



# KPMG's Indirect Tax Compliance Center

**Center of Excellence for  
Indirect Tax Compliance**

[kpmg.com/tax](http://kpmg.com/tax)

---

KPMG International

# Driving organizational improvement through indirect tax compliance



# Contents

- 2** Driving organizational improvement through indirect tax compliance
- 3** KPMG's Indirect Tax Compliance Center
- 4** Our indirect tax compliance services
- 6** KPMG's Indirect Tax Compliance Center — Your single point of contact
- 7** How KPMG's Indirect Tax Compliance Center can add long-term value to your business
- 10** Realizing the benefits
- 12** Summary and contacts

# Driving organizational improvement through indirect tax compliance

In today's economic climate, finance and tax executives of global organizations face multiple challenges. From standardized compliance processes and increased transparency to changing legislation and accounting standards, a host of changes is compelling organizations to re-think how they do business — including how they can reduce costs by improving how they manage their tax processes and controls.

With high volumes of VAT/GST transactions being handled by different functions throughout the business, the potential for error on complex returns is considerable — and the penalties can be substantial. The complexity is even greater for global companies, and the challenges are multiplied by the number of countries in which the company operates.

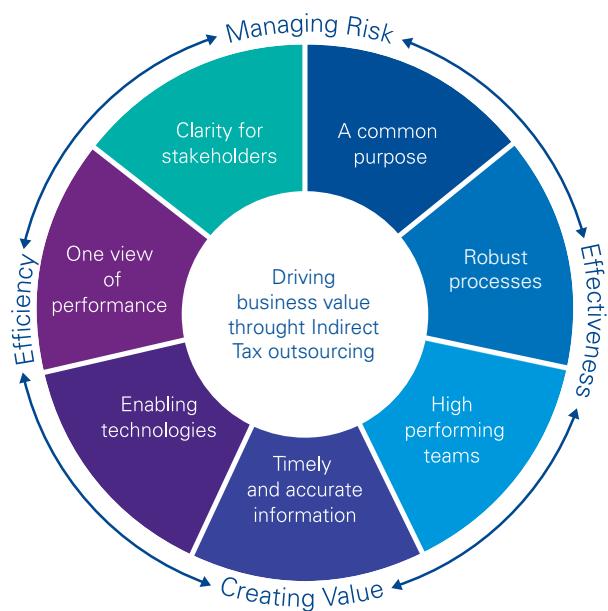
The more time a company's in-house tax professionals spend on compliance, the less time they can devote to higher-value

activities such as strategic tax planning and risk management. Outsourcing the indirect tax compliance function may be the best approach.

Cost-effective, versatile and scalable, outsourcing enables organizations to pay only for the services they need and not for headcount or overheads. This can free up in-house resources to focus on core tax functions and long-term business initiatives.

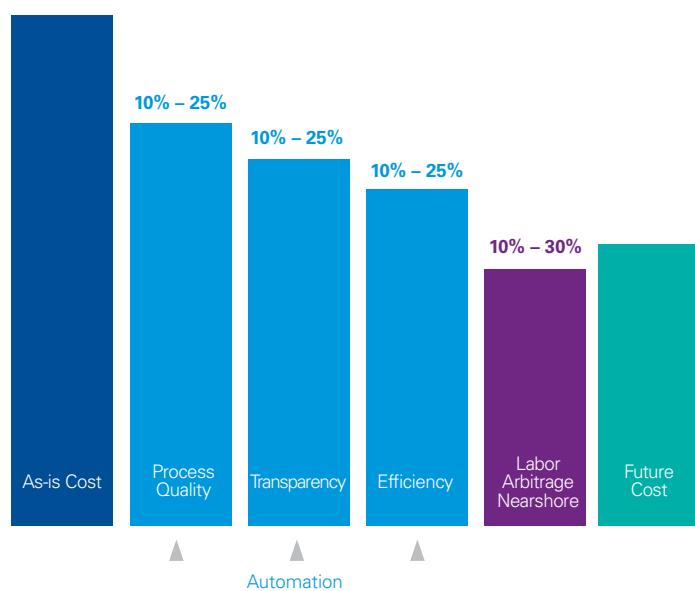
KPMG's Indirect Tax Compliance Center makes clear business sense by offering a practical, proactive, and centralized approach without compromising the accuracy or quality of a company's compliance processes and obligations. Flexibility throughout the process enables us to tailor our services to meet your business goals and compliance needs.

## KPMG's Indirect Tax Compliance Center can offer clients:



Source: KPMG International 2016

## Potential savings in the indirect tax compliance process



Source: KPMG International 2016

# KPMG's Indirect Tax Compliance Center

KPMG's Indirect Tax Compliance Center is our Center of Excellence for indirect tax compliance. Our team's extensive knowledge and practical experience with ever-changing legislation allows us to identify and analyze VAT/GST risks and adopt approaches to VAT/GST issues that can help your organization reduce costs and enhance benefits. While we take a global approach, we can also deliver bespoke services locally.

Based in Budapest, the Indirect Tax Compliance Center offers dedicated experience in the preparation of VAT/GST returns, Intrastat Returns and EC Sales/Purchase lists.

Our team is comprised of multilingual professionals with pooled knowledge of the local reporting rules and practices in over 30 countries. Our professionals have broad, collective experience in tax compliance, information technology and audit.

