



Takeda R&D Tax Audit

Takeda Ireland Limited

Agenda



- **Introduction**
- **Revenue R&D Audit - Timelines**
- **Takeda Audit Approach – Agenda To Revenue**
- **Base Year Spend (2003)**
- **Scientific & Technical Audit**
- **Financial Audit**
- **Questions & Answers**

Revenue R&D Audit - Timelines:



- May 2011: • Approach from Revenue to hold an Audit on the Takeda 2009 submission, incorporating the 2003 Base year.
- June 2011: • Technical Audit – 1 Revenue Official & Trinity Professor. [1 day on-site]
- August 2011: • Extensive Financial Audit conducted over two days on-site with 2/3 Revenue Officials.
- September 2011: • Responded to Revenue with a Labour costing re-work, and conference call to discuss technical matters.
- October 2011: • Addressed Technical queries relating to the Professors review of our submission.
- December 2011: • Takeda received a copy of the Professors Technical report.
- Present: • 1st Instalment March 2011 claim paid

Main Personnel:



- The Takeda team comprised personnel from the following disciplines at various stages:
 - Process Development
 - Production
 - Engineering
 - Finance
 - Human Resources
 - Administration
 - Directors

Takeda Audit – Agenda to Revenue



AUDIT day 1

- **09:30** **Introduction**
- **09:35** **Takeda Group presentation by President**
- **09:45** **R&D Submission background**
- **10:00** **R&D Submission FY2008 – projects overview**
- **10:45** **Plant Tour**
- **12:00** **R&D Submission FY2008 – advancements**
- **12:30** **Lunch**
- **13:15** **Revenue review/audit plan**
- **13:45** **Audit meeting**
- **16:45** **Summary/Meeting**

Base year Spend (2003):



- Projects on both sites reviewed
 - Grangecastle site was in the early construction phase
- Bray site projects reviewed were classified as Technology Transfer
 - Concluded that base year was zero value.

SCIENTIFIC & TECHNICAL AUDIT

- Experimental development basis of claims
- Detailed overview of 2 projects
- Objective & Overview
- Technical advancements
- Advantages of advancements
- Methods to implement advancements
- Schedule of Development activities
- PLANT TOUR

Submission Approach:



Scientific:

- Schedules
- Feasibility Reports
- Process Development Laboratory Reports and Notebooks (See Bibliography for specific details)
- Manufacturing Protocols and Reports
- DCS Batch Reports
- GMP Risk Assessment
- Schenk Filter Trials
- Problem Investigation Reports
 - Quality Controlled

Accounting:

- Accounts available on SAP
- Asset Register and Appropriate Contracts
- Invoice copies
- Human Resource files
 - Individual Monthly Reports for non-management
- Payroll records
 - Clocking records
- Statutory Books and Records

FINANCIAL AUDIT

DAY 2 & 3



- Takeda approach - “make it easy to audit”
- Management accounts for the period
- Detailed expense claim (General ledger descriptions)
- Analytical review of claim amounts
- Apportioned expense claim & basis
- Labour cost analysis & summary
- Plant & Equipment claim – Asset register
- Plant Contract – Cost Allocation Analysis to P&M
- Invoices selected & copies requested (32 > 75)
- Monthly reports – copies selected
- Matched Goods received documents to Invoice
- Prepayments & accruals noted (Status in claim)

REVENUE AUDIT – OUR OBSERVATIONS



- Timing – March 2009 audit in June 2011
- (In context of Annual financial audits)
- Executive time – preparation & audit
- Execution of audit – time lapse between technical & financial
- (Agreed dates by both TIL & Revenue)
- Audit “style” – **forensic** by nature
- Delay in close out items – technical & financial
- R&D audit success is primarily technical



Questions & Answers

Takeda Ireland Limited