



Conflicting Interests

Kavita, is an IRS officer who has been assigned to audit a large corporation. During the audit, she discovers that the corporation has been evading taxes by hiding its profits in offshore accounts. Kavita is faced with a dilemma as the CEO of the corporation is a close friend of hers and has helped her many times during her years of struggle. The CEO has offered her a bribe to overlook the tax evasion.

Now Kavita's personal relationship with the CEO has created a conflict of interest that may compromise her ability to perform her duties objectively.

Now there are three alternatives available for Kavita regarding this situation:

- (a) Report the tax evasion to her superiors and make the corporation face legal consequences.
- (b) Overlook the tax evasion in exchange for the bribe.
- (c) Resign from this audit to avoid the conflict of interest.

Which of the above do you think is the most suitable option for Kavita?

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