



Tax reimagined

Webinar

23 September 2022

kpmg.com/eastafrica



Agenda



Stephen Ng'ang'a

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Opening Remarks



Survey Results



Roadmap to a Future-ready
Tax/Finance Function



Panel Discussion



Q&A



Closing Remarks

Introduction



Peter Caxton Kinuthia
Partner & Head of Tax
and Regulatory Services
KPMG East Africa

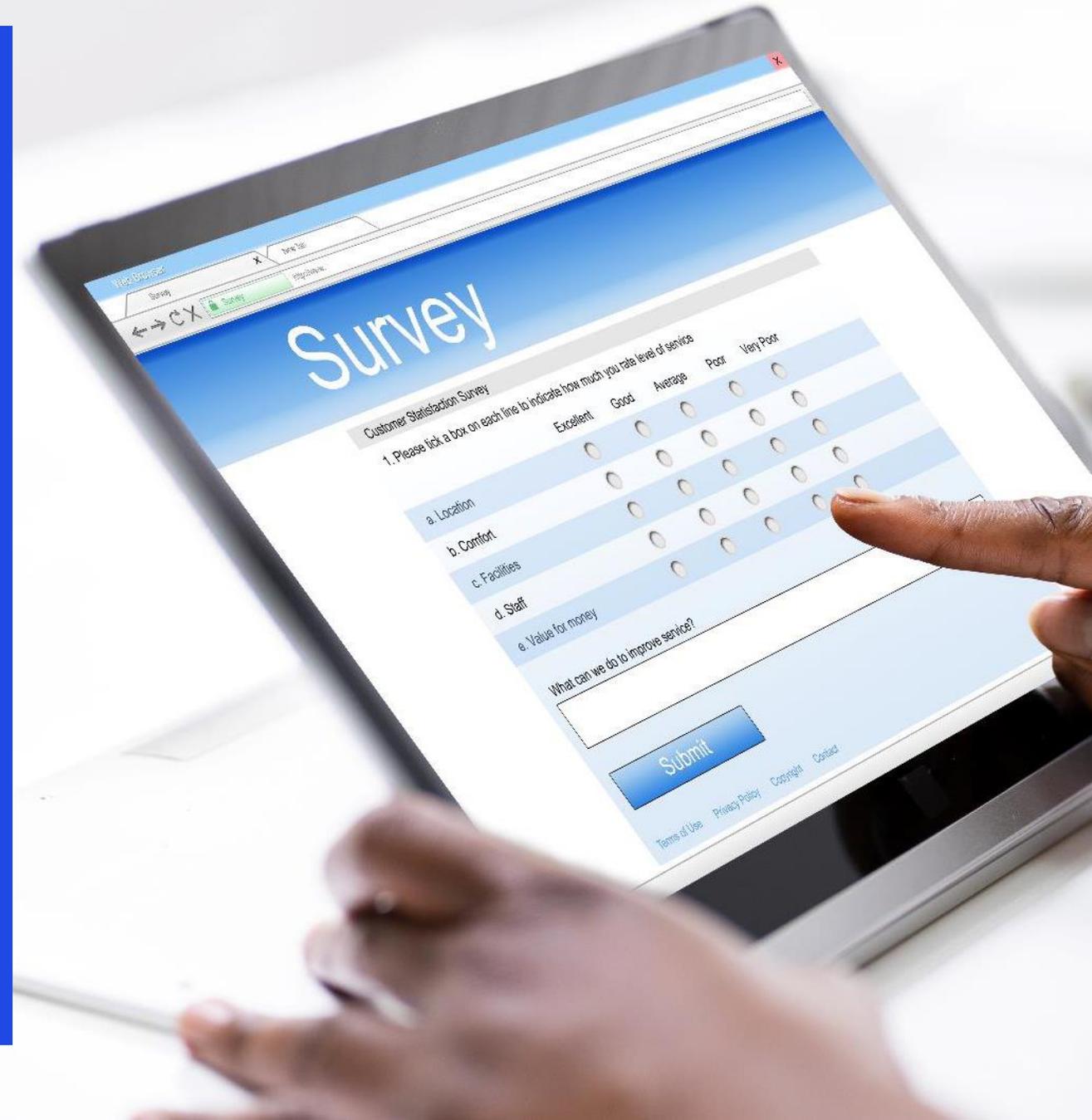


Survey Results



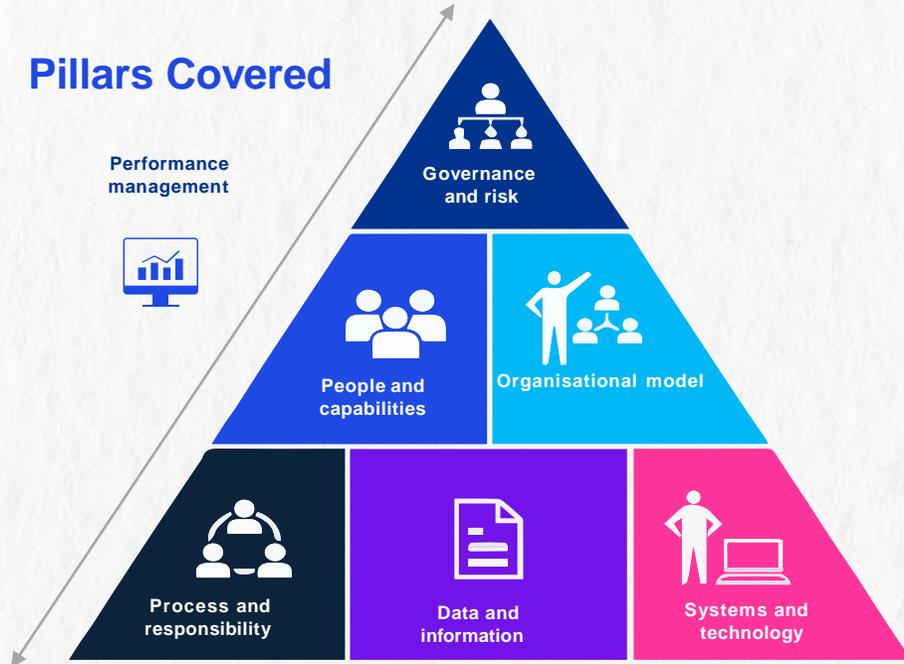
Clive Akora

Partner, Tax and
Regulatory Services
KPMG East Africa



About the Survey

Pillars Covered



Performance management



Governance and risk

People and capabilities

Organisational model

Process and responsibility

Data and information

Systems and technology



Participants

- CFOs, Tax leaders, heads of compliance from 67 companies



Distribution of Respondents

Respondents' largest operations based in;



Sector Distribution

- Others (Including food, drink, retail and consumer goods, real estate, logistics, media & entertainment)- 30%
- Mining metals and natural resources- 22%
- Financial services- 21%
- Agriculture- 10%
