

Technology: hot topic for companies and governments

The predictive analysis
of KPMG and McLaren

Living in a state
of cyber war

Kathleen Verhelst, a business
woman in a man's industry



Dear valued reader,

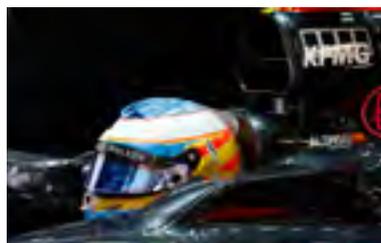
As we enter the warm summer days, we bring you inspiring reading, material that is easy to digest whether in your office or relaxing on a sun-soaked terrace.

In this first electronic version of the KPMG Difference, you will discover more about cyber attacks, the link between KPMG and McLaren, the future of the transport and logistics sector, and the source of inspiration for top business woman Kathleen Verhelst.

We hope you enjoy and have a fantastic summer!

Ingrid Stoffels

Marketing Director



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JULY 2015

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KPMG and Formula 1®: predictive analysis

Perhaps you are a F1® fan and already noticed the KPMG logo on the McLaren Honda F1 cars and the racing suits of Jenson Button or Fernando Alonso. So what is the link between KPMG and McLaren?

In November of last year, McLaren Technology Group and KPMG UK have announced a strategic alliance where the predictive analytics and technology of McLaren Applied Technologies (“MAT”, a subsidiary of McLaren Technology Group) will be applied to the audit and advisory services of KPMG UK. Both companies signed a 10 year agreement where KPMG becomes a “Pioneer Innovation Partner” of the McLaren Technology Group and will also sponsor the McLaren Honda F1 team. Hence the KPMG logo on the cars and the racing suits.

Predictive analysis

But what is this predictive analysis, or predictive modeling, all about? In essence it is based on statistical techniques to analyze patterns in current and historical data sets to make predictions about the future and be able to take “the right” decisions upfront. In the case of McLaren Honda F1, huge amounts of data are produced by sensors and telemetry on the race cars and are transmitted, collected, analyzed, and interpreted in fractions of seconds allowing the team managers and racing engineers to take decisions and to adapt the racing strategy for the drivers. In other words, this is all about decision taking by means of real time forecasting and what-if scenarios that could mean the difference between winning or losing ... in split seconds.



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From F1® to other businesses

An evaluation of MAT's highly specialized expertise in data analysis, simulations, and decision support illustrates that its knowledge can also be applied in business outside the race track. MAT has vast experience in the pharmaceutical industry, healthcare monitoring, energy, transportation, air traffic scheduling, credit scoring, and fraud detection.

The combination of the expertise of both companies - McLaren in predictive analytics, high performance design, and technology development, and KPMG in financial audit, tax management, risk management, and management consulting – will allow them to develop new services and to better serve their existing and future clients. KPMG will, for example, be able to provide financial simulations to its client's showing how changes in cash flow, interest rates or depreciations will affect their revenue. Or calculate the impact of changes to the supply chain and other logistic processes. This is all to the benefit of the client, allowing them to make better, well supported, and timely decisions in much shorter periods of time and overall to enhance the performance of their core business operations.

F1 and Big Data

Each F1 car is equipped with 150 to 300 sensors (this varies from track to track and even from testing to qualifying to the race itself) generating huge amounts of data (up to 10GB of compressed data per car per race weekend) that is being analyzed in real time by the engineers at the race track and at the team's headquarters. Their conclusions are communicated back to the team to allow them to make the right decisions regarding pit stops, tire changes, and so on.

This way of working with big data combined with predictive analysis has evolved to a situation where the best possible racing conditions can be calculated based on "live" data. For this, not only the racing weekend counts. The car configurations and strategies, track information, and historical data from past races are also used to run simulations. And during the weekend new live data is being fed into the model to run further simulations and to further optimize the race strategy.



