

# Corporate Tax Advisory

## Fact Sheet

We approach the market with an understanding of a client's business, its needs and its strategic requirements. We use our in-depth technical tax knowledge, and our broader understanding of how tax fits into the wider business picture, to help clients meet their compliance responsibilities and act on planning opportunities.

### Anticipate Tomorrow. Deliver Today.

Being part of a global leading network of firms, we have a duty to engage in and advance the discussion and debate surrounding responsible tax, increased calls for transparency and the future of taxation in an increasingly globalised and digitised world. The responsible tax theme is a principle which is encompassed across our value and service offering propositions.

### Value Proposition

We are a dedicated team specialising in corporate tax advisory and provide value enhancing services in the following areas:

- **Mergers and Acquisitions:** Providing specialist services in relation to tax issues that arise from domestic and cross-border acquisitions, dispositions, integration of target companies with the acquiring company. Our Innovative thinking provides clients with effective tax planning and optimisation opportunities, and confidence that structures are implemented correctly and efficiently.
- **Private Equity:** At KPMG, we recognise that private equity is not just about the transaction but also about a continuous cycle of fundraising & portfolio management. We offer a wide range of tax services relating to the structuring of the fund structure to ensure alignment with the commercial rationale, assistance with ongoing tax planning and tax compliance matters during the life of the fund structure, as well as assistance in preparation for exit from the fund.
- **Mining:** We are well placed to provide our clients with an array of tax services in a sometimes uncertain and complicated regulatory environment. We seek creative solutions for our clients through combining our expert skills, industry knowledge and global network. We believe in multidisciplinary teams working together, to cover all areas of the tax engagement (including royalty taxes).
- **Dispute Resolution and Tax Controversy:** We assist clients to mitigate and protect against risks relating to audits, as well as with managing and resolving issues so they can gain control over the uncertainty inherent in tax disputes. Our approach is designed to help clients

address specific and integrated tax disputes through effective strategies for their mitigation, management and prompt resolution.

- **Carbon Tax:** Our Tax and Sustainability teams have a unique blend of skills, experience and deep specialisation. Using a phased approach, integrating engineering, tax and customs & excise expertise, we can help you each step of the way to manage your carbon tax obligations and reporting requirements.
- **Incentives:** KPMG's incentives team specialises in government grants and tax incentives, spanning a multitude of industries. Our extensive experience in the South African incentive landscape enables us to understand your projects, guide and support you through the process (both in application and subsequent progress report submissions), maximise your incentive benefits.
- **Tax Advisory:** Due to the multi-disciplinary nature of our Tax and Legal team, we are able to provide a one-stop-shop for clients that require tax advisory assistance. Our seamless approach ensures that the most efficient structure is implemented, all aspects of the transaction are considered, and transactions costs/administration are minimised in all instances.

We also offer expert and value enhancing services across all industries, including **financial services** (as well as insurance), **consumer markets; renewable energy; telecommunications and media; life sciences** (including pharmaceuticals), **industrial manufacturing and automotive** etc.

### What we Offer

#### Service Offerings

We offer progressive approaches and advice on the full range of corporate tax matters with emphasis on the opportunities and issues flowing from:

- Corporate Tax Planning and Consulting (Corporate Tax Advisory, including assisting with tax ruling applications and liaising or briefing Senior Counsel)
- Group Restructures and Corporate Restructuring
- Mergers and Acquisitions

- Management and Leveraged Buy-outs
- Disposal of Businesses
- Structuring of New Ventures
- Corporate Tax Compliance
- Government Grant and Tax Incentive Assistance
- Carbon Tax Assistance
- Advising on e-Commerce Transactions
- Innovative Share Incentive Scheme Assistance (including design and implementation)
- Due Diligence Assistance, including Vendor Assist
- Tax Diagnostic Reviews
- Mining Rehabilitation Vehicles
- Supply Chain Review (including conceptualisation, structuring and implementation assistance)
- Shared Service Centre (including feasibility and architecture design, structuring and implementation)
- Dispute Resolution and Tax Controversy –Assisting clients throughout the process from SARS request for information to settlement or Tax Court, etc.