- Trade, transport, and tourism- 6%
- Technology and telecommunications- 6%
- Manufacturing- 5%

Key Findings

Governance & Risk

For 72%

of the respondents, tax risks are evaluated only when a tax event occurs while only **25%** of the respondents carry out regular tax risk assessments.

66%

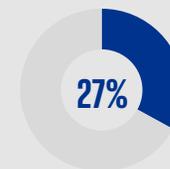
of the respondents indicated that their organizations did not have a documented tax strategy or overarching tax governance policy document.

Frequency of tax affairs on the agenda of board meetings;

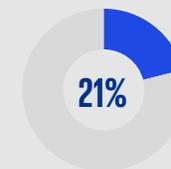


Organizational Model

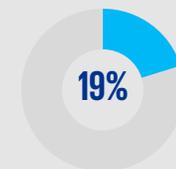
- Generally, tax functions are centralized within the finance function and report to the CFO, with 1 in 9 Tax leaders reporting directly to the CEO.
- Structure of the tax department;



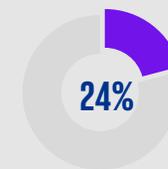
No tax department



Entirely centralized



Decentralized



Generally centralized



Tax mostly outsourced

Key Findings

People & Capabilities

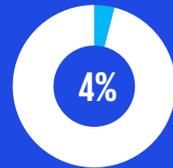
73%

of the respondents have less than 4 Full time employees in their tax function.