We work to keep on top of emerging VAT/GST developments through our dedicated knowledge management team and extensive technical training. As a result, our professionals can see the wider picture while keeping local issues in view, allowing them to deliver effective compliance and a proactive risk management approach.

Our goal is to improve the international VAT/GST positions of our clients through a unique combination of professional skills and experience, forward-thinking technology, and consistent, proactive communication.

The Indirect Tax Compliance Center currently helps to meet the resident and non-resident VAT/GST compliance needs of over 100 clients headquartered in Europe and around the world. Our in-house technology allows the team to offer VAT/GST compliance management solutions on a global level.

## Helping you reduce manual work while enhancing value

### Reduce manual work

- Automated data capture
- Automated transaction processing
- Business rules embedded in applications
- Reconciliation
- Data conversion

### Enhance value

- Balanced scorecards
- Transparency of process management
- Automated reporting on business processes
- Automated filings

Source: KPMG International 2016

Throughout this document, "KPMG" ["we," "our," and "us"] refers to KPMG's Indirect Tax Compliance Center. KPMG International is a Swiss entity that serves as a coordinating entity for a network of independent member firms operating under the KPMG name. KPMG International provides no client services.

# Our indirect tax compliance services

Our indirect tax compliance services include:

## **VAT/GST return preparation and compliance**

In managing preparation and compliance activities for VAT/GST returns, EC Sales and Purchase Listings, and Intrastat returns, our services go beyond mechanical data processing. We help ensure all VAT/GST returns undergo rigorous review procedures. We conduct automated checking and reconciliation exercises to help ensure that the data received is correctly reported. We can also review invoices and report on any formal or tax-technical issues.

## **Central or local VAT/GST return filing**

Once we have prepared the VAT/GST return and you have approved it, the return will be filed with the local VAT/GST authorities directly or, where legally required, locally.

## **Local VAT/GST audit support**

The Indirect Tax Compliance Center is closely integrated with KPMG's international network of member firms. This allows our professionals to provide practical, local assistance with VAT/GST audits and coordinate all documentation and information with your teams. We then deliver complete files to the offices of the local KPMG member firm so their teams can assist with the local VAT/GST audit.

## **Global mindset, local representation**

If your organization needs to appoint a fiscal representative in a country, we can help make local arrangements cost-efficiently. You can also count on us to look beyond the immediate tax environment to consider future trends and developments and provide you with proactive reports on legislative and jurisprudence changes and the potential impact on your business.

## **Compliance life-cycle**

We can provide compliance services for the full compliance life cycle — from data capture through filing the return to reconciliation and follow-up.

## **Flexible Scoping**

We offer compliance process and controls consulting and data analytics as additional services such as:

- Ability to support your business as it changes
- A to Z compliance life cycle, including proactive tax authority management in collaboration with local KPMG member firms
- Fiscal representation solutions



### Technology suite

- Globally supported technology
- Standard data integrity checks with flexibility to integrate customer-specific controls
- Modular approach to automation allows us to accommodate most ERP systems and work with data in your format
- Real-time access and collaboration
- Technology platforms used are agile and drive efficiency and cost reduction

### Team structure

- Strategic integration of the Indirect Tax Compliance Center with KPMG's global network
- Global access to skills and knowledge specific to each covered country's tax laws and culture

### Process improvement and standardization

- Broad experience across ERP systems, IT, process re-engineering, and technical tax rules helps us optimize existing processes
- Consistent approach to compliance combines uniformity across jurisdictions with flexibility for your specific needs
- Visibility and control can provide assurance at each stage of the process

### Bespoke pricing

Our approach to pricing is not 'one-size-fits-all'. We offer bespoke pricing to suit individual needs, and we build our cost structures to suit the specific requirements of each client, helping ensure that our compliance strategy will align — and stay aligned — with your ongoing business priorities.

"The Indirect Tax Compliance Center helps our company meet our required periodic compliance requirements in over 25 countries. KPMG's approach is professional, hands-on and flexible. Brainstorming sessions conducted by the Indirect Tax Compliance Center professionals help us think differently so we can further optimize our overall indirect tax compliance processes. The team has come up with various beneficial proposals and suggestions."

