,52	2 500,00	661 977,52
--/--/2007	//	--/--/2007	--/2007	418 456,00	71 137,52	2 500,00	492 093,52
Total 2007				4 513 135,00	767 232,95	7 500,00	5 287 867,95
--/--/2008	//	--/--/2008	--/2008	2 554 567,00	434 276,39		2 988 843,39
--/--/2008	//	--/--/2008	--/2008	3 072 567,00	522 336,39		3 594 903,39
Total 2008				5 627 134,00	956 612,78	0,00	6 583 746,78
--/--/2009	//	--/--/2009	--/2009	671 856,00	114 215,52		786 071,52
--/--/2009	//	--/--/2009	--/2009	675 456,00	114 827,52	2 500,00	792 783,52
--/--/2009	//	--/--/2009	--/2009	642 856,00	109 285,52		752 141,52
--/--/2009	//	--/--/2009	--/2009	672 356,00	114 300,52	2 500,00	789 156,52
--/--/2009	//	--/--/2009	--/2009	668 656,00	113 671,52		782 327,52
--/--/2009	//	--/--/2009	--/2009	662 656,00	112 651,52		775 307,52
--/--/2009	//	--/--/2009	--/2009	693 456,00	117 887,52		811 343,52
--/--/2009	//	--/--/2009	--/2009	690 456,00	117 377,52		807 833,52
--/--/2009	//	--/--/2009	--/2009	597 296,00	101 540,32	2 500,00	701 336,32
--/--/2009	//	--/--/2009	--/2009	466 831,00	79 361,27		546 192,27
--/--/2009	//	--/--/2009	--/2009	669 456,00	113 807,52		783 263,52
--/--/2009	//	--/--/2009	--/2009	632 956,00	107 602,52	2 500,00	743 058,52
--/--/2009	//	--/--/2009	--/2009	572 088,50	97 255,05		669 343,55
--/--/2009	//	--/--/2009	--/2009	594 456,00	101 057,52		695 513,52
--/--/2009	//	--/--/2009	--/2009	612 526,00	104 129,42		716 655,42
--/--/2009	//	--/--/2009	--/2009	547 156,00	93 016,52	2 500,00	642 672,52
--/--/2009	//	--/--/2009	--/2009	667 456,00	113 467,52	2 500,00	783 423,52

