



Tax Compliance Management Systems (TCMS) Review



Tax Compliance Management Systems Review

Ensuring continuous Tax Compliance is one of the most vital responsibilities for a company's senior management.

As a practice with extensive experience in tax advisory we understand today's challenges for a company to assure tax compliance with the key issues being financial and reputational risk as well as individual liability risk for senior management.

It is for these reasons that we have developed the "**Tax Compliance Management Systems (TCMS) Review**", a product which essentially aims to provide assurance on the tax compliance processes of the company, to identify areas for improvement and to offer recommendations for the tax function.

Value Proposition – Main Benefits



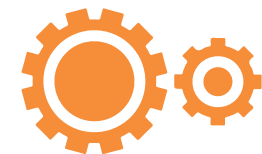
Reliability of tax compliance management system



We provide a reasonable degree of **comfort** that the company and the senior management can rely on the current Tax Compliance Management System. This will be achieved through a comprehensive analysis of tax relevant end-to-end processes and facts.



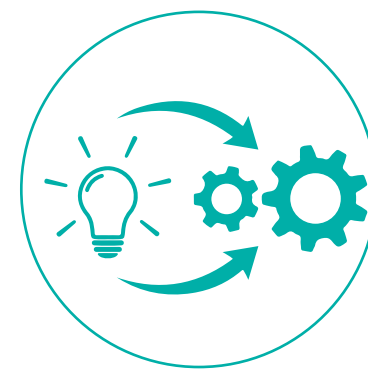
We share **valuable insights** into potential **improvement** and **optimization** opportunities. We also identify **automation opportunities**



Insights into potential process improvements and optimizations



We assess the **correctness** of all the **tax treatments** applied to the company's operations.



We assist the company with the **implementation** of any changes to the Tax Compliance Management System, further to our recommendations.



Correctness of tax treatments



Our team comprises professionals with **extensive experience** in both tax compliance and advisory work.



We also provide **training** to your personnel in this respect.



Implementation of any changes required and training of personnel

Our approach



The project's scope is to review and document the **Tax Function** of your company, to spot areas of potential risk or improvement and to identify and propose remediation and optimization recommendations. Our review will be carried out as follows:

Current Situation ("As Is")



Understanding the **"As Is" processes** in scope. KPMG will work closely with the company in order to understand the current processes in place for the Tax Function.

Recommendations



KPMG will prepare the **Recommendations and Improvements** report, based on the "As Is" understanding, detailing our recommendations with respect to the company's tax relevant processes.

TOM (Target Operating Model)



Preparation of the **"To Be"** flow charts (based on the As Is assessment and the Recommendations and Improvements report), of the RACI matrix, and the Risk-control matrix, carrying out a capacity management people assessment, training needs assessment, etc.

Implementation or Outsourcing



KPMG assists the company with the **implementation** of any changes to the Tax Compliance Management System, further to our recommendations. We also provide training to personnel in this respect.

Alternatively, the company can opt for **outsourcing** tax processes to KPMG.

1

PROJECT INITIATION

Deliverables: Project plan

- Defining the scope of work of the project; **which are the taxes covered – KPMG checks all the tax relevant procedures. However, you can choose to limit the assessment to only certain taxes.**
- Defining the objectives of the project, the project plan and key stakeholders.
- Planning the discussions and interviews in advance.
- Setting and agreeing the project team, governance and the related roles and responsibilities;
- Requesting in advance the documentation for existing processes and other relevant documentation in order to ease the assessment of the tax processes.

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UNDERSTANDING OF THE CURRENT SITUATION (“AS IS” PROCESSES)

- **Data request for tax relevant processes analysis**
- **Interviews / Workshops**
- **Detailed process flows**

Deliverables: “As Is” process flows

- The key objectives are to **clearly understand the As Is processes in scope**. KPMG will work closely with the company in order to comprehend the current tax relevant processes.
- During this stage, we will perform an **assessment** on whether the company and the senior management can rely on the current **Tax Compliance Management System**.
- In this respect, we will perform a **comprehensive** analysis of the **tax relevant end-to-end processes** and facts.

Further to this stage, we will:

- Document, summarize findings and develop the **As Is process flows**;
- Assess the **correctness** of the **tax treatments** currently applied by the company (from a corporate income tax perspective, VAT perspective, etc.). Identifying the tax risks related to the current activities.

3

RECOMMENDATIONS AND IMPROVEMENTS REPORT

- **Proposal of improvement initiatives**
- **Validation workshop**
- **Prioritization**

Deliverable: Recommendations and Improvements report

Having as baseline the current state, identified in the prior stage of the assignment (“As Is”)

KPMG will prepare the **Recommendations and Improvements** report, that will set the basis for the future processes

Implementation or Outsourcing

The **recommendations** contained in the **Report** will fall under the following main categories:

- Proposing changes to activities / processes / controls which lead to deficiencies in tax compliance.
- Identifying incorrect tax treatments which are currently applied and providing the correct tax treatments.
- Removal of duplication of work.
- Streamlining processes.
- Elimination of redundant activities.
- Identification of automation opportunities.

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TOM (TARGET OPERATING MODEL)

- Preparation of the “To Be” flow charts
- Preparation of the RACI matrix, Risk-control matrix
- Capacity management people assessment, training needs assessment, etc.