**International tax director  
of a leading global company**

### The Indirect Tax Compliance Center Advantage

Your goals are our goals



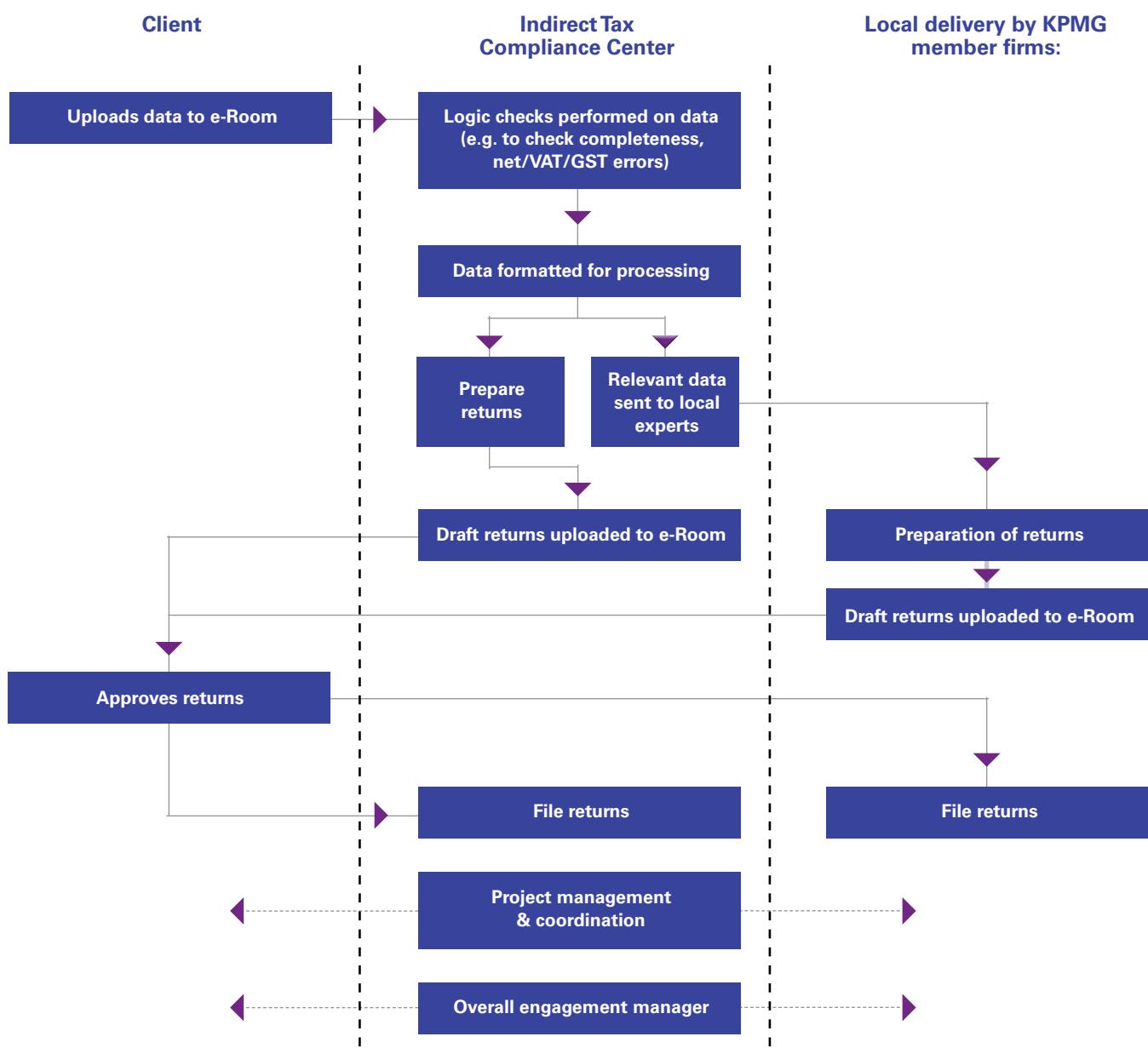
Source: KPMG International 2016

# KPMG's Indirect Tax Compliance Center – your single point of contact

The Indirect Tax Compliance Center offers global companies the choice of having a single, global point of contact for receiving all data, segregated or not, by jurisdiction. We manage your access to KPMG's worldwide network and help to ensure a smooth compliance process. We will also gather your returns for all relevant jurisdictions and combine them to provide a single platform for management reporting.

On-site assistance and local relationships complement our centralized project management approach.

The diagram below shows how our process typically works. We will tailor this approach to suit your organization's specific needs.



# How KPMG's Indirect Tax Compliance Center can add long-term value to your business

## ***A comprehensive, flexible approach***

For any business looking to outsource its indirect tax compliance activities and reap the rewards of specialist, cross-border tax skills, KPMG's Indirect Tax Compliance Center can help.

Our team is staffed and equipped specifically to provide for an organization's indirect tax compliance needs. Through leveraging the Indirect Tax Compliance Center, KPMG firms can help add value to an organization in the following key ways:

### **Cohesive global team and approach**

The Indirect Tax Compliance Center is an integrated part of a network of tax professionals all over the world. The team can also tap into the knowledge and experience of KPMG member firms where our tax professionals are immersed in their local business and regulatory environments; these local teams can provide a practical perspective and commercial insight.

### **Understanding your business**

Our teams will consult with you to understand your specific compliance needs. That way, we can design and adapt compliance processes as your needs evolve. Where appropriate, we can also suggest ways for achieving your compliance-related business and financial goals and potentially enhance your cash flow position.

### **Helping you win long-term competitive advantage**

KPMG's network of tax professionals believe that saving you time and money is only part of the job. Keeping you informed of global indirect tax developments that directly affect your business is equally vital. We will communicate with your tax and finance teams regularly to share leading industry practices, exchange ideas and information, and help improve your overall compliance process.

### **Better process quality**

By standardizing and automating your indirect tax procedures, we can significantly improve the quality of your compliance process. A cornerstone of our process is the four eyes principle, under which all returns are reviewed by an experienced professional who was not involved in the preparation work. Services provided by the Indirect Tax Compliance Center are subject to internal and external audit (ISO 9001) to maintain discipline and instill a culture of continuous improvement.

### **Higher efficiency**

By standardizing and automating your indirect tax process, we can help reduce the handling time of your indirect tax compliance cycle. Mathematical and logical checks are built into our systems to help identify and correct errors as part of the compliance cycle. We will monitor and assess any errors identified and work with your team to find and correct the root causes.

