

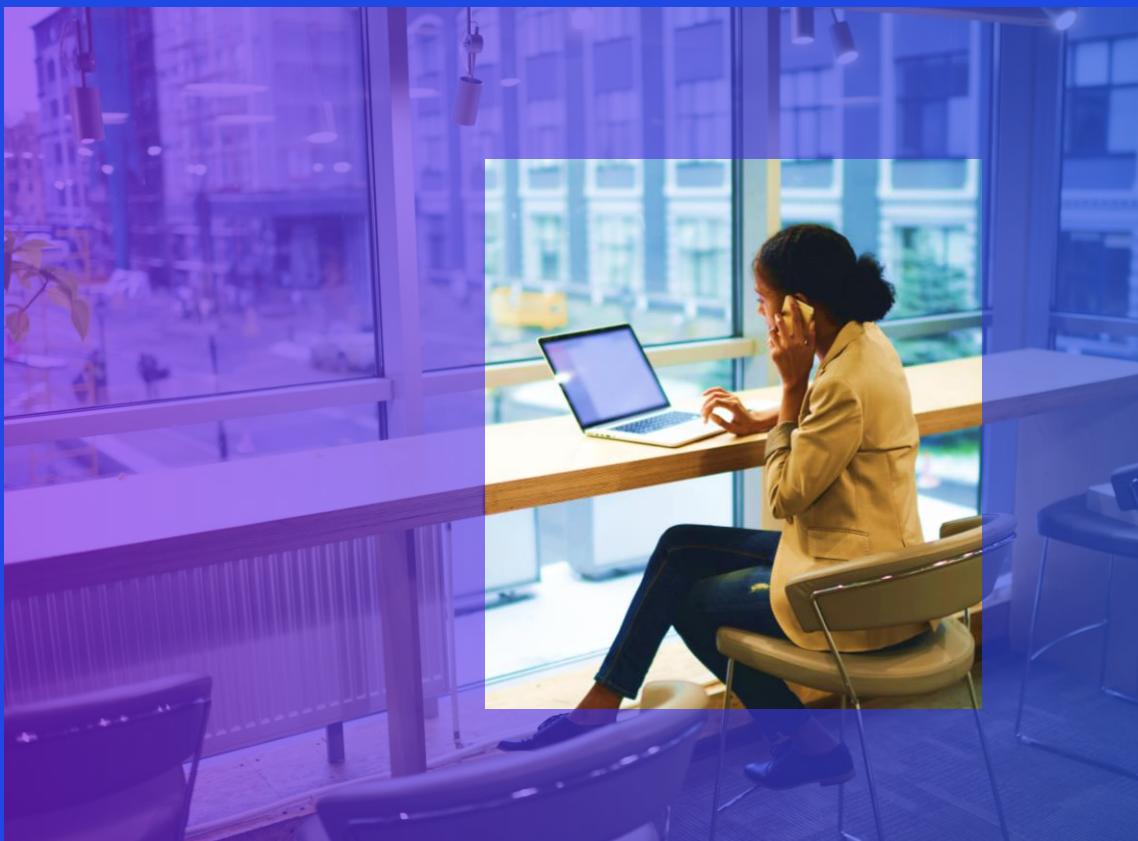


KPMG East Africa Tax Technology Solutions

**A summary of our solutions designed to meet
your organization's needs**

—

September 2022



Managing disruption and Tax Technology

“

Business, economic and political disruption, both on a local and global scale, have had substantial impact on how companies manage their tax affairs.”



Clive Akora

Partner, Tax and
Regulatory Services
KPMG East Africa



Sandeep Main

Associate Director and
Tax Technology lead
KPMG East Africa

Managing disruption and Tax Technology



These disruptions are likely to continue, and businesses need to find ways to manage the impact of these disruptions on their operations. Business leaders are responding to these disruptions with new technologies that are driving organizational and business changes.

Harnessing the power of technology and unlocking the value residing in company's data will require a business' tax function to understand and manage its role in this vital exercise.

With the world changing so rapidly, there is a greater urgency for businesses to focus more effort on strategies for sustainability while maintaining compliance, requiring decision makers to have more visibility in order to accomplish this.

These days, tax makes headlines. This is the impetus to shift the conversation, to lay the foundation of an irresistible business case for investment in tax infrastructure.



Large scale finance transformation projects and disruptors like emerging technologies means tax functions need new ways of working which, in turn, can also embed continuous improvement for sustainable change."

This takes the form of new tax operating models, technology tools and capabilities which are more adaptable and configurable to tax needs and flexible new ways of approaching sourcing. For example, large scale finance transformation projects and disruptors like emerging technologies means tax functions need new ways of working which, in turn, can also embed continuous improvement for sustainable change.