Deliverables:

- **Flow charts for To Be processes**
- **Responsibility matrix for the To Be activities**
- **Risks and control matrix for the To Be activities**

The “To Be” flow charts will contain the activities to be performed, the flow of the activities, the roles responsible for performing them and the internal controls embedded.

The “To Be” processes will be documented in the form of:

- **process flows**, including activities, performers, documents, system used, inputs / outputs of the process, **control activities**
- the **Responsibility matrix** and **Risk and control matrix**

The draft form of the documentation will be **validated** with key **stakeholders** (process performers and process responsables);

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IMPLEMENTATION OR OUTSOURCING

- Support with the implementation of changes to the Tax Compliance Management System or Outsourcing

Deliverables

(if the Company does not opt for Outsourcing):

- **Detailed time plans for each initiative**
- **Implementation Plan**
- **Status reports**
- **Bottlenecks escalation to senior management**
- **Workshops, training courses, steering committees**

KPMG will assist the company with the Implementation of any changes to the Tax Compliance Management System.

We also provide training to personnel in this respect.

Alternatively, the company can opt for Outsourcing (a part of) the tax compliance process to KPMG.

Outsourcing provides the opportunity to focus on the core business as well as potential cost savings for the company.

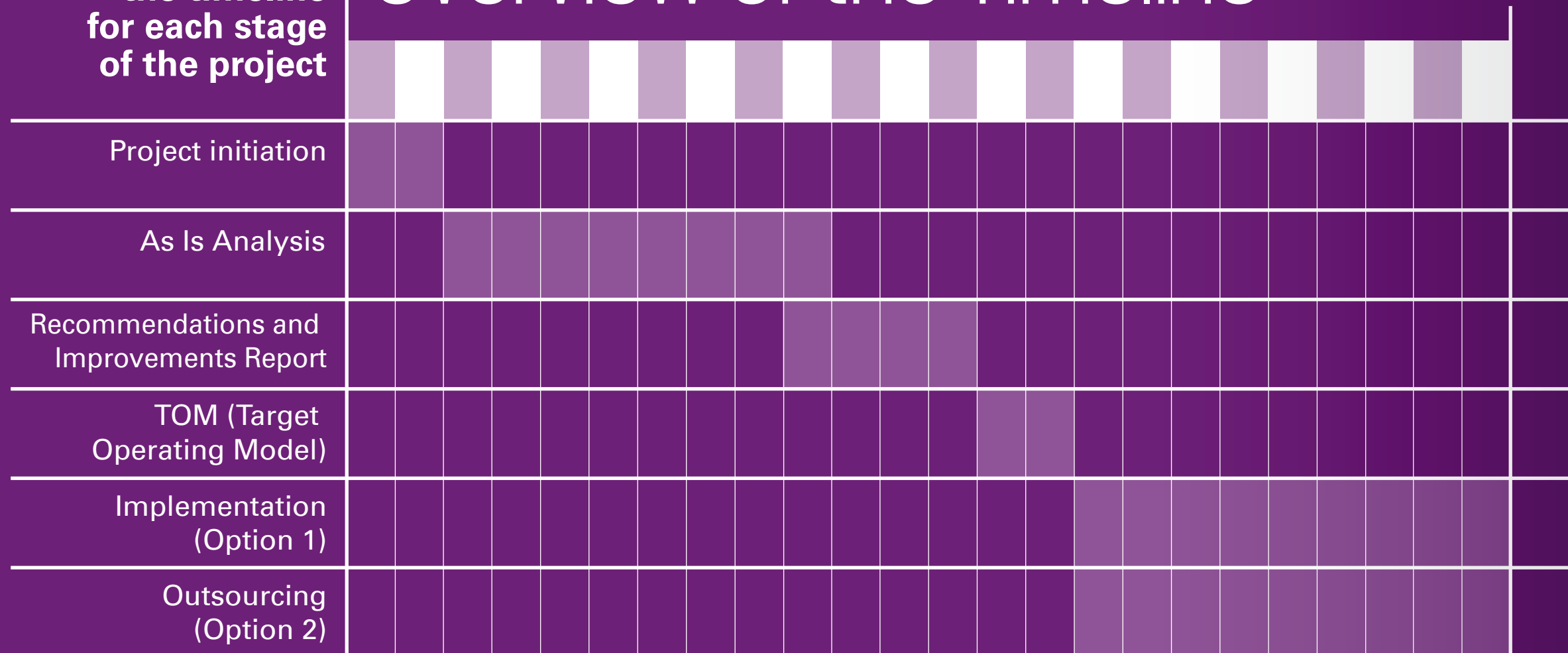
During this stage, we will also leverage KPMG’s tax technology solutions, such as:

- Corporate Income Tax Manager (a solution for the management and calculation of CIT and generation of CIT returns);
- ActiVATe (an application which checks the validity of VAT registration numbers on several official databases);
- VAT Compliance RPA (a Robotic Process Automation solution which generates VAT related returns).



A broad overview of the timeline for each stage of the project

Overview of the Timeline



The actual dates, milestones and deadlines will have to be agreed between KPMG and the company depending on the volume of documents / information to be analyzed and the amount of effort required.

█ = █ = 5 days

Contact us



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