### **More transparency**

The Indirect Tax Compliance Center has improved the transparency of the traditional indirect tax compliance and reporting process. Our coordinators are dedicated to monitoring and ensuring that the calendar of compliance deadlines is met. Our systems and processes allow you to monitor this time-critical process by issuing you alerts when items are due or overdue. Your personal client manager will consult with you regularly, keep you up to date with the compliance process and escalate any issues requiring your attention. In helping manage compliance for your corporate group, we can offer you instant overviews of the group's compliance status. Your tax team will also enjoy access to a centralized archive of your group's compliance documentation.

### **Cost-effective approach**

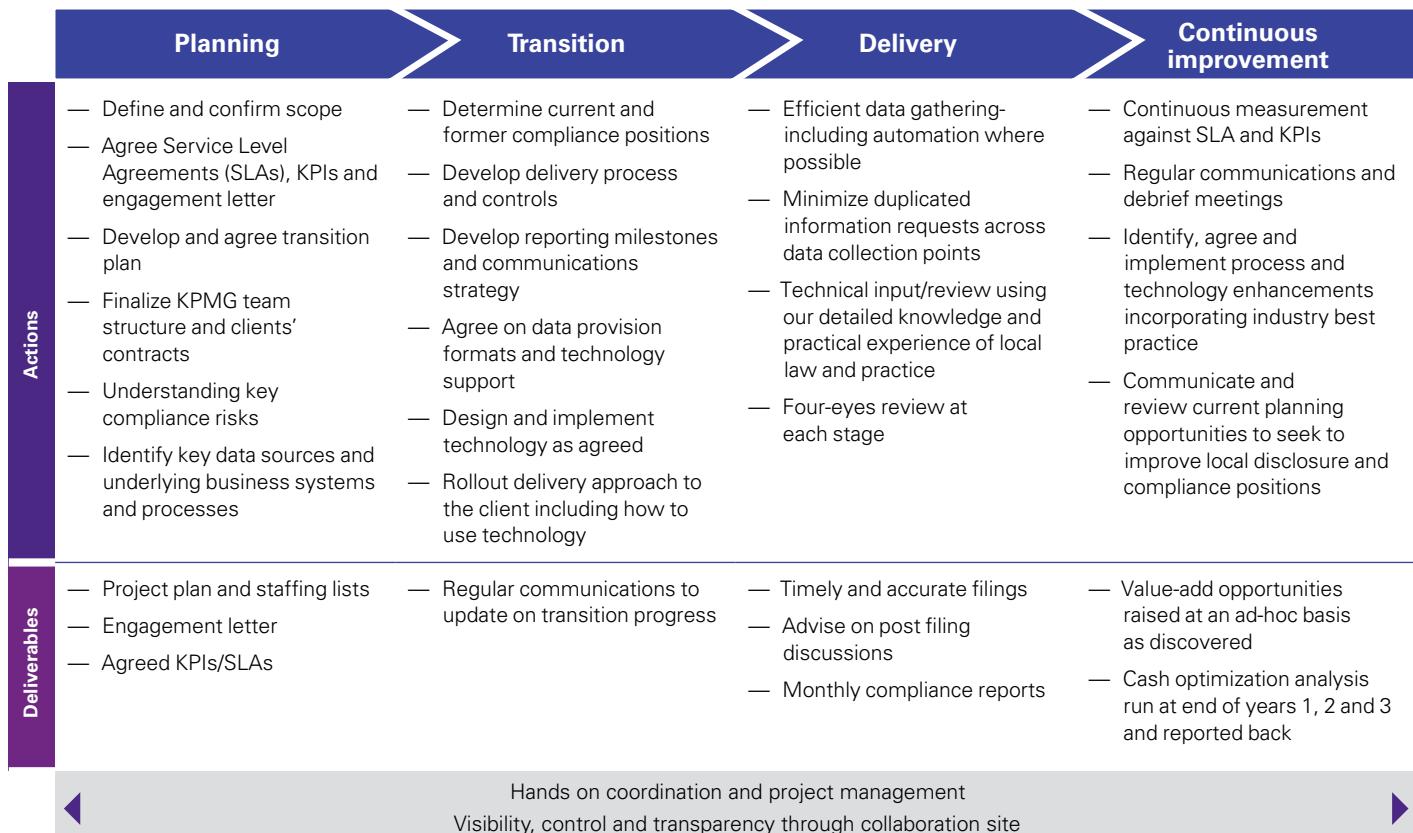
Using the Indirect Tax Compliance Center can reduce your costs due to our pricing structure and economies of scale that allow us to invest in leading technologies and automation. You can experience a faster compliance cycle, which can greatly reduce your compliance costs over time. Our Budapest location allows us to lower our overhead costs while attracting highly skilled people to our team. Through working with numerous global entities, our multilingual team is continually heightening their experience while working in environments that keep them up to speed with the latest tax law changes.

### **Continuous improvement**

Once implemented, complex processes need continuous review to help maintain quality and deliver enhancements that improve processes and cost-efficiency. An independent review enables us to evaluate performance against key performance indicators (KPI) and plan for process enhancements. We also seek to identify opportunities to help reduce our clients' overall indirect tax compliance work. We will consult with your team to develop an improvement plan, allocate responsibilities, and set a timetable for implementation.

## Transition

The Indirect Tax Compliance Center's hands-on approach helps pave the way to a smooth transition to assist you in the following:



Source: KPMG International 2016

## Making the transition using technology

Our approach to indirect tax compliance helps companies automate a significant proportion of their VAT/GST compliance and reporting cycles. Our conservative focus on risk avoidance in general forms the basis of our automation approach. Once data capture and processing are automated, we continue to refine and improve the systems and procedures. We help our clients move to automatic compliance through the controlled approach described above.

