



# TAX REPORTING AND STRATEGY

Presentation by:

Caleb Mokaya

Senior Advisor, Tax & Regulatory Services,  
KPMG

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# Tax Reporting & Strategy



Tax departments are already under pressure from:



- Annual and monthly reporting requirements;
- Aggressive tax enforcement;
- Heightened demands for transparency;
- Increasing tax audits;
- FATCA reporting;
- CFC reporting;

# Tax Compliance and Reporting



- Common Reporting Standards;
  - The international tax landscape will soon introduce additional reporting under Base Erosion and Profit Shifting (BEPS) requirements; and
  - Ad hoc reporting.
- BEPS anticipated amendments will introduce global requirements for:

# Tax Compliance and Reporting



- Transfer pricing master files and local files;
- Country-by-country reporting;
- Exchange of information requirements; and
- Revenue authority mutual assistance procedures.

This will require increased compliance, harmonization and integration of tax considerations

# Managing Global Tax Reporting

# KPMG Managing Global Tax Reporting



- ❑ Global tax reporting is more than computing tax accounting balances, it includes:
  - Reporting on tax compliance;
  - Managing tax planning outcomes; and
  - Maintaining tax audit obligations
- ❑ Tax is becoming a critical component of strategic approaches to achieving desired business goals



# KPMG Managing Global Tax Reporting



- ❑ Given the increased regulation of tax, companies should consider how the tax function is:
  - Organized;
  - Staffed; and
  - Integrated into the broader business.



# KPMG Managing Global Tax Reporting



- ❑ Reactive approaches to tax lead to:
  - Lost opportunities;
  - Reduced cash flows;
  - Operating inefficiencies;
  - Unwarranted risk; and
  - Higher tax liability.

# KPMG Managing Global Tax Reporting



## □ Key questions to ask:

- What is the most visible way to deal with your tax concerns;
- Is the tax function well positioned to meet company goals and objectives?
- What type of taxes does the tax function manage?
- Is the tax function geographically limited and resourced or does it have global reach?

# Tax and Strategy

# Incorporating Tax into Strategy



- ❑ Tax strategy helps prioritize activities and utilize resources and budgets efficiently
- ❑ Define a strategy for each obligation:
  - Tax accounting;
  - Tax reporting;
  - Tax planning;
  - Tax compliance; and
  - Tax audit

# Incorporating Tax into Strategy

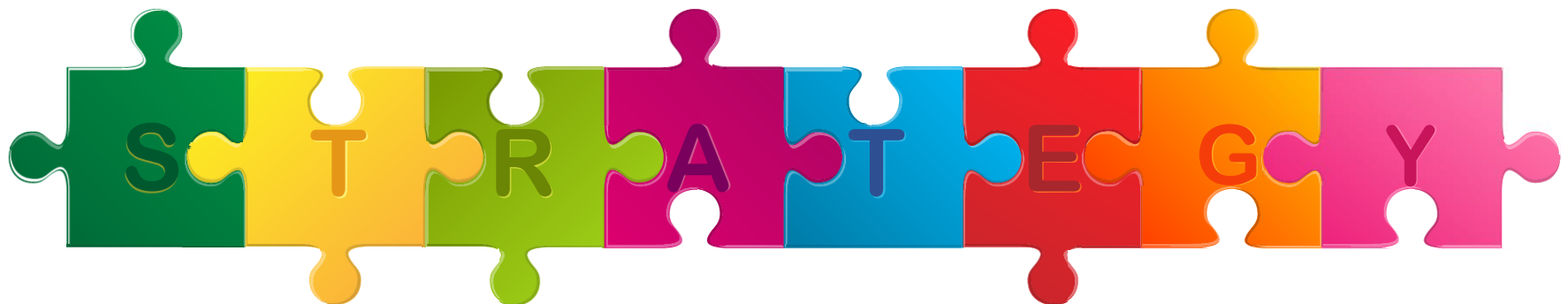


- The strategy should outline the objectives and daily activities to be carried out
- The specific person responsible for each function
- The tax control available and tax risk management strategies
- The organization's tax risk appetite? E.g. Conservative or low risk
- Align the structure of the tax function to resources, technology, process and controls accordingly

# Incorporating Tax into Strategy



- ❑ All elements of tax should be considered to ensure they are best placed to:
  - Identify existing and potential tax risks;
  - Educate tax personnel and management to appreciate the importance of tax planning; and
  - Reduce tax exposure and limit legal liability



# Strategic Tax Planning



# Strategic Tax Planning



- Traditionally view on tax - compliance function
- When tax forces its way onto the agenda of the CEO or Board it is often bad news
- Tax is capable of ensuring comprehensive accounting of the entire business
- Tax function gathers all necessary information for regulators – what kind of information does the company want out there?

# Strategic Tax Planning



- ❑ What then should be done:
  - Use tax data as an integral part of the business decision making;
  - Integrate tax data with operations;
  - Engage the tax functions with external stakeholders; and
  - Elevate the tax function to the role of strategic contributor.

# How to Increase Compliance

# Tax Health Checks



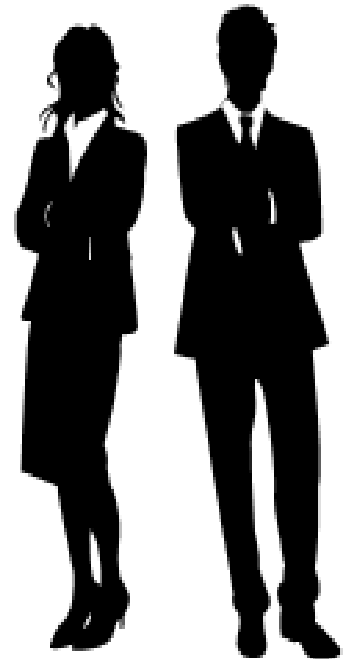
- What are tax health checks?
- How often should they be carried out?
- To what extent can they unearth tax non compliance?
- Cost benefit analysis;
- Take aways from health checks;
- Implemenation of the recommendations

# Internal Tax Controls

# Internal Tax Controls



- How are the tax functions split amongst the tax personnel?
- How many stages of review of tax data are in place?
- How well and how often is the tax team capacitated?
- What reporting lines exist and to what level?
- How often are the internal tax controls reviewed?



# Q & A