Why KPMG

So what is the intention since at first sight these are two completely different worlds? KPMG and McLaren are both specialists in their own habitat but want to create new opportunities by combining their own specific expertise and knowledge. Our alliance fuses together the deep business and industry excellence of KPMG with McLaren's engineering, design and predictive analytics skills. Together KPMG and McLaren will be looking at solving business issues from a different viewpoint enabling our clients to rethink their biggest operational challenges. It's a powerful new capability designed to transform the way we do business and unlock new levels of performance, whether that's optimising complex processes or simulating outcomes to enhance decision making capability.

McLaren: supplier to all F1® race cars

MAT has established itself amongst others as a market leader for telemetry and computerized engine control systems. Its ECU solution (Electronic Control Unit) has been selected by the FIA (the Fédération Internationale de l'Automobile) and is used by all F1 teams in all their F1 cars. It is also used in other top notch racing competitions such as the American Nascar Sprint Cup and the Indycar Series.

The road to a more cost-effective transport and logistics sector

Research by KPMG in Belgium shows that nowadays, companies in the transport and logistics sector are under more pressure than ever before. They have to contend with squeezed operating margins, fluctuating fuel prices, and huge uncertainty on the demand side. That is why transport and logistics firms need to conduct a thorough analysis of their activities, and then make a basic strategic choice: either remain small and specialized, or grow (including outsourcing) into a full service logistics provider.

Before we can really talk about making strategic choices, it is very important to have a good understanding of the cost price of products, services, and processes.

Correct allocation of indirect costs

Indirect costs have risen considerably in recent years. Therefore, it is recommended to carry out a thorough analysis of the main elements that give rise to these indirect costs. That is why it is often useful to put specific project costs, dispatching costs, ICT, or marketing costs, etc. under the microscope, so that they can be allocated. These costs are often spread across various products or services, without analysis of the real cause of the cost. This can lead to a product or service being incorrectly considered as profitable.



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Customer Profitability

A practical example will make this clear: the costs of a dispatch department cannot just be divided on the basis of the number of journeys driven, but which journeys are being driven inside and outside office hours must be taken into account. Journeys that take place outside office hours must carry a greater load, and that in turn is important for the profitability of a product or service.

In addition, it is often overlooked that these indirect costs are to a certain extent caused by customers themselves. Consider an example of two customers who buy identical volumes, but where one customer pays later, orders in smaller quantities, is located further away from the company, has more complaints, and therefore makes more calls to the after-sales service. In such a case, a cost calculation per customer is called for to distinguish the profitable customers from unprofitable ones.

However, a degree of caution is required with this kind of analysis. You have to avoid an important, profitable customer of one division being incorrectly classified as 'unprofitable' or expensive based on a small order that this customer placed with a different division.



Phased approach

For such intensive cost management, KPMG has developed a phased approach, which goes through five phases.

- ① **Analysis of the current situation:** the costs are charted using a vertical and horizontal analysis as well as an external and internal benchmark exercise. In this way, it is possible to identify initial quick-wins immediately and detect efficiency losses.
- ② **Exploration of alternatives:** once the costs have been charted correctly, then it is time to introduce improvements and conduct scenario analyses. Concrete examples of this are the introduction of e-invoicing, the implementation of new technologies such as the use of vehicles that run on alternative energy, process optimization for journey planning, accurate cost information so as to be able to draw up competitive price quotes that cover all the costs, etc. Additionally, at that time, it becomes clear which services are the most profitable. On that basis, it can be decided to expand and provide end-to-end service (as Katoen Natie does, for example) or to specialize (for example city-only logistics like City Depot).
- ③ **Cost-cutting with consistent service quality:** the various proposals are thoroughly analyzed and the financial and operational impact of each optimization proposal calculated. This enables us to select only feasible proposals.
- ④ **Implementation:** based on an implementation plan, the selected short and long-term improvement proposals are implemented.
- ⑤ **Verification and monitoring:** post-implementation analysis. In this phase, it is examined whether the objectives have been achieved and - if necessary whether additional measures need to be taken.



