

# Getting Tax Governance Right

KPMG Tax Services

August 2024

Inland Revenue has indicated that insufficient attention to tax governance can result in greater scrutiny as well as potential penalties for not taking reasonable care, if tax errors are identified.

## Expectations on businesses' tax functions continue to increase

Some questions to ponder:

**Compliance:** How comfortable are you that correct and/or reasonable tax positions are taken for all tax types and key safeguards/controls are working effectively to ensure tax obligations are complied with?

**Governance:** Is there clear articulation from the Board (or equivalents) on how tax risk should be managed in the business, supported by a comprehensive tax risk management framework, including documented tax compliance processes and controls?

**Data:** Tax processes and data integrity (not just the tax outputs) are increasingly coming under Inland Revenue's spotlight. Are you prepared for your processes and the operation of key controls to be queried, or the data underlying your tax calculations to be interrogated using data analytics?

## What are the risks?

Inland Revenue is stepping up its compliance activity. Failure to have robust tax governance arrangements can result in:



Imposition of shortfall penalties



Time and resources spent dealing with IRD scrutiny



Negative public and investor perceptions



Inefficient tax processes



Uncertainty over tax responsibilities and accountabilities and key person risk



Over (and under) payments of tax

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## How can KPMG help?

Our team of experienced tax specialists can work with you to ensure you meet these expectations and can demonstrate to Inland Revenue that you are a compliant taxpayer.

### Governance readiness

Want to know how you measure up to Inland Revenue's tax governance expectations? Our workshop with the key tax stakeholders in your business can provide insights on your key tax risk areas and how they are currently being managed.

### Frameworks and processes

We can work with key stakeholders to identify and document:

- The Board and Senior Management's expectations around tax risk management.
- The relevant roles and responsibilities for tax in the business.
- Key processes and controls currently in place to identify, manage and mitigate tax risks.
- Reporting on tax risk at the Board (or equivalent) level.

We can also work with you to develop or review documentation on the operation of key tax compliance processes.

### Tax health checks

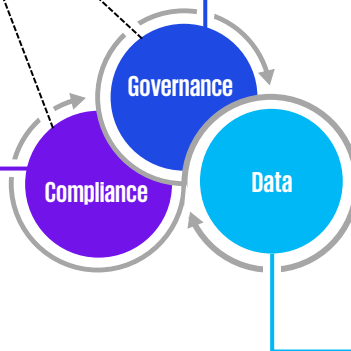
Our tax health checks are designed to give comfort that your tax processes are sound and operating as intended. A tax health check will typically look at your:

- Key processes and controls for each tax type.
- Key positions that underpin tax compliance.
- Tax returns and supporting workpapers.
- Key interactions with advisors and Inland Revenue.

### Analytical reviews

Through data analytics tools we can identify areas of increased risk in your fixed asset, GST, payroll and transactional data. Key benefits include:

- Identifying under or over-claimed depreciation or incorrect capitalisation or expensing.
- Validating the integrity of GST transactions, or payroll treatments, to identify issues and opportunities.
- Ensuring consistency of methodologies across all your data.



## Contact us



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