## Complementary Services

### Learnership Incentive Tool

KPMG has developed an easy-to-use app which allows you to accurately and speedily calculate the learnership tax allowances and generate your tax schedules at the press of a button! This solution provides clients with comfort surrounding the accuracy of the claim as well as taking the hard work out of claiming the allowance.

### Other Benefit Services

We assist organisations in rapidly identifying tax opportunities to reduce costs and improve value through specific value adding services.

**Capital Allowance Review:** Maximisation of available capital allowances to increase the basis of the allowance, supported by case law and within the parameters of the legislation.

**Cash Management System Review:** Review of debtors/creditors terms as well as early payment/settlement discounts to determine potential areas that give rise to increase cash flow and reduce the operational cost of doing business.

**Revenue and Expense Recognition Analysis:** In certain instances, the timing of accrual of revenue or incurral of expenditure differs between accounting and tax. This exercise will assist in ensuring income is accounted for correctly and timeously as part of taxable income thereby mitigating the risk of overstating income and in turn improving cash flow.

**Funding Arrangement Review:** The benefit services hereto extend to, inter alia, *loan structure diagnostic review* and *loan restructuring assistance* (tax and legal) including consideration of loan waiver transaction, loan conversion, change in terms etc. Assistance in relation to the review of funding arrangements will also including assistance in respect of the maximisation of deductibility of interest costs

by correctly applying interest limitation provisions (especially on foreign sourced debt) and by mitigating against the hybrid debt provisions which reclassify deductible interest as non-deductible dividends.

**Alternative Funding Structure (including debt and property securitisation structure):** Securitising the debtors, creditors and or assets through an internal group finance company which is funded by a financier. The securitisation can permit different forms of funding, improves the security of assets for potential funders and lowers the after-tax cost of finance within the group. The structure also provides for consequential tax efficiencies within the group.

## Responsible Tax

As the world becomes more interconnected, discussion about who pays tax, how and when is likely to intensify.

### Overview

The KPMG Global Responsible Tax Project invites the full range of stakeholders, including taxpayers, academia, media, government, global bodies, politicians, NGOs and tax professionals, to inform thinking on what responsible tax behaviour looks like in a global context.

### Global Tax Principles

Principles for a Responsible Tax Practice bring to life KPMG's values and Global Code of Conduct in a way that is meaningful for the every-day situations we face as tax professionals.

- We act lawfully and with integrity and expect the same from our people, our firms' clients, tax authorities and other parties with whom we interact. Above all else, in every respect our work shall be fully compliant with relevant legal, regulatory and professional requirements.
- We are committed to providing clients with high quality tax advice tailored to their particular circumstances.
- We shall explain clearly and objectively to our clients the technical merits and the sustainability of any tax advice we give.
- Whenever relevant and practical to assess, we may discuss with clients any likely impact of any tax advice we give on relevant communities and stakeholders and any potential reputational risk.
- We shall make recommendations to clients only where:
  - o we consider, at least on the balance of probabilities, that the relevant interpretation of law is correct; or
  - o it otherwise clearly meets the applicable local professional standards.
- We shall only advise clients to enter into, or assist them to implement, transactions or arrangements on the basis that they have any substance required by law, as well as any business, commercial or other non-tax purpose required by law.
- We shall not advise clients to enter into transactions with the purpose of securing a tax advantage clearly and unambiguously contrary to the relevant legislation and shall not assist them to implement such transactions. If,

in our view, the language of the legislation is uncertain, we shall consider the intention of the relevant legislators when advising clients.

- We support a relationship with tax authorities aimed at building mutual trust and respect which will enable constructive dialogue and responsiveness by all parties, facilitate compliance and reduce or assist in early resolution of disputes.
- We shall comply with all our disclosure requirements and advise our clients to do the same.
- When advising clients on entering into transactions we shall do so on the understanding that all material facts will be known to the tax authorities.

## Contact Us

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