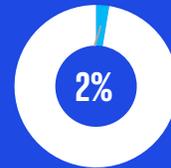
Skillset of personnel in the Tax function;



Accountants



Lawyers



IT & Data specialists

No formal career development paths for tax professionals

Process and Responsibilities



Most of the responsibilities of the tax function are performed manually



Processes are not documented or standardized



Responsibilities are not clearly defined

Key Findings

Data and Information

26%

Data requires significant editing to make it usable for tax purposes

42%

Data requires moderate editing to make it usable for tax purposes

32%

Data requires little to no editing to make it usable for tax purposes

29%

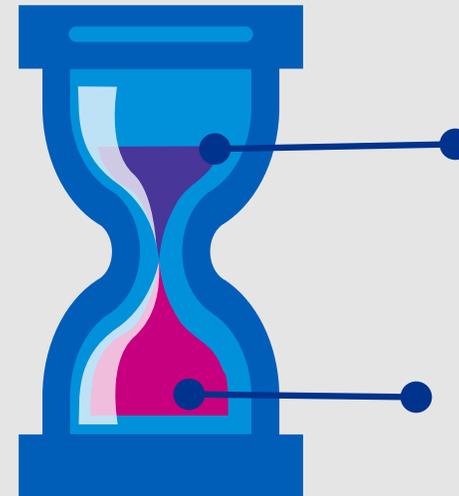
Data received from the business is only used to prepare tax returns/reports

71%

Data received from the business is used to generate insights for decision making and to prepare tax returns

Systems and Technology

- Low level of automation- most respondents (43%) indicated that their companies do not use any software in their tax function.
- Companies are eager to adopt tax technology in their tax/finance functions.



75%

Companies with a documented tax technology strategy

25%

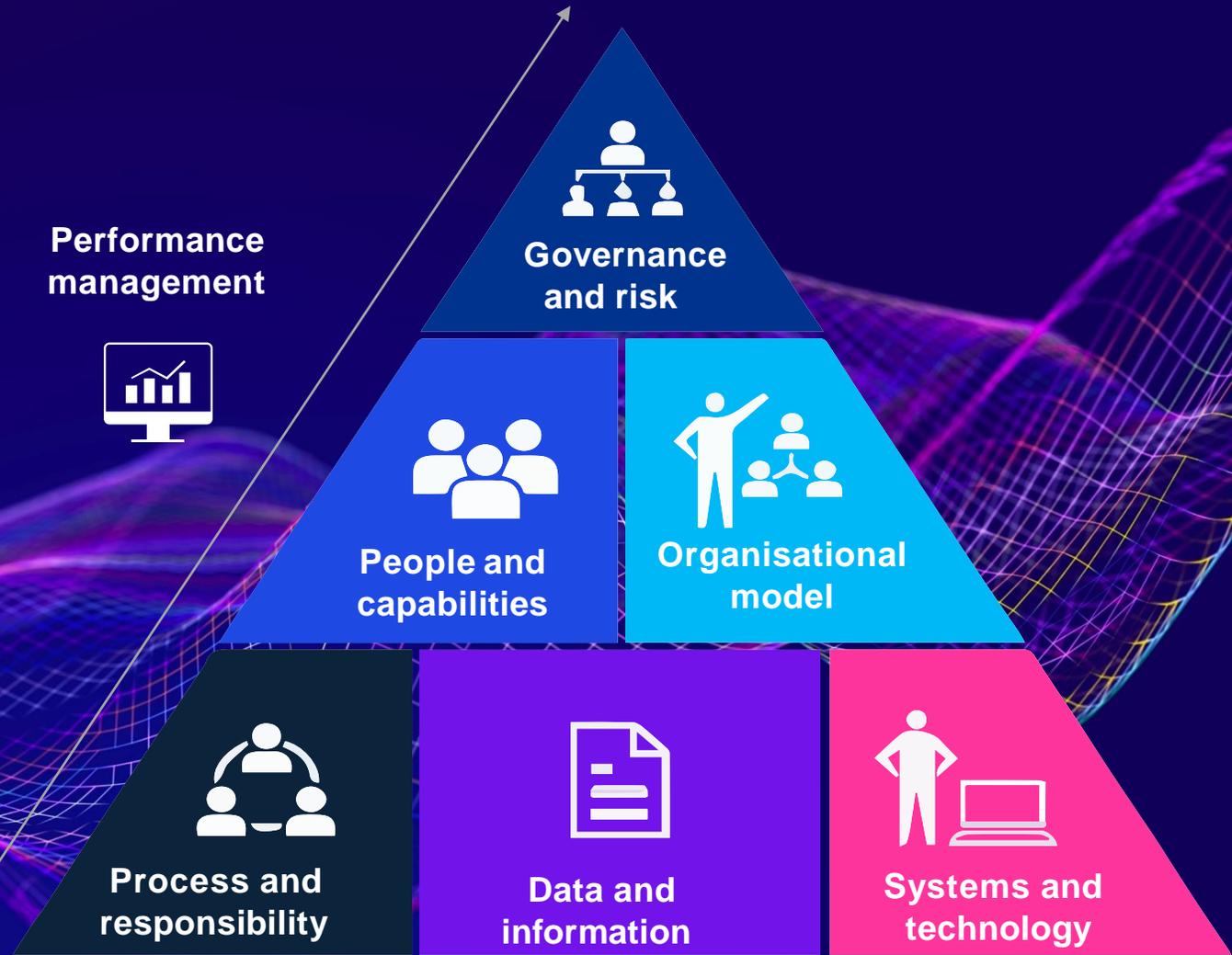
Companies without a documented tax technology strategy