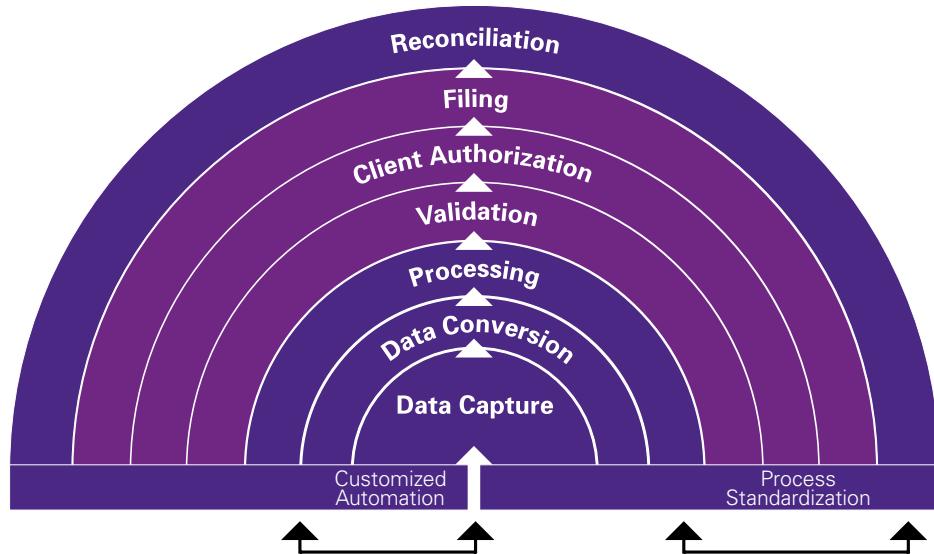
### Our controlled approach — the first line in quality assurance

We start with a controlled process to help ensure that all team members have the right skills and experience to serve on an engagement. For all projects, we select teams with knowledge of local compliance matters and practices.

Where appropriate, we will also consult with key technical specialists to help ensure the quality of our core service but add value by highlighting key risks or opportunities. As the diagram opposite shows, our compliance process can be divided into seven main steps. Steps three to six are standardized, while the flexibility in the first two steps and the tailor-made approach to step seven allows us to respectively accommodate our clients' systems and their risk management expectations. On the front-end of the compliance cycle we can deploy a series of tools that automate the capture and conversion of data from source systems.

Whether your organization uses a single, large ERP system, multiple systems in different regions, or simple spreadsheets, we can deploy a flexible level of automation to help ensure compliance and boost savings.

## Compliance process



Source: KPMG International 2016

|                             |   |
|-----------------------------|---|
| <b>Data capture</b>         | <ul style="list-style-type: none"> <li>The process starts with data extraction from source accounting systems</li> <li>Flexible enough to capture data from a single system or multiple systems</li> <li>A variety of standard tools are available to help ensure good data capture</li> <li>Can be built or tailored to use standard reports or input sheets</li> </ul>  |
| <b>Data conversion</b>      | <ul style="list-style-type: none"> <li>Extracts data from source</li> <li>Converts</li> <li>Loads</li> <li>Helps maintain the integrity of the data</li> <li>Runs completeness checks</li> </ul>  |
| <b>Processing</b>           | <ul style="list-style-type: none"> <li>The analytics engine uses captured information to help identify potential errors before they are reported and to demonstrate to your local tax administration that you are actively managing VAT/GST compliance risk</li> <li>The engine creates and populates work papers and returns in the required formats</li> <li>Analytics engine can provide sophisticated trend analysis</li> </ul> |
| <b>Validation</b>           | <ul style="list-style-type: none"> <li>Works on four-eyes principle: independent review by an experienced indirect taxation specialist who was not involved in the preparation of the return</li> <li>Mathematical and logical checks</li> </ul>  |
| <b>Client authorization</b> | <ul style="list-style-type: none"> <li>Formal process for sign-off</li> <li>In-depth audit trail</li> <li>Analytic reports</li> </ul>   |
| <b>Filing</b>               | <ul style="list-style-type: none"> <li>Multiple models</li> <li>Manual or e-filing</li> <li>KPMG member firms filing on behalf of their client is also available</li> <li>Fiscal representation available</li> </ul>  |
| <b>Reconciliation</b>       | <ul style="list-style-type: none"> <li>Control account reconciliation</li> <li>Sales listing to VAT/GST report</li> <li>Turnover reconciliation</li> </ul>  |