There is no shortage of challenges and opportunities facing today's tax functions. Carrying on as in the past is not a viable option. You need to be ready to be compliant and ready for the changing digital future of tomorrow.

Our products have been designed to allow businesses to gain quantitative insights and visibility into the status of compliance, end-to-end process efficiencies and opportunities; allowing greater control, monitoring over 100% of your data and cash flow optimization.

What can your business achieve with tax technology?

01

Automate routine processes to **improve efficiency**

02

Streamline processes and workflows **to increase reporting speed**

03

Use intelligent algorithms to **increase your level of compliance**

04

Monitor improvements to **gain greater insights**

Summary of our offerings

With our offerings, we aim to assist our clients to achieve a level of certainty in an uncertain world, to enable tighter control over their taxes, to face the disruptions head-on and to be able to answer the following questions with confidence:

- Does your current process enable you to address tax authorities' queries effectively and efficiently in order to show that you have control over your end-to-end tax process?
- Do you have total visibility and factual insights into your organisation's relevant tax data available at your fingertips in order to make better business decisions?
- Does your tax function focus their time on adding value to the business rather than repetitive compliance related work?
- Do you have quantitative insights into the status of tax compliance and are you able to easily identify potential improvements and cash saving opportunities?



Tax intelligence dashboards

Transform your ERP data into valuable insights



Business challenge

How can the tax function transform data from the Enterprise Resource Planning (ERP) system into valuable insights that can help increase revenue, find savings, detect anomalies and errors, and speed-up decision making?



KPMG solution

Tax Data and Analytics

Data extraction



Data cubing



Actionable insights



Key benefits for business

Gain control and visibility over tax related transactions and KPIs

- Automated reporting
- Make it easier to focus on KPIs with simple intelligible graphics

Transform data into value

- Obtain fact-based insights to identify irregularities
- Visualize trends
- Drill-down to the most specific level of detail

Increase efficiency and minimise financial risk

- Save time by automating data refresh and reporting
- Eliminate/reduce potential for error by reducing manual data manipulation

Real-time reporting

- Have a clear picture into your tax position at any time
- Real-time insights thus taking off some of the pressure associated with month-end reporting

Tax reconciliation engines

Ensuring your business stays compliant



Business challenge

Manual reconciliation of critical tax data increases the risk of filing inaccurate or incomplete returns, non-compliance, and huge penalties. Further, manual reconciliation processes are time consuming and can be frustrating to tax professionals.



KPMG solution

KPMG's suite of tax reconciliation solutions

Value Added Tax (VAT) reconciliation

- Input and output VAT computation
- Identify overpayments and underpayments
- Month-on-month VAT reconciliation of data captured in business systems to returns submitted to tax authorities
- Identification and reconciliation of reversals and double claims

Employee Tax (PAYE) reconciliation

- PAYE computation, including evaluation on types of income, allowances, fringe benefits and deductions
- Reconcile data captured in employer's HR and Payroll systems to data submitted to tax authorities
- Identify unusual trends in your payroll data

Withholding Tax (WHT) reconciliation

- WHT computation based on set commands on the various rates
- Extract and review the WHT computations against the current rates, including any reduced rates per the Double Tax Treaties.
- Identify overpayment/underpayments

Customs and Excise Duty reconciliation

- HS codes reconciliation
- Exports reconciliation
- Extract and review the excise duty computations against the current rates, including reduced rates
- Identify underpayments, overpayments, fines, and penalties due



Key benefits for business

Time savings on computations and reconciliations.

Standardized tax reconciliation process based on predefined rules.

Reduced risk of filling incomplete / inaccurate returns, hence confidence in remaining compliant.

Easy and real-time identification of variances for management's attention and early correction.

Identify and secure the claims that the business is entitled to.