A Future-ready Tax Function

The concept of a future-ready tax function is often viewed from the lens of technology transformation.

However, a future-ready tax function involves the interplay of 7 key components as shown on the diagram alongside

Performance management



Tax Reimagined



Tax Reimagined in Practice



Next steps

1 

Conduct current state assessment to benchmark Tax Function against the metrics.

4 

Continue the conversation by contacting us. Together, let's prepare to meet the future of tax



2 

Identify where the external help is required to remediate gaps identified.

3 

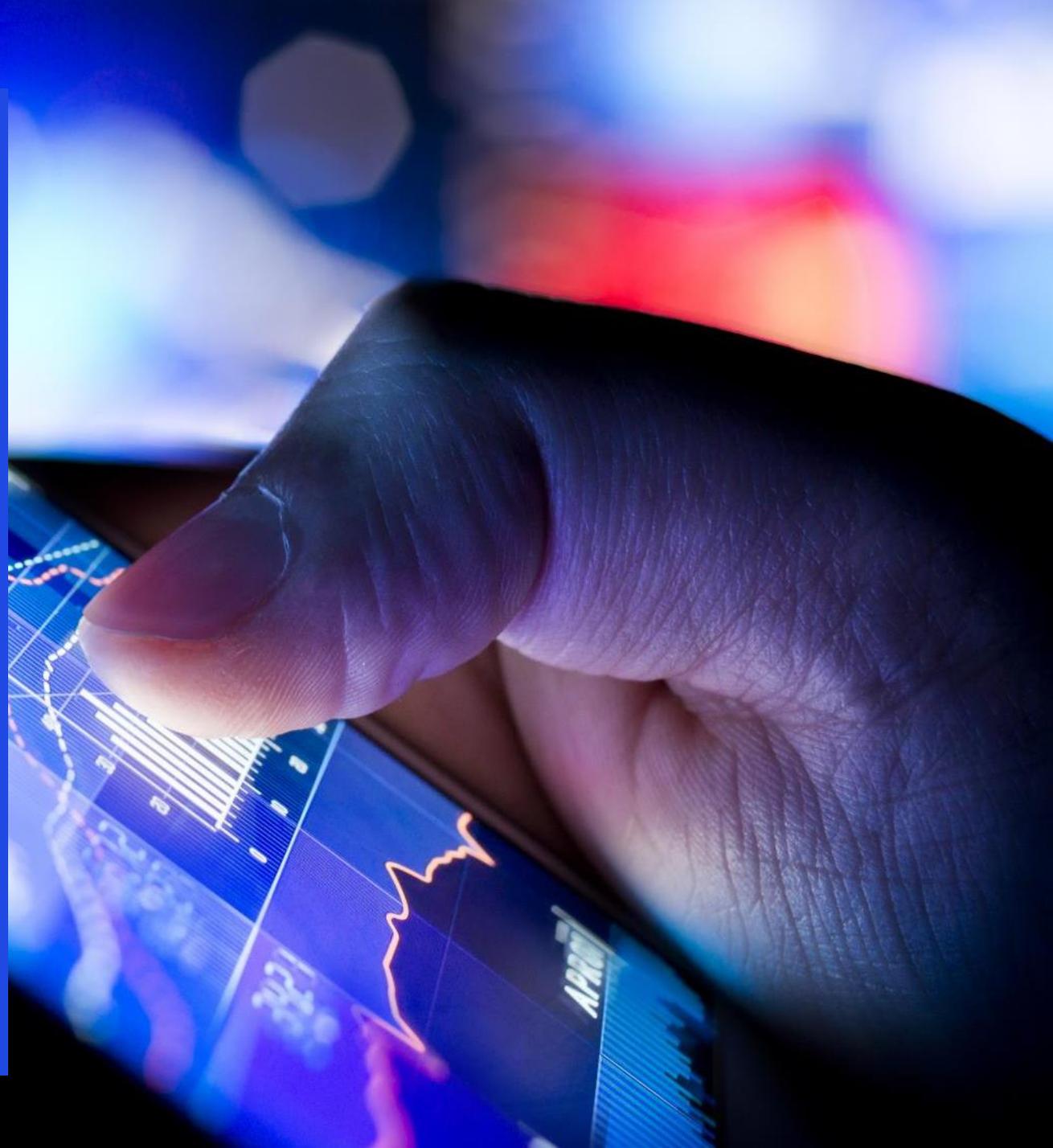
Develop an implementation roadmap and monitor execution for effectiveness