# Realizing the benefits

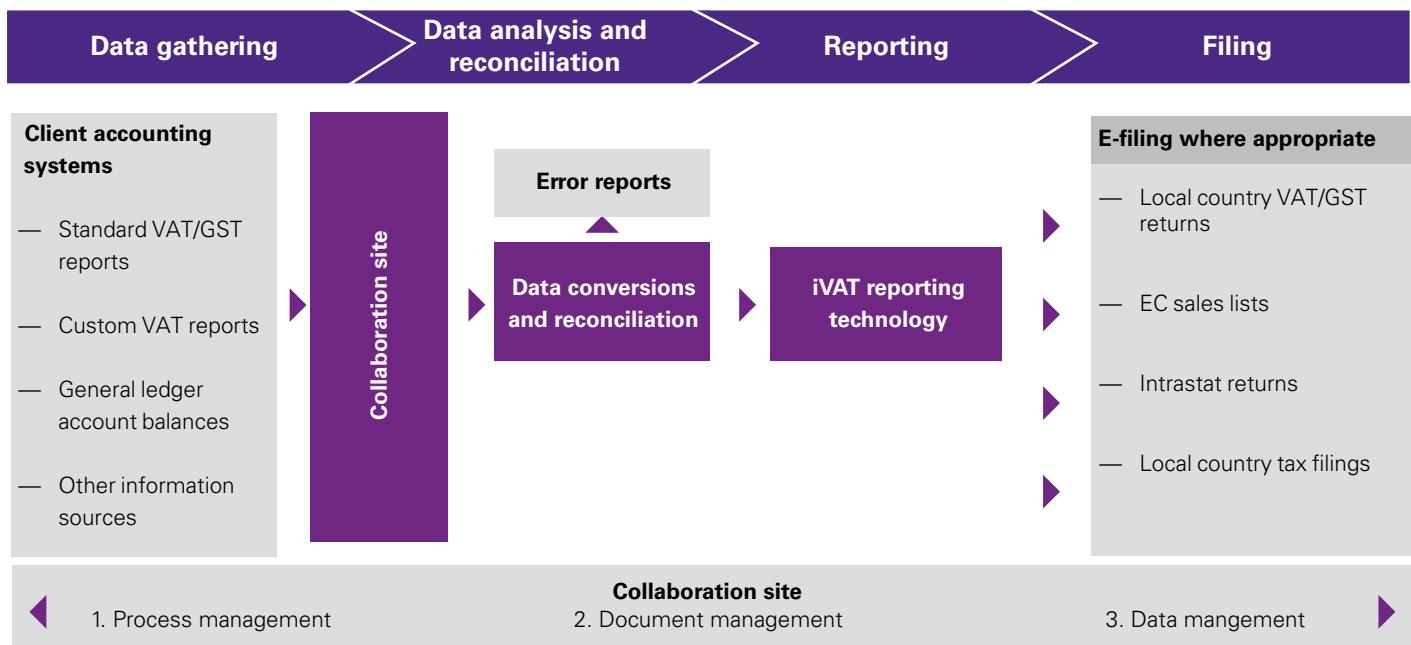
Once your organization's VAT/GST compliance process is in place, you can expect to enjoy a variety of benefits, which may include:

- reduced time spent on compliance and reduced risk
- flexible software that provides support for VAT/GST returns filings and can be enabled for e-filing
- increased assurance in the quality and timeliness of returns produced
- verified source system data imported directly into tax working papers

- sophisticated trend analysis provided by an analytics engine
- reduced manual processes
- robust audit trails and proactive data testing
- greater visibility over compliance and reporting processes
- increased standardization and consistency within organizations or across countries
- greater confidence in the accuracy of all of your VAT/GST returns

**Our long-term program of investment to establish and maintain our lead in tax technology provides the platform for a robust, integrated, end-to-end compliance process.**

While recognizing that a key determinant of success in any global compliance process is how well people work together, KPMG firms firmly believe that technology is increasingly playing a central role in efficient compliance processes from data capture through to e-filing.



