Tax Data Analytics Engine

Employment taxes

Tax authorities are placing increasing emphasis on employer processes and the integrity of company data when auditing tax compliance processes.

Many employers are now implementing technology solutions to mitigate the risk of human error and generate efficiencies in employer year end reporting.

How can KPMG help?

KPMG's Tax Data Analytics Engine ('TDAE') is a cloud-based application developed by our tax professionals which uses defined rules and machine learning to review large volumes of data and is typically used to support the P11D and PAYE Settlement Agreement ('PSA') preparation process through to calculations. KPMG have experienced professionals across multiple tax service lines who are available to support your company through this data compliance work.

Alternatively, the solution can be licenced to you for you to use with your in-house team.

Master data

Whether your data relates to capital spend, accounts payable transactions, employee expenses, relocation provider schedules, share schemes or pensions, TDAE **reviews and categorises** the expense by applying a consistent set of rules far more efficiently than an equivalent manual process.

System logic

The digital **machine learning** module has been designed to identify transactions based on current UK employment tax rules and patterns influenced by KPMG qualified data and our market knowledge. This allows transactions to be categorised as either exempt or reportable via the P11D or PSA.

Data entry

With an **intuitive user interface,** large volumes of data can be filtered quickly by writing rules using a simple drag and drop approach, requiring **no Excel macros or coding skills**.

Accounting & adjustments

TDAE provides an exportable PDF action log for each period. This action log provides **full transparency** on what data has been imported, the rules that have been applied and the files that have been exported.

Reporting & filing

TDAE provides an **audit trail** of how data has been processed to support Senior Accounting Officer (SAO) reporting.

Storage & retention

TDAE allows the user to **lock and archive** analysis so that the logic applied historically can be fully understood.

Document Classification: KPMG Public

Benefits of using TDAE

⚠ Reducing risk

Once set up, the TDAE digital machine learning and user defined rules can be rolled forward automatically each year, for a more consistent approach towards data analysis, tracking and reporting. This means that the engine will generate the same results, even if different team members run the analysis.

Enhanced management information

TDAE will provide stakeholders with increased access to management information, allowing expenses to be reviewed at a group or individual employee level allowing you to gain insight into particular spending habits and working practices that might support future process improvement and compliance.

Strategic use of resources and cost saving

KPMG's technology can manipulate and merge data from multiple sources, reducing the need for manual intervention and the risk of human error, duplication or omission. The same data set can be analysed and used for multiple tax-related purposes, including employment tax, capital allowances, corporate tax and VAT analysis, as well as for other reporting jurisdictions. Automating the data analysis process can free up in-house resource, allowing more time to focus on other strategic priorities. Previous KPMG projects have seen a 30% reduction in taxable transactions, delivering real cost savings to the business.

Policy compliance

Use of TDAE will provide a clear governance process that will feed into SAO processes and are designed to align to the future requirements of HMRC. TDAE data can be analysed on a monthly or quarterly basis so you can interrogate output data to find patterns and trends occurring within the organisation. We can provide relevant information to manage policy compliance proactively rather than reactively. This helps enable the organisation to better enforce compliance and drive savings.

Wider benefits

In addition to the preparation of P11D and PSA, TDAE can be used to:

- Analyse relocation benefit data for internationally mobile employees.

- Utilise KPMG's Power BI visual dashboard to interrogate data, including the option to determine location, employee ID and cost centre of expenses being incurred.

- Identify taxable expenses such as ordinary commuting travel within the UK.

- Review Short Term Business Visitor travel data and identify additional permanent workplaces, both within the UK and internationally.

- Organise quarterly reviews of expense data, allowing stakeholders to challenge out of policy expenses and achieve cost reductions in real time.

- Improve the input accuracy of expense categories and descriptions to improve future reporting.

- Carry out reviews of prior year expense data providing evidence to challenge internal and external stakeholders on accounting and control processes.

Document Classification: KPMG Public

Contact us

Eloise Knapton, Employment Solutions
T: +44 (0)7500 121372
E: eloise.knapton@kpmg.co.uk

Hayley Perkin, Employment Solutions
T: +44 (0)7769 631715
E: hayley.perkin@kpmg.co.uk

Beccy Ellis, Employment Solutions
T: +44 (0)7825 932775
E: beccy.ellis@kpmg.co.uk

Chris Verri, Employment Solutions
T: +44 (0)7824 820034
E: christian.verri@kpmg.co.uk

kpmg.com/socialmedia