13 questions, 13 answers

On 24 March, ING and KPMG in Belgium held a seminar about the transport and logistics sector. In connection with the seminar, a brief survey of 13 questions was carried out among attendees about the future of the sector. From this brief survey, we can conclude that most companies recognize the various optimization challenges for the future: e-invoicing, electric vehicles, truck sharing, etc. but that many changes are being deferred to the long-term. By acquiring a better understanding of these various optimizations, this picture can change. You will find the questions and answers [here](#).

KPMG and transport/logistics

KPMG has extensive experience in the transport and logistics sector. This enabled KPMG to assist a transport firm, for example, to allocate its SG&A overheads (IT, customer service, depot, ...) to products and services, and in a second phase also to customers. Previously, these costs were only allocated based on the volume, but that did not reflect the real situation. Based on a series of interviews, time logging during a specified period, workshops, and leading practices, KPMG was able to produce allocation criteria, develop a cost model, and devise a new reporting format. Due to this increased transparency, now evidence-based decisions can be taken in relation to cost-effectiveness.



Living in a state of cyber war / under cyber attacks

The international Security research firm Kaspersky Labs reported recently that during a series of targeted attacks in 2014, an estimated \$1B globally has been stolen from banking institutions by a single organized crime ring. Belgium itself saw the reality of cyber threats when the Belgian Military Intelligence Service, TV5 Monde, and telecom provider Proximus were all infiltrated by attackers

In 2014, only 31 percent of firms discovered their breaches internally. The rest were notified by an external entity.



(source: Mandiant M-Trends 2015 Report)



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Who are they?

Although the groups performing these attacks vary, we see similarities in how the successful threat actors operate: they are **well organized groups, have clear goals, and sufficient patience to get results.**

Banking institutions in the 2014 attacks highlighted by Kaspersky Labs were primarily infiltrated through the use of spear phishing emails and drive-by downloads. These were not new attack vectors, but they were put to an effective use by the attacking group. The most successful crime groups have the time and resources to wait and observe before acting on their objectives. With the large number of possible infections and spam emails being detected and handled by business IT departments every day, evidence of a targeted attack can be easily overlooked.

Motivations and methods:

Targeted attackers have varying motives

Motive	Drive	Vector	Delivery	Victims
 Financial gain	Looking for least risk with greatest & fastest ROI	Targeted Delivery of Malware	Customized Payloads to avoid detection	JP Morgan Chase, DP World, ECB
 National / Corporate Intel	Long term ROI			Belgacom, Ministry of Foreign Affairs
 Hacktivism (ex. TV5 Monde)	Wants visibility and recognition, public shaming	Opportunistic Delivery	Fast and stealthy until complete	HBGary Federal, Other Anonymous Attacks



What makes targeted attacks effective?

① Phishing: sophisticated and well-crafted

While spear phishing campaigns are common, campaigns that are sophisticated and well-crafted are less so. Targeted attackers use email lures made specifically for a victim organization. They will appear to come from colleagues, friends, or clients. In many cases, they will come from other infected machines in the organization. They will not contain misspellings and will be compelling for an employee to open.

② Exploits: malware is almost always unique

Attacking groups use a mix of unknown and commonly known exploits to deliver their malware to the victim's machines. Exploits allow the attacker to break out of system rules and install malicious software. The exploit used depends greatly on the funding and sophistication of the group. However, the rapidly increasing use of anti-virus evasion techniques by advanced groups has made traditional malware detection that most firms rely on largely ineffective.

③ Reliable command & control channel

Targeted attackers have clear objectives of what they wish to accomplish in their attack and need reliable means of command and control. This means careful planning and coordination in each step of the attack to create an undetectable channel to send and receive information. The IP addresses used by targeted attackers will not be tainted with bad reputations, thus defeating classical IP filtering techniques.