Roadmap to a Future-ready Tax/Finance Function



Aalok Yakhmi

Associate Director,
Data and Analytics
KPMG East Africa



Business Disruptors and the Evolution of the Tax Function



The Evolution of the Tax Function

Historically

Human-driven processes

- Everything in Excel
- Shared services and functional silos
- On-premises, monolithic ERPs
- Manual, historical focused reporting
- Everyone is an accountant

Today

Automation, Insights and analytic

- Cloud everywhere, increased collaboration
- Global, integrated business services
- Automated reporting, data informed insights
- Global end to end process management

Future

Digitally enabled insight

The CFO Agenda

Leading finance organizations have developed an agenda to deal with disruption

Strategy and value management

Preserve and create value through agile, effective allocation of capital and resources to enable strategic priorities



Extreme automation

Integrate new technologies:

- Cloud/SaaS
- Robotics and machine learning
- Cognitive
- Natural language processing
- Blockchain



Data, analytics and insights

Leverage data to unlock new value and viewpoints:

- Integrated data strategy and governance framework
- On-demand insight
- Eliminate human biases
- Integrate external signals
- AI-enabled projections



Organizational agility

Quickly adapt to market shifts:

- Move with the customer
- Boundary-less delivery
- “Gig” and “Bot” workforce
- Everything as a service



Modern Workforce

Embrace new ways of working and talent management:

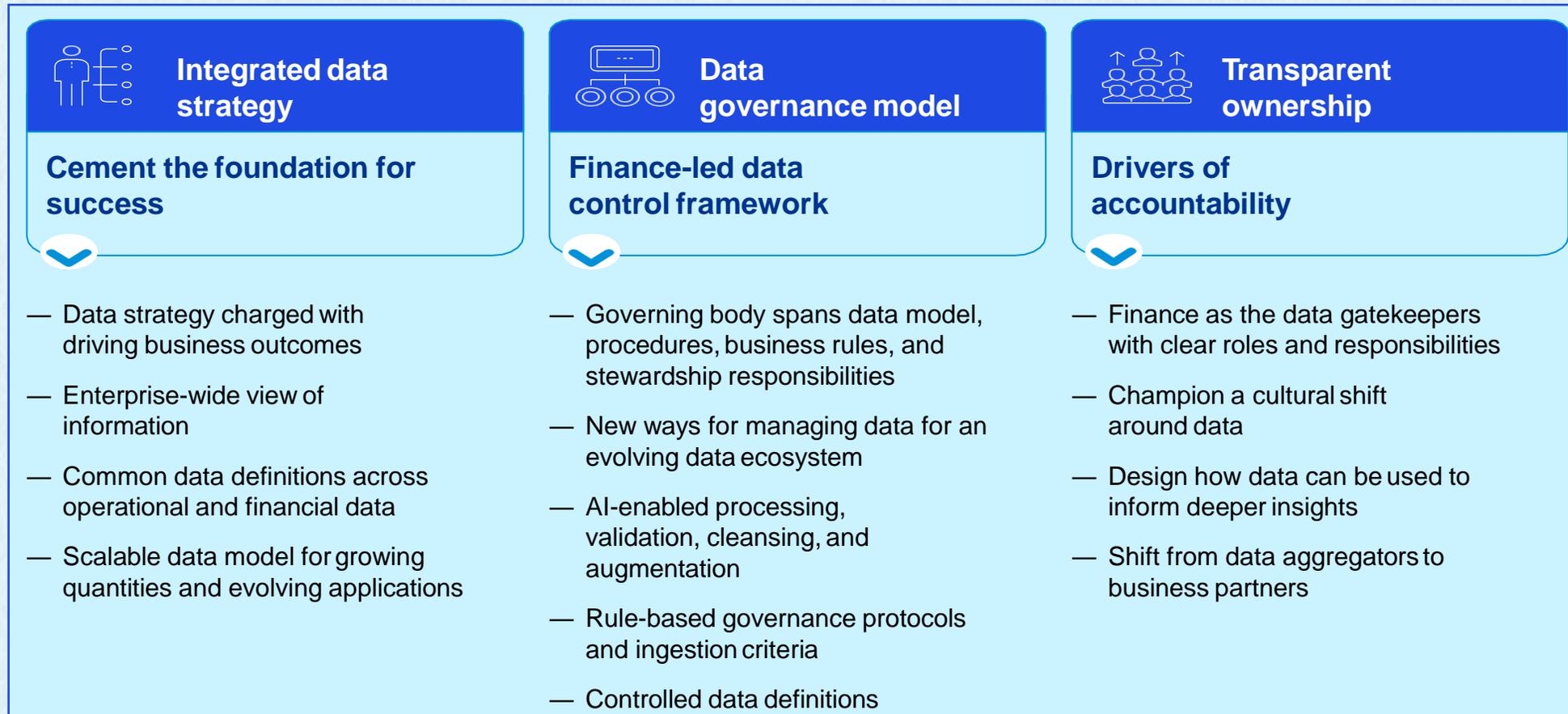
- Strategic partners
- Multisource talent
- Cross-functional rotations
- On-demand, curated learning