Source: KPMG International 2016

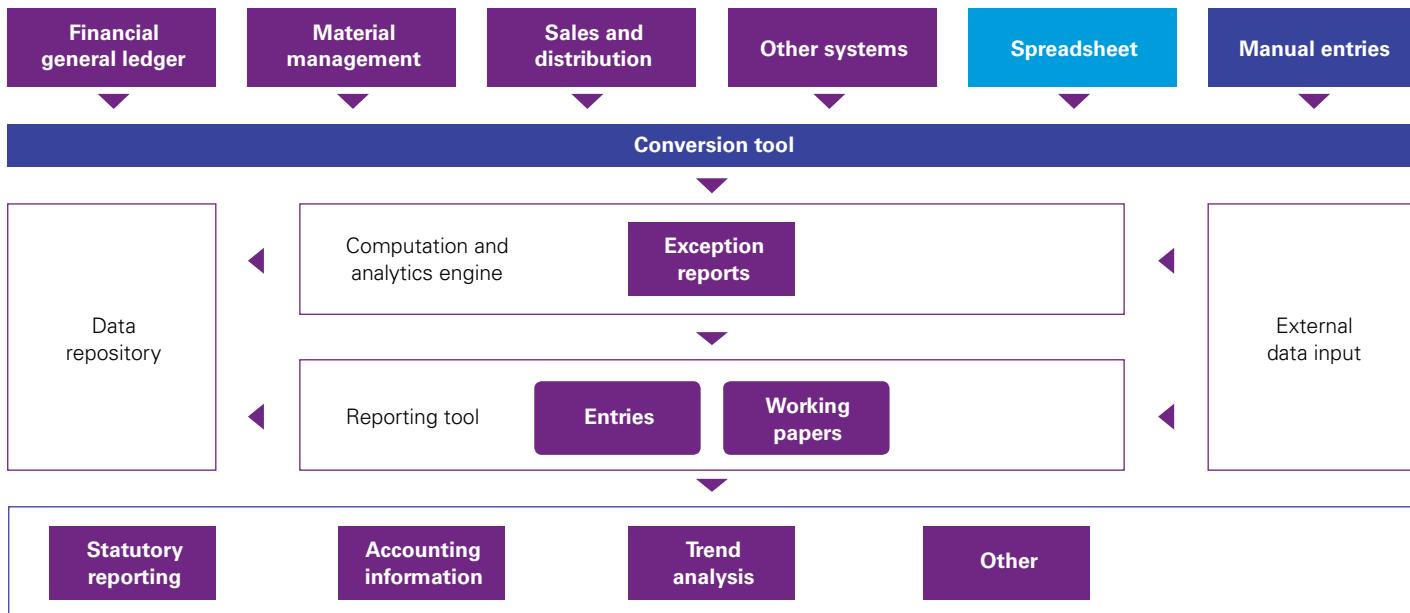
1. Process management

Collaboration site

2. Document management

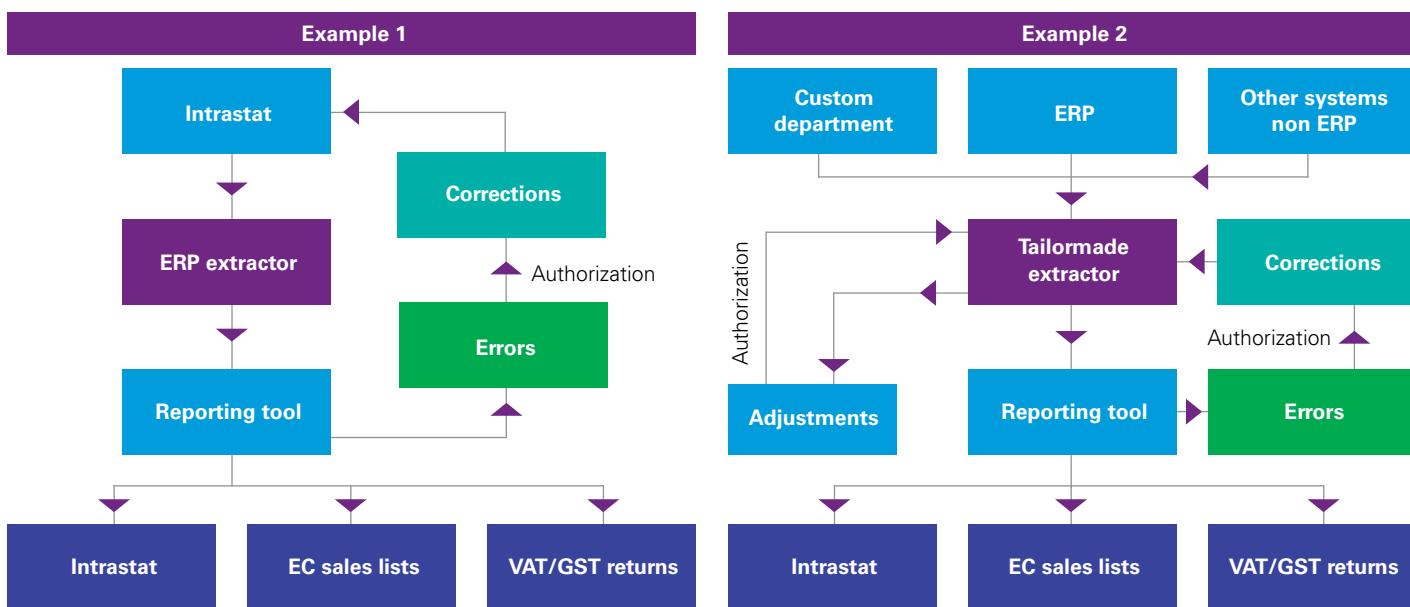
3. Data management

The diagram below features an overview of our IT structure that will then be tailor-made to our clients' needs.



Source: KPMG International 2016

The diagrams below illustrate two different examples of individual client set-ups. Example 1 shows a set-up for a client with a single global ERP. Example 2 involves a client with a more complex IT infrastructure.



Source: KPMG International 2016

# Summary

The Indirect Tax Compliance Center can offer:

- ✓ Strengthened control environment — fewer or no surprises
- ✓ Improved risk and control culture and accountability
- ✓ Improved decisions through transparency
- ✓ Simplified and standardized processes and controls
- ✓ Increased automation

Reduced cost

Increased efficiency

Stakeholder comfort

Better performance

## Why KPMG's Indirect Tax Compliance Center?

Our professionals think beyond immediate compliance tasks to help add longer-term value to clients. We achieve this by recognizing and responding to the international scope of today's businesses, by being forward-thinking, by developing relationships that can evolve with your business, and by

improving both compliance procedures and relationships with regulators. Our people can help add value to your business by providing reassurance about your key filing positions and by identifying better disclosure positions and planning opportunities.