④ Mimic the behaviors of typical users

Once inside an organization, attackers will develop a profile of normal traffic and attempt to mimic normal interactions by monitoring network traffic and user activities. After obtaining privileged accounts, attackers capitalize on weak security measures and configuration settings to hide the evidence of their activities and presence.

What should businesses do?

- Investors and stakeholders expect leadership on cyber security issues to come from the top. However, very often boards don't have the sufficient expertise to lead. Boards should educate themselves on the risks cyber issues present to the business, and discussions about cyber risk management should be given regularly and get adequate time on the boardroom agenda. Directors should set the expectation that management establish a firm-wide cyber risk management framework that has adequate scope for staffing and budget.
- Discussions of cyber risk should include identification of which risks to avoid, accept, mitigate, or transfer, as well as specific plans associated with each approach. A strategy should be in place that constantly reevaluates the threats to the business and adjusts the defensive plan as attackers and threats evolve.
- Businesses should actively test their preparedness through red team exercises that simulate adversaries to find what does and does not work. Management can use these exercises to inform their decision making, align their investments, and have better confidence that their defense and response works as planned.



IT outsourcing: more work required on added value

More and more companies are outsourcing (part of) their IT. Not just small businesses that don't have the necessary in-house resources, but also large companies. IT outsourcing is becoming more complex all the time. This emerges from KPMG International's annual global survey of outsourcing trends and customer satisfaction with IT outsourcing services.

Not just cost savings, but also value creation

For the 'Service Provider and Performance Satisfaction'-survey, the international KPMG network screened 2,100 contracts worldwide, 70 of them in Belgium. The main driver for IT outsourcing still seems to be cost savings. However, improving quality (21%), access to skills (19%), and a shorter time-to-market for new services (11%) are becoming more and more important.

This shows that IT outsourcing is becoming more mature: businesses are not only looking at cost savings, but also increasingly at value creation.



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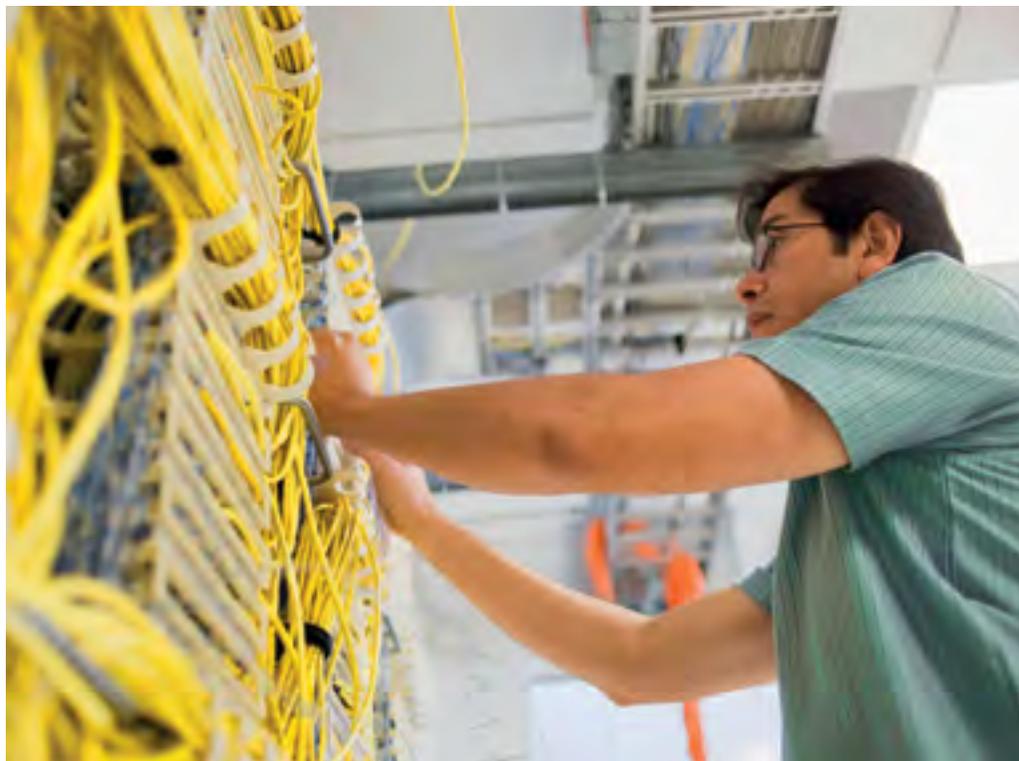
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Keeping control leads to greater satisfaction

