

*** Where a tax shortfall has occurred, a penalty may apply, and then may be subject to various reductions**

	Potential reductions			
	Base penalty	disclosure pre audit notification	disclosure post audit notification	previous good behaviour
Examples:				
1. lack of reasonable care	20%	100%	40%	50%
2. gross carelessness	40%	75%	40%	50%
3. abusive tax avoidance	100%	75%	40%	50%
4. evasion	150%	75%	40%	50%

Our example:

[can edit yellow cells using dropdown menus]

4. evasion		n	or	y	y	effective penalty
	150%			40%	50%	45.00%

Assumes the taxpayer has been notified of an audit and makes a disclosure before the audit commences

The taxpayer is found to have evaded tax but gets the appropriate reductions in penalty



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