- /- /2009	//	- /- /2009	- /2009	627 456,00	106 667,52		734 123,52
- /- /2009	//	- /- /2009	- /2009	676 456,00	114 997,52	2 500,00	793 953,52
- /- /2009	//	- /- /2009	- /2009	611 956,00	104 032,52	2 500,00	718 488,52
- /- /2009	//	- /- /2009	- /2009	691 956,00	117 632,52	2 500,00	812 088,52
- /- /2009	//	- /- /2009	- /2009	442 456,00	75 217,52	2 500,00	520 173,52
- /- /2009	//	- /- /2009	- /2009	638 556,00	108 554,52	2 500,00	749 610,52
- /- /2009	//	- /- /2009	- /2009	708 456,00	120 437,52		828 893,52
- /- /2009	//	- /- /2009	- /2009	536 956,00	91 282,52	2 500,00	630 738,52
- /- /2009	//	- /- /2009	- /2009	459 456,00	78 107,52	2 500,00	540 063,52
- /- /2009	//	- /- /2009	- /2009	709 456,00	120 607,52		830 063,52
- /- /2009	//	- /- /2009	- /2009	398 156,00	67 686,52	2 500,00	468 342,52
- /- /2009	//	- /- /2009	- /2009	482 756,00	82 068,52	2 500,00	567 324,52
- /- /2009	//	- /- /2009	- /2009	710 456,00	120 777,52		831 233,52
- /- /2009	//	- /- /2009	- /2009	523 076,00	88 922,92	2 500,00	614 498,92
- /- /2009	//	- /- /2009	- /2009	708 456,00	120 437,52		828 893,52
- /- /2009	//	- /- /2009	- /2009	659 502,00	112 115,34		771 617,34
- /- /2009	//	- /- /2009	- /2009	471 456,00	80 147,52		551 603,52
- /- /2009	//	- /- /2009	- /2009	687 456,00	116 867,52	2 500,00	806 823,52
- /- /2009	//	- /- /2009	- /2009	693 126,00	117 831,42		810 957,42
- /- /2009	//	- /- /2009	- /2009	649 456,00	110 407,52	2 500,00	762 363,52
- /- /2009	//	- /- /2009	- /2009	687 096,00	116 806,32		803 902,32
- /- /2009	//	- /- /2009	- /2009	693 976,00	117 975,92		811 951,92
- /- /2009	//	- /- /2009	- /2009	681 056,00	115 779,52		796 835,52
- /- /2009	//	- /- /2009	- /2009	658 456,00	111 937,52	2 500,00	772 893,52
- /- /2009	//	- /- /2009	- /2009	663 568,50	112 806,65		776 375,15
- /- /2009	//	- /- /2009	- /2009	646 456,00	109 897,52	2 500,00	758 853,52
- /- /2009	//	- /- /2009	- /2009	639 056,00	108 639,52	2 500,00	750 195,52
Total 2009!				27 494 690,00	4 674 097,30	52 500,00	32 221 287,30
- /- /2010	//	- /- /2010	- /2010	666 456,00	113 297,52		779 753,52
- /- /2010	//	- /- /2010	- /2010	675 956,00	114 912,52		790 868,52
- /- /2010	//	- /- /2010	- /2010	693 021,00	117 813,57		810 834,57
- /- /2010	//	- /- /2010	- /2010	702 456,00	119 417,52		821 873,52
- /- /2010	//	- /- /2010	- /2010	699 456,00	118 907,52		818 363,52
- /- /2010	//	- /- /2010	- /2010	696 456,00	118 397,52		814 853,52
- /- /2010	//	- /- /2010	- /2010	637 456,00	108 367,52		745 823,52
- /- /2010	//	- /- /2010	- /2010	610 956,00	103 862,52		714 818,52
- /- /2010	//	- /- /2010	- /2010	435 456,00	74 027,52		509 483,52
- /- /2010	//	- /- /2010	- /2010	2 247 456,00	382 067,52		2 629 523,52
- /- /2010	//	- /- /2010	- /2010	1 486 456,00	252 697,52		1 739 153,52
- /- /2010	//	- /- /2010	- /2010	223 968,82	38 074,70		262 043,52
- /- /2010	//	- /- /2010	- /2010	1 183 456,00	201 187,52		1 384 643,52
- /- /2010	//	- /- /2010	- /2010	1 494 816,00	254 118,72		1 748 934,72
- /- /2010	//	- /- /2010	- /2010	309 610,00	52 633,70		362 243,70
Total 2010				12 763 431,82	2 169 783,41	0,00	14 933 215,23
- /- /2011	//	- /- /2011	- /2011	4 734 567,00	804 876,39		5 539 443,39
Total 2011				4 734 567,00	804 876,39	0,00	5 539 443,39
Total				55 132 957,82	9 372 602,83	60 000,00	64 565 560,65

Source :Prepared by the researcher, based on the information provided.

In addition to the information provided to the expert by tax inspectorate, which relates to the total sales and purchases of the company shown in the information documents, the

expert was also provided with sales invoices, which also prove that the company made sales during the relevant period, and this without declaring that to the tax authorities (shown in the tab. 5).

3.2.4.2. Estimate the turnover for each year:

The total turnover amount is calculated from information document, sales invoices, and purchase invoices:

Table (6): The amounts of turnover from 2004 to 2011

year	Amount outside the fee	Amount of the Value added fee	Stamp	Amount of with all fees
2004	34 461 196,00	5 858 403,32	/	40 319 599,32
2006	911 700,00	154 989,00	0,00	1 066 689,00
2007	4 513 135,00	767 232,95	7 500,00	5 287 867,95
2008	5 627 134,00	956 612,78	0,00	6 583 746,78
2009	49 563 503,40	8 349 908,06	52 500,00	57 965 911,46
2010	32 561 879,36	5 420 571,97	0,00	37 982 451,33
2011	5 415 523,00	920 638,91	0,00	6 336 161,91
Total	133 054 070,76	22 428 356,99	60 000,00	155 542 427,75

Source :Prepared by the researcher, based on the information provided.