## KPMG's Global Indirect Tax practice and key VAT/GST contacts with KPMG member firms

**Tim Gillis**  
Global Head of Indirect Tax  
E: [tgillis@kpmg.com](mailto:tgillis@kpmg.com)

**Michael Glover**  
KPMG's Indirect Tax Compliance Center  
E: [michael.glover@kpmg.hu](mailto:michael.glover@kpmg.hu)

**KPMG in Argentina**  
**Vivian E Monti**  
E: [vmonti@kpmg.com.ar](mailto:vmonti@kpmg.com.ar)

**KPMG in Australia**  
**Nick Kallinikios**  
E: [nkallinikios@kpmg.com.au](mailto:nkallinikios@kpmg.com.au)

**KPMG in Austria**  
**Stefan Haslinger**  
E: [shaslinger@kpmg.at](mailto:shaslinger@kpmg.at)

**KPMG in Belgium**  
**Peter Ackerman**  
E: [packerman1@kpmg.com](mailto:packerman1@kpmg.com)

**KPMG in Brazil**  
**Lucio Bastos**  
E: [lbastos@kpmg.com.br](mailto:lbastos@kpmg.com.br)

**KPMG in Bulgaria**  
**Kalin Hadjidimov**  
E: [khadjidimov@kpmg.com](mailto:khadjidimov@kpmg.com)

**KPMG in Canada**  
**John Bain**  
E: [jbain1@kpmg.ca](mailto:jbain1@kpmg.ca)

**KPMG in Chile**  
**Mauricio Lopez**  
E: [mauriciolopez@kpmg.com](mailto:mauriciolopez@kpmg.com)

**KPMG in China**  
**Lachlan Wolfers**  
E: [lachlan.wolfers@kpmg.com](mailto:lachlan.wolfers@kpmg.com)

**KPMG in Colombia**  
**Maria Torres**  
E: [mctorres@kpmg.com](mailto:mctorres@kpmg.com)

**KPMG in Croatia****Paul Suchar****E:** psuchar@kpmg.com**KPMG in Cyprus****Harry Charalambous****E:** harry.charalambous@kpmg.com.cy**KPMG in the Czech Republic****Petr Toman****E:** ptoman@kpmg.cz**KPMG in Estonia****Merike Oja****E:** moja@kpmg.com**KPMG in Finland****Juha Sääskilahti****E:** juha.saaskilahti@kpmg.fi**France****(Fidal is an independent legal entity separate from KPMG International and KPMG member firms)****Laurent Checuti****E:** lchecuti@fidalinternational.com**KPMG in Germany****Karsten Schuck****E:** kschuck@kpmg.com**KPMG in Greece****Angela Iliadis****E:** ailiadis@kpmg.gr**KPMG in Hungary****Zoltán Farkas****E:** zoltan.farkas@kpmg.hu**KPMG in India****Sachin Menon****E:** sachinmenon@kpmg.com**KPMG in Indonesia****Roy Tedja****E:** roy.tedja@kpmg.co.id**KPMG in Ireland****Niall Campbell****E:** niall.campbell@kpmg.ie**KPMG in Italy****Eugenio Graziani****E:** egraziani@kstudioassociato.it**KPMG in Japan****Masaharu Umetsuji****E:** Masaharu.umetsuji@jp.kpmg.com**KPMG in Republic of Korea****Dong Suk Kang****E:** dongsukkang@kr.kpmg.com**KPMG in Latvia****Steve Austwick****E:** saustwick@kpmg.com**KPMG in Lithuania****Domantas Dabulis****E:** ddabulis@kpmg.com**KPMG in Luxembourg****Laurence Lhote****E:** laurence.lhote@kpmg.lu**KPMG in Malta****Anthony Pace****E:** anthonypace@kpmg.com.mt**KPMG in Mexico****Cesar Catalan****E:** cesarcatalan@kpmg.com.mx**KPMG in the Netherlands****Leo Mobach****E:** mobach.leo@kpmg.nl**KPMG in New Zealand****Peter Scott****E:** pscott@kpmg.co.nz**KPMG in Norway****Oddgeir Kjørvik****E:** oddgeir.kjorsvik@kpmg.no**KPMG in Peru****Rocio Bances****E:** rbances@kpmg.com**KPMG in the Philippines****Manuel P Salvador III****E:** msalvadorIII@kpmg.com**KPMG in Poland****Tomasz Grunwald****E:** tgrunwald@kpmg.pl**KPMG in Portugal****Alexandra Martins****E:** alexandramartins@kpmg.com**KPMG in Romania****Ramona Jurubita****E:** rjurubita@kpmg.com**KPMG in Russia****Evgenia Wolfus****E:** ewolfus@kpmg.ru**KPMG in Singapore****Kok Shang Lam****E:** kokshanglam@kpmg.com.sg**KPMG in Slovakia****Tomas Ciran****E:** tciran@kpmg.sk**KPMG in Slovenia****Nada Drobnic****E:** nada.drobnic@kpmg.si**KPMG in South Africa****Andre Meyburgh****E:** andre.meyburgh@kpmg.co.za**KPMG in Spain****Celso Garcia Granda****E:** celsogarcia@kpmg.es**KPMG in Sweden****Susann Lundstrom****E:** susann.lundstrom@kpmg.se**KPMG in Switzerland****Andre Russi****E:** arussi@kpmg.com**KPMG in Turkey****Yavuz Öner****E:** yoner@kpmg.com**KPMG in the United Kingdom****Gary Harley****E:** gary.harley@kpmg.co.uk**KPMG in the United States****Loren Chumley****E:** lchumley@kpmg.com**KPMG in Venezuela****Zulay Perez****E:** zperez@kpmg.com**KPMG in Vietnam****Nhan Huynh****E:** nnhuynh@kpmg.com.vn

[kpmg.com](http://kpmg.com)

[kpmg.com/tax](http://kpmg.com/tax)

[kpmg.com/app](http://kpmg.com/app)



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.

© 2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-a-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Designed by Evalueserve.

Publication name: KPMG's Indirect Tax Compliance Center

Publication number: 133255-G

Publication date: March 2016