Tax computation engine

Efficient tax return preparation

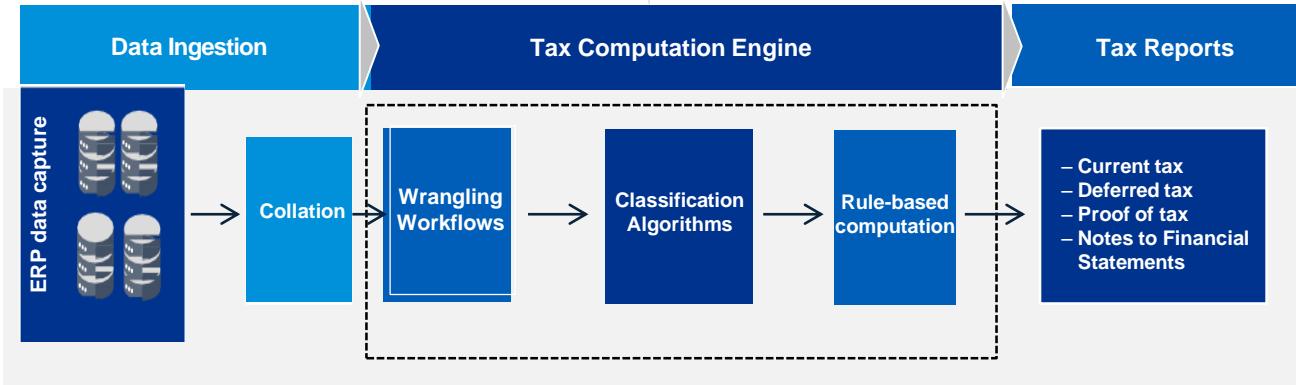


Business challenge

Manual computation of current and deferred taxes is time consuming, and existing tools and capabilities are often insufficient in processing the vast amounts of tax data, putting the organization at risk of overpaying tax, filing inaccurate assessments and possibly paying fines.



KPMG solution



Key benefits for business

- 1 Time savings- improved and efficient consolidation of data will minimize the risk and inefficiencies associated with the use of spreadsheets
- 2 Data veracity is maintained since the computations are engine based as opposed to manual computations which are prone to errors.
- 3 Automated asset reconciliation
- 4 Forecasting of the instalment tax from the computed tax payable.
- 5 Tax computation engine run on a secure environment

Provisions - opening balance	(96,747,420)
Wear and tear allowance	(13,379,991)
Unrealized exchange gain/loss - Current year	(8,980,911)
General provision	(1,550)
Section 15(2)(g)	(1,285)
Commercial building allowance	0
	(329,754,732)
Adjusted taxable business income	1,215,656,698
Profit cft	1,215,656,698
Tax due @30%	364,695,209
Withholding tax	(2,373,055)
Instalment tax	(294,603,172)
	(294,976,225)
Balance of tax payable (overpayment)	67,718,984
Adjusted balance of tax payable (overpayment)	67,718,984
Tax at 30%	19,198,982
Variances	1
Réconciliation of movement in PPE	Amount (PES)
Depreciation charge for the year	10,511,445
Loss on disposal	(2,725)
Less Capital Allowances	10,593,603
Wear and tear allowance	(13,379,991)
Section 15(2)(g)	(1,285)
Commercial building allowance	1
	(13,380,265)
Total	1,017
Cash	10,982,125
Total	10,982,125
PPE variance	10,982,125
Movement of temporary differences in PPE	(11,277,372)
Variances	(1,295)
Temporary differences on PPE	(34,376,404) (16,277,811) (80,283,376)
Tax@30%	(16,492,821) (4,583,382) (15,078,012)
Other temporary differences	
Provisions	(96,747,420) (22,292,754) (118,040,152)
ROI movement	(21,656,778) (16,943,395) (38,600,136)
Unrealized exchange gain	8,559,847 (814,936) 8,865,911
Unrealized exchange loss	(210,204,864) 130,318,192 (79,886,654)
Total temporary differences	(319,913,216) 90,487,168 (229,846,048)
Tax@30%	(95,703,946) 27,140,150 (68,563,816)
Total Deferred Tax per AFS	(106,196,884) 22,558,798 (83,639,832)
Total Deferred Tax per AFS	(106,196,884) 22,558,798 (83,639,832)
Prior year over/(under) provision	(106,196,884) 22,558,798 (83,639,832)

Contact us

East Africa Team

**Clive Akora**

Partner, Tax and Regulatory Services
E: cakora@kpmg.co.ke
T: +254 720 068 088

**Sandeep Main**

Associate Director and Tax Technology Lead
E: sandeepmain@kpmg.co.ke
T: +254 720 068 088

**James Kimani**

Senior Manager and Tax Technology,
E: jkimani@kpmg.co.ke
T: +254 711 503 128

**Loice Muchiri**

Senior, Tax Advisor
E: lmuchiri@kpmg.co.ke
T: +254 726 109 330

**Chelsea Muthomi**

Data Scientist, Tax Technology
E: cmuthomi@kpmg.co.ke
T: +254 708 228 788

West Africa Team

**Olufemi Babem**

Partner, Tax and Regulatory Services
E: Olufemi.Babem@ng.kpmg.com
T: +234 803 975 4131

**Ikechukwu Ene**

Associate Director, Tax and Regulatory Services
E: Ikechukwu.Ene@ng.kpmg.com
T: +234 808 718 3015

South Africa Team

**Madelein Van Zyl**

Head of Tax Technology, Transformation and Innovation
E: madelein.vanzyl@kpmg.co.za
T: +27 82 718 8810

**Jolene Hill**

Tax Reimagined Lead,
E: jolene.hill@kpmg.co.za
T: +27 82 718 8756



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



kpmg.com/socialmedia

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.

© 2022 KPMG Advisory Services Limited, a Kenyan Limited Liability Company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public