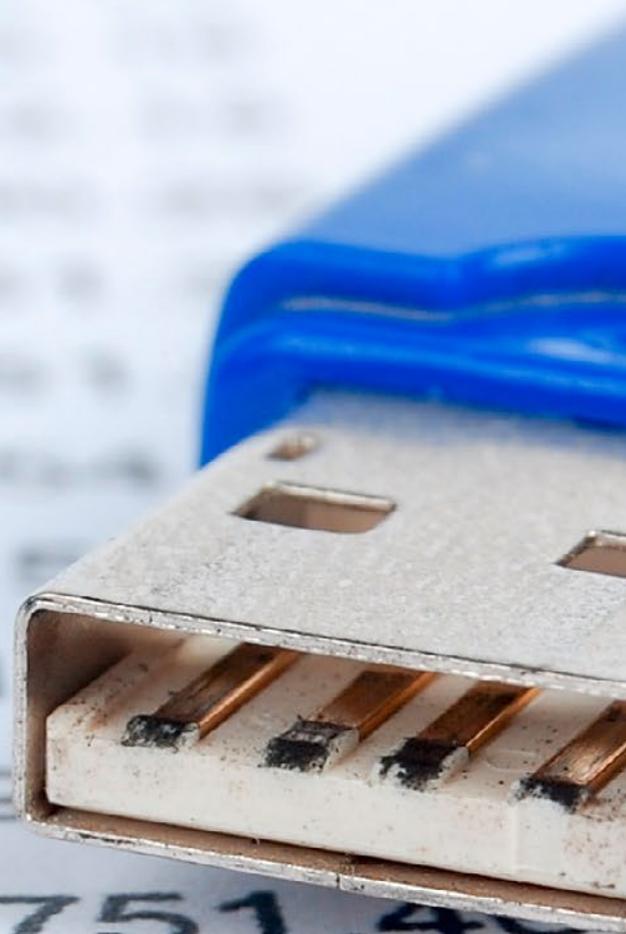




Tax goes IT

By Heiko Kubaile



Background

Gone are the days when tax advice was a secret science limited to preparing written submissions and obtaining rulings. Modern tax advisory services increasingly draw on IT, with the use of software solutions gradually becoming the norm. Tax goes IT, so to speak.

Stricter transparency rules and the automatic exchange of information (AEOI) only serve to accelerate this trend. Swiss banking secrecy – a Hollywood film staple – is no longer a reality for foreign bank clients. AEOI also requires Swiss banks to provide tax authorities with detailed information about their foreign clients' accounts – unprompted and annually. Privy to this information are all tax authorities in countries that practice AEOI with Switzerland (including the EU).

Bank clients' demand for tax reporting grows

Annual declaration of income and – in the case of wealth tax – assets goes hand in hand with the trend towards greater tax transparency. Bank clients are increasingly asking their foreign banks to make tax declaration in their home countries as simple and efficient as possible, without the need to engage a potentially expensive tax specialist. As a result, financial services providers are having to respond to higher demand for country-specific tax reporting from their international clients around the globe.

Preparing annual tax reporting is not part of banks' core business, however, so the job is increasingly being outsourced along with all the other non-core tasks such as IT, back office and middle office. International tax advisory firms such as KPMG make the ideal partner for tax reporting.

Advantages of outsourcing tax reporting

Tax reporting is based on information that banks provide to their outsourcing partners. KPMG can use this data – which has usually been anonymized by the banks – to generate the required tax reports. These processes are almost entirely digital and are carried out exclusively in Switzerland. A warning system flags unprocessed or critical transactions for detailed analysis. Applying this approach, tax specialists charge fees based on the number of tax reports prepared rather than issuing the traditional hours-based invoice. With digital production, the process is highly industrialized – and more efficient than ever.

And it also leads to higher quality tax reports. Because when it comes to numbers, machines are often superior to people. The same cannot be said for key decision-making in complex transactions, however, which will continue to be a task for human minds in the future. At KPMG those minds are our tax experts and IT specialists, supported by their Multishore Tax Reporting Software developed through interdisciplinary collaboration.

Conclusion

Bank clients are increasingly requesting tax reports. It makes sense for banks to start early in evaluating the options for high quality but efficient tax reporting. Particularly attractive for banks are service providers that go beyond tax reporting and can also deal with withholding tax reclaims. Combining the processes for two client services reduces the burden on a bank's resources – both in terms of personnel and cost.

Kontakt

KPMG AG

Badenerstrasse 172
Postfach
CH-8036 Zürich

kpmg.ch/taxreporting

Heiko Kubaile

Partner, Head of German Tax &
Legal Center

+41 58 249 35 10

hkubaile@kpmg.com

Axel Bündler

Product Manager
Multishore Tax Reporting

+41 58 249 43 07

abuender@kpmg.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received, or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. The scope of any potential collaboration with audit clients is defined by regulatory requirements governing auditor independence.

© 2017 KPMG AG is a subsidiary of KPMG Holding AG, which is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss legal entity. All rights reserved.