Risk and Compliance

Risk management must support, not hinder innovation

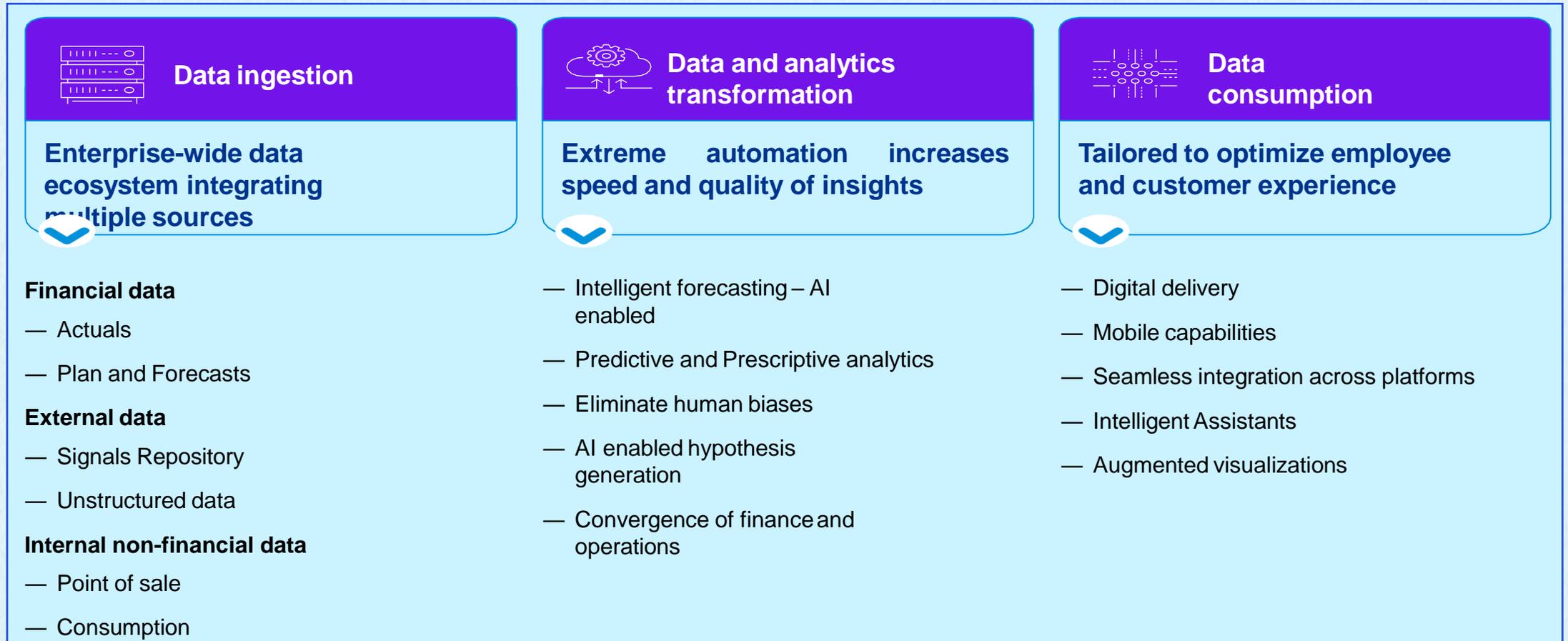
Data Strategy and Governance

Finance/Tax functions need to establish the foundational data strategy and culture to drive and deliver desired business outcomes



Analytics and Insights

Finance/Tax functions should utilize technology to ingest, transform and deliver data driven insights



Roadmap to a Future-ready Finance/Tax Function

Success is achievable. High-performing finance teams have not only been able to adapt to the new environment, but have used it to their advantage to thrive in it.



Enable Innovation

Facilitate an agile, effective allocation of capital that balances value preservation and creation



Automate Everything

Lead adoption of fit-for purpose solutions to increase speed and quality of transactional processes



Transcend Role of Finance

Lead enterprise performance and serve as strategic advisor and value integrator for the enterprise



Dominate Data

Integrated data strategy, robust data management and prioritized deployment of analytics answering the most pressing questions



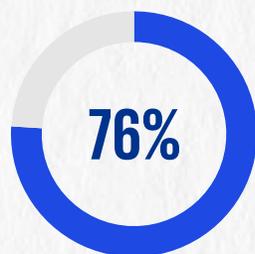
Enable Next Gen Delivery Model

Outcomes driven, digitally enabled processes that optimize delivery mix and emphasizes partnerships



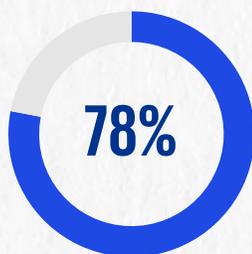
Refresh Talent Strategies

Comprehensive, flexible approach that focuses on talent development and acquisition to meet changing demands



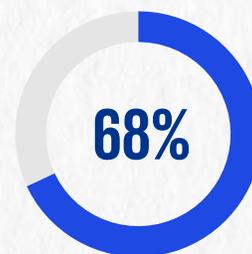
Disruption is key

76% of CEOs agree that their growth relies on their ability to disrupt the business norms.¹



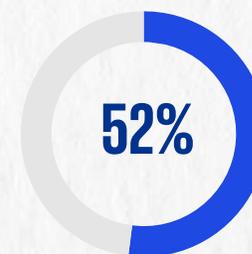
Strategic finance

78% of Finance leaders believe that AI will enable existing Finance staff to take on more value-added strategic roles.²



Data, analytics and insights

68% of organizations have invested in Data & Analytics to provide enterprise-wide insights.²



Finance delivery model

52% of high-performing organizations are very active in overhauling the Finance delivery model.²

1. Agile or Irrelevant: Redefining Resilience (2019 US CEO Outlook)

2. Future Ready Finance Survey: Learn what high-performing organizations are doing differently

Benefits of implementation technology in the tax function



Inji Adel

Services Solutions
Specialist, Microsoft



Panel Discussion

Moderator



Sandeep Main

Associate Director
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Panellists



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Chief Manager, TIMS Operations Office
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Kenya Revenue Authority



Fred Karara

Head of Operational Policy and Business
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Large Taxpayers Department
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Peter Kyambadde

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Q&A

Moderator



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Closing Remarks



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