We not that the realized turnover during the period from 2004 to 2011, which the xpert reached by collecting the realized income (shown in the tab. 2,3,4,5), amounted to 133 054 071 AD, which is what the various taxws and fees will bw calculated on, it must be paid and declared at the time of its occurrence, on the basis of which the total delay and collection fines are calculated.

3.2.4.3. Estimate the amount of profit for each year:

Table (7): The amounts of profit from 2004 to 2011

year	basis	Profit Ratio	profit
2004	34 461 196	10%	3 446 120
2006	911 700	15%	136 755
2007	4 513 135	15%	676 970
2008	5 627 134	15%	844 070
2009	49 563 503	15%	7 434 526
2010	32 561 879	15%	4 884 282
2011	5 415 523	15%	812 328
Total	133 054 071		18 235 051

Source :Prepared by the researcher, based on the information provided, and on the direct tax law.

The total profit for the relevant period was estimated as a percentage of the total revenues achieved, and it took into account the reduced rates on 10% of 2004, and 15% for the remaining years (shown in the tab. 6).

3.2.4.4. Estimate the taxes payable for the period from 2004 to 2011:

a. Profit Tax (Tax on corporate profits)

Table (8): The amounts of profit tax from 2004 to 2011

year	Basis resulting from expertise	Declared basis	Extra amount	percentage	Resulting Rights		Difference due
					Basis resulting from expertise	declared basis	
2004	3 446 120	0	3 446 120	30%	1 033 836	0	1 033 836
2006	136 755	0	136 755	25%	34 189	0	34 189
2007	676 970	0	676 970	25%	169 243	0	169 243
2008	844 070	0	844 070	25%	211 018	0	211 018
2009	7 434 526	0	7 434 526	25%	1 858 631	0	1 858 631
2010	4 884 282	0	4 884 282	25%	1 221 070	0	1 221 070
2011	812 328	0	812 328	25%	203 082	0	203 082
Total	18 235 051	0	18 235 051		4 731 069	0	4 731 069

Source :Prepared by the researcher, based on the information provided, and on the direct tax law.

The tax on corporate profits was calculated according to Article 150-1 of the Direct Tax Law estimated. Its was estimated at 30% for the year 2004, and 25% for the rest of the years, this is based on the estimated profits (shown in the tab. 7).

b. Fee on Professional Activity

Table (9): The amounts of fee on professional activity from 2004 to 2011

year	Basis resulting from expertise	Declared basis	Extra amount	percentage	Resulting Rights		Difference due
					Basis resulting from expertise	Declared basis	
2004	34 461 196	0	34 461 196	2%	689 224	0	689 224
2006	911 700	0	911 700	2%	18 234	0	18 234
2007	4 513 135	0	4 513 135	2%	90 263	0	90 263
2008	5 627 134	0	5 627 134	2%	112 543	0	112 543
2009	49 563 503	0	49 563 503	2%	991 270	0	991 270
2010	32 561 879	0	32 561 879	2%	651 238	0	651 238
2011	5 415 523	0	5 415 523	2%	108 310	0	108 310
Total	133 054 071	0	133 054 071		2 661 081	0	2 661 081

Source :Prepared by the researcher, based on the information provided, and on the direct tax law.

We calculated the tax rate on professional activity according to Article 222 of the Direct Taxes and Similar Fees Law, as it was estimated at 2% , and this is for the period concerned with the investigation of the accounts (shown in the tab. 6).

c. Value Added Fee

Table (10): The amounts of value added fee from 2004 to 2011

year	Basis resulting from expertise	Declared basis	Extra amount	percentage	Resulting Rights		Difference due
					Basis resulting from expertise	declared basis	
2004	34 461 196	0	34 461 196	17%	5 858 403	0	5 858 403
2006	911 700	0	911 700	17%	154 989	0	154 989
2007	4 513 135	0	4 513 135	17%	767 233	0	767 233
2008	5 627 134	0	5 627 134	17%	956 613	0	956 613
2009	49 563 503	0	49 563 503	17%	8 425 796	0	8 425 796
2010	32 561 879	0	32 561 879	17%	5 535 519	0	5 535 519
2011	5 415 523	0	5 415 523	17%	920 639	0	920 639
Total before deducting the fee on purchases	133 054 071	0	133 054 071		22 619 192	0	22 619 192

Source :Prepared by the researcher, based on the information provided, and on the direct tax law.