Satisfaction with IT outsourcing runs parallel with the extent to which a rigorous outsourcing framework and governance are implemented. Companies who fail to pay attention to this risk a negative impact on both costs and the quality of their IT services. In practice, we are still seeing a lot of outsourcing that (partly) goes wrong, with all the accompanying operational problems and financial consequences.

These problems can be prevented by thorough preparation of the IT outsourcing, including having a sound business case, and then checking at regular intervals whether the supplier is actually implementing and delivering in line with the business case, thus contributing to the business objectives.



ISO as a guide for IT outsourcing

Companies that need more guidance for successful IT outsourcing have recently been able to refer to the international ISO 37500 guidance on outsourcing. This guidance not only supports decision-making in connection with outsourcing but also the supervision of suppliers and building mutually collaborative relationships. Paul Olieman, Director KPMG IT Advisory, is one of the initiators and co-authors of the ISO 37500 guidance.

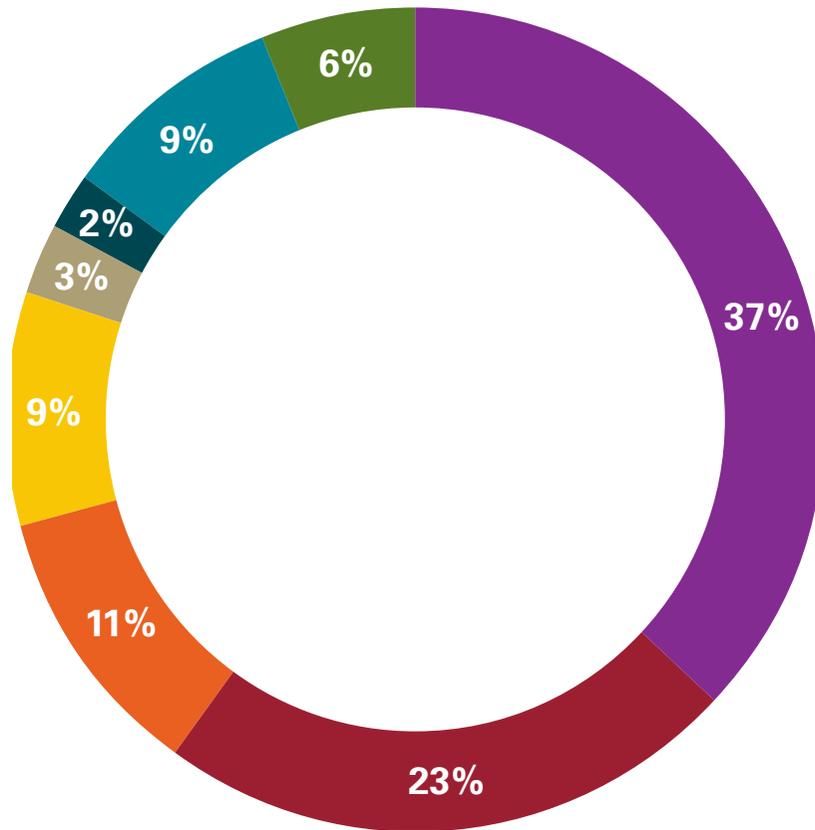
What about innovations and the Cloud?

