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Efficiently and Digitally Mastering the Increased Demands on Tax Departments

Digital control processes create efficiency, transparency and security through a technological framework for real estate fund and asset managers



Real estate fund and asset managers are facing increasing requirements due to tax transparency regulations, the exchange of information in real time across different countries and jurisdictions, or rising reporting requirements. Almost every business process is linked to different types of taxes. For real estate fund and asset managers, this means they need to think about how to efficiently meet global tax compliance and reporting obligations. In order for tax departments to meet the extensive requirements, a combination of know-how and technology is becoming increasingly important.

Outsourcing must be managed efficiently

Real estate fund and asset managers manage and control global real estate portfolios and are therefore dependent on the rapid availability of high-quality data. In this context, many companies already rely on the outsourcing of (partial) tax processes to external service providers. In addition to improving cost structures within a company, this also creates greater security. In practice, however, cooperation with a wide variety of external service providers also leads to a large number of different processes, a high number of interfaces and data formats, and heterogeneous communication standards. As a result, the coordination and administration effort for employees in the tax department is high, leaving little time for dealing with strategic or tax-related issues.

To improve this situation and at the same time maintain the outsourcing benefits, digital process control is needed to ensure smooth data exchange, clear task distribution and definition of responsibilities. At the same time, corporate objectives as well as supervisory and controlling requirements of the management must be effectively supported. In addition to specialist know-how, secure and user-friendly technology is the basis for security, quality and efficiency in day-to-day business.

Requirements for a technological framework

The desired improvement, however, requires a technological framework that ensures efficiency, transparency and security and can be used excellently in the tax department of a company. Here, the principle of "divide and rule" should be followed, in which one identifies a problem, divides it into small sub-problems, and finds the perfect solution for each sub-problem. In this way, the overall problem is finally solved efficiently.

In the context of tax compliance processes, experience has shown that the problems lie in the areas of (1) process planning and collaboration, (2) data visualization, (3) document management, and (4) data management. A suitable technological framework must therefore meet the following requirements:

1. Process planning and collaboration:

Processes should be mapped digitally and responsibilities for individual process steps should be clearly defined. It is important that collaboration between several users is guaranteed and that intermediate statuses can be tracked. This enables targeted planning, complete transparency about the status quo, and efficient outsourcing controlling of external service providers.

2. Data visualization:

Simple visualization of complex data for the user is required. Management dashboards and reporting can be customized to keep business goals in view.

3. Document management:

Documents must be able to be stored centrally and in a meaningful way. In particular, it must be possible to mark documents, version them and collaborate with them. Authorization management is also recommended. It is also advantageous to be able to interact with process planning.

4. Data management:

Central data management is required. At best, diverse types of data are managed and stored. The system must also offer the option of assigning authorizations to data. An interface that allows access by other applications is advantageous.

Best of Breed

Figure 01:

Best-of-Breed



Source: KPMG in Germany, 2023

When implementing such a technological framework, different software solutions can be combined or a holistic solution can be implemented. Both approaches have advantages and disadvantages.

A possible scenario for the use of different software solutions could be:

- Process Planning and Collaboration - Impero
- Data visualization: Impero
- Document management: Microsoft SharePoint
- Data management: SQL database

Advantages

The advantage of such a solution approach is the possibility of individualization. Each technology can be selected according to individual requirements.

Disadvantages

The disadvantage here, however, can be the lack of interaction between the individual solutions. Often, certain software solutions are not compatible "out-of-the-box" with other software solutions, and interfaces must first be created.

All-in-One

Figure 02:

Tax Digital Gateway



Source: KPMG in Germany, 2023

KPMG offers an all-in-one solution with Digital Gateway. Here, there are various modules that correspond to the framework and represent the solution for each of the above-mentioned sub-problems. The Workflow module is responsible for process planning and collaboration, the Data and Analytics module takes care of data visualization, the Document Management System provides meaningful document management, and Legal Entity Management is used to visualize complex corporate structures.

The advantage of an all-in-one solution is the perfect interaction of all modules. Companies receive everything from a single source and interfaces between different solutions do not have to be created manually.

The disadvantage lies in limited customization options.

Conclusion/Key Facts:

The digitization of tax processes offers enormous opportunities for efficiently coping with constantly increasing requirements and will increasingly change the work in tax departments. The focus is on the standardization and automation of processes. But data management and systematic evaluation are also of enormous importance in transforming the tax department into a reliable business partner within a real estate fund and asset manager. The implementation of a technological framework can make a significant contribution on the way to more efficiency, security and transparency in the tax department.



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