We calculated the value added fee according to Article 21 and 23 of the Tax on Turnover Law, as it was estimated at 17%, and this is for the period concerned with the investigation of the accounts (shown in the tab. 6).

d. Stamp Value Payable

Table (11): The amounts of stamp value payable from 2004 to 2011

year	A mount of stamp resulting from expertise	A mount of stamp declared	Difference due
2004	0	0	0
2006	0	0	0
2007	7 500	0	7 500
2008	0	0	0
2009	52 500	0	52 500
2010	0	0	0
2011	0	0	0
Total stamp value payable	60 000	0	60 000

Source :Prepared by the researcher, based on the information provided.

Stamp rights are imposed on the invoice on all sales, whether it is goods or srVICES, which are collected in cash, the value of this stamp is estimated at 1% of the invoice value, with the calculation of the value-added fee (shown in the tab. 7).

e. Income Tax

Table (12): The amounts of income tax from 2004 to 2011

year	Raw profit	Profits Tax	Net profit	percentage	Resulting Rights		Difference due
					Amount of tax on Income Tax resulting from expertise	declared basis	
2004	3 446 120	1 033 836	2 412 284	10%	241 228	0	241 228
2006	136 755	34 189	102 566	10%	10 257	0	10 257
2007	676 970	169 243	507 728	10%	50 773	0	50 773
2008	844 070	211 018	633 053	10%	63 305	0	63 305
2009	7 434 526	1 858 631	5 575 894	10%	557 589	0	557 589
2010	4 884 282	1 221 070	3 663 211	10%	366 321	0	366 321
2011	812 328	203 082	609 246	10%	60 925	0	60 925
Total	18 235 051	4 731 069	13 503 982		1 350 398	0	1 350 398

Source :Prepared by the researcher, based on the information provided, and on the direct tax law.

We calculated the income tax according to Article 104 of the Direct Taxes and Similar Fees Law, as it was estimated at 10%, and this is for the period concerned with the investigation of the accounts (shown in the tab. 7).

3.2.4.5. Calculating the delay penalty on the total amount due:

According to the provisions of Articles 193 of the Direct Tax Law and 116, 118 of the Tax on business Law, the delay penalty calculated on the total amount due at 100% :

a. Profit Tax

Table (13): The amounts of profit tax from 2004 to 2011

year	Difference due	Penalty percentage	Mount of the penalty	total to be paid
2004	1 033 836	100%	1 033 836	2 067 672
2006	34 189	100%	34 189	68 378
2007	169 243	100%	169 243	338 485
2008	211 018	100%	211 018	422 035
2009	1 858 631	100%	1 858 631	3 717 263
2010	1 221 070	100%	1 221 070	2 442 141
2011	203 082	100%	203 082	406 164
Total	4 731 069		4 731 069	9 462 137

Source :Prepared by the researcher, based on the information provided, and on the business law. (shown in the tab. 8).

b. Fee on Professional Activity

Table (14): The amounts of fee on professional activity from 2004 to 2011

year	Difference due	Penalty percentage	Mount of the penalty	total to be paid
2004	689 224	100%	689 224	1 378 448
2006	18 234	100%	18 234	36 468
2007	90 263	100%	90 263	180 525
2008	112 543	100%	112 543	225 085
2009	991 270	100%	991 270	1 982 540
2010	651 238	100%	651 238	1 302 475
2011	108 310	100%	108 310	216 621
Total	2 661 081		2 661 081	5 322 163

Source :Prepared by the researcher, based on the information provided, and on the business law.
(shown in the tab. 9)

c. Value Added Fee

Table (15): The amounts of value added fee from 2004 to 2011

year	Difference due	Penalty percentage	Mount of the penalty	total to be paid
2004	5 858 403	100%	5 858 403	11 716 807
2006	154 989	100%	154 989	309 978
2007	767 233	100%	767 233	1 534 466
2008	956 613	100%	956 613	1 913 226
2009	8 425 796	100%	8 425 796	16 851 591
2010	5 535 519	100%	5 535 519	11 071 039
2011	920 639	100%	920 639	1 841 278
Total	22 619 192		22 619 192	45 238 384

Source :Prepared by the researcher, based on the information provided, and on the business law.
(shown in the tab. 10)

d. Stamp Value Payable

Table (16): The amounts of stamp value payable from 2004 to 2011

year	Difference due	Penalty percentage	Mount of the penalty	total to be paid
2004	0	100%	0	0
2006	0	100%	0	0
2007	7 500	100%	7 500	15 000
2008	0	100%	0	0
2009	52 500	100%	52 500	105 000
2010	0	100%	0	0
2011	0	100%	0	0
Total stamp value payable	60 000		60 000	120 000

Source :Prepared by the researcher, based on the information provided, and on the business law.
(shown in the tab. 11).

e. Income Tax

Table (17): The amounts of income tax from 2004 to 2011

year	Difference due	Penalty percentage	Mount of the penalty	Total to be paid
2004	241 228	100%	241 228	482 457
2006	10 257	100%	10 257	20 513
2007	50 773	100%	50 773	101 546
2008	63 305	100%	63 305	126 611
2009	557 589	100%	557 589	1 115 179
2010	366 321	100%	366 321	732 642
2011	60 925	100%	60 925	121 849
Total	1 350 398		1 350 398	2 700 796

Source :Prepared by the researcher, based on the information provided, and on the business law.
(shown in the tab. 12)

3.2.4.6. Summary of taxes payable with a collection penalty:

According to the provisions of Articles 193 of the Direct Tax Law and 116, 118 of the Tax on Turnover Law, the delay penalty calculated on the total amount due at 100%, and the collection penalty of 25%:

Table (18): Summary of taxes payable with a collection penalty from 2004 to 2011

	Tax payable	Penalty	Mount	collection Penalty percentage	Collection Penalty	Mount Payable
Profit Tax	4 731 069	4 731 069	9 462 137	25%	2 365 534	11 827 672
Fee on Professional Activity	2 661 081	2 661 081	5 322 163	25%	1 330 541	6 652 704
Value Added Fee	22 619 192	22 619 192	45 238 384	25%	11 309 596	56 547 980
Stamp Value payable	60 000	60 000	120 000	25%	30 000	150 000
Income Tax	1 350 398	1 350 398	2 700 796	25%	675 199	3 375 996
Total	31 421 740	31 421 740	62 843 481		15 710 870	78 554 351

Source :Prepared by the researcher, based on the information provided, and on the business law.
(shown in the tab. 13-14-15-16-17)

The total amount to be paid, estimated at:

78 554 351 AD (Seventy-eight million five hundred and fifty-four thousand, three hundred fifty-one Algeria Dinars).

It is the sum embezzled by the owner of the company, by not declaring his profits, and not paying his full tax due since the beginning of the company's activity.

According to the direct tax law and the Algerian business law, this behavior is considered tax evasion and fraud.

The accounting expert finishes his report, and the final decision is up to the judiciary.

Conclusion

Forensic Accounting has become an imperative necessity for accurate detection of fraud sites, including tax evasion and fraud. It relies on accounting and auditing and investigation skills, the forensic accounting expert analyzes the financial statements to find sufficient and appropriate information to adjudicate financial disputes judicially, thus, it works to explain complex financial matters, and to understand the reality of business outside the language of numbers.

The most important of our findings are:

- Forensic accounting is an integration of accounting, auditing and investigation skills, interpretation of accounting evidence, for the purpose of investigation and prosecution of evasion and fraud tax.
- Forensic accounting requires confidentiality, seriousness, experience and knowledge.
- The skills of the forensic accountant are used in providing investigative services, which may or may not lead to testimony in the courtroom.
- Forensic accounting is the use of accounting for legal purposes, and by order of a judicial party.
- Forensic accounting practiced by someone who has extensive knowledge in his field, has great degree of experience, and is fully and sufficiently aware of the laws and regulations and their updates, in order to make a judicial decision.
- Forensic accounting helps in detecting the entrances to tax evasion, and accurately determining the embezzled amounts.

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