The study points out that higher satisfaction with IT outsourcing not only goes hand in hand with investing in the governance of outsourcing relationships, but also with innovations in Cloud computing (think of SaaS, IaaS, PaaS).

But only 60% of organizations (and less than 10% of their IT budgets) make limited use of Cloud services. They cite 3 reasons for that:

- risks in connection with data location, security, and privacy (28%);
- concerns about regulation and compliance (16%);
- and cynicism about the claimed ease of integration of Cloud services with existing IT systems (17%).

“Concern about security risks is understandable, but should not be exaggerated: Cloud applications can be just as secure as other sourcing solutions (for example on premise). Companies must assess the risks, and the pros and cons properly. We see that sometimes, organizations are unaware of the actual facts, and therefore don’t use the Cloud. That means that possibly they are shooting themselves in the foot when it comes to innovation,” says Paul Olieman of KPMG.

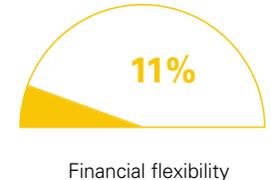
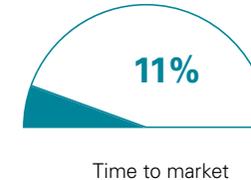
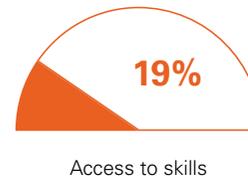
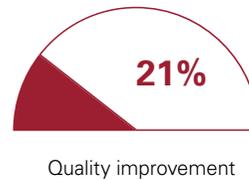


Approximately what proportion of total IT expenses does your organization spend on Cloud services (including software platform and infrastructure services)?

- Less than 5%
- Between 5% and 10%
- Between 11% and 20%
- Between 21% and 30%
- Between 31% and 50%
- More than 50%
- None
- Don't know

Source: KPMG International, February 2015

Rationale for IT outsourcing plans for next 2-3 years





The Benelux in detail

The survey also asked companies in the Benelux about their satisfaction with IT service providers. 58% of respondents state that they are satisfied or very satisfied. That score is around the global average, but the ASPAC region (66%) and North and South America (68%) report better figures.

We also notice that the importance of value creation by IT outsourcing in the Benelux is not as high on the agenda as in the rest of the world. This indicates a lower maturity in relation to IT outsourcing. We note this in concrete terms, because compared to the global average, the score is lower for the following objectives of IT outsourcing:

- quality improvement: 14% compared with 21%
- access to skills: 14% compared with 19%
- shorter time-to-market: 3% compared with 11%

When it comes to Cloud applications too, the Benelux is lagging behind the rest of the world. Businesses see this as being associated with higher risks related to data location, security, and privacy (worldwide 28%,

Benelux 34%), are more concerned about regulation and compliance (worldwide 16%, Benelux 22%), and are more cynical about the claimed ease with which Cloud services can be integrated with existing IT systems (worldwide 17%, Benelux 14%).

IT outsourcing and related satisfaction are on an upward trend globally, but the Benelux is lagging somewhat behind. More attention to outsourcing strategy, innovation, and governance of outsourcing relationships should make it possible to catch up.

[Read more about IT outsourcing at KPMG.](#)

Kathleen Verhelst

Verhelst Building Materials

“As an entrepreneur, my most important motto is: remain yourself, honest, and sincere”

A lady with spirit in a typical man’s world of contractors and construction workers. But Kathleen Verhelst, from the group of the same name, can stand up for herself as well as anyone.



The book “Op en topvrouw – 50 portretten van markante en ondernemende vrouwen”, written by Karel Cambien in cooperation with KPMG. For more information or a free copy of the book, please e-mail us at: info@kpmg.be.

The Verhelst family and company

“In the fourth generation, our family firm is experiencing a real boom. Together with my brother Johan and more recently my nephews Briek and Steven, I run the ninety year-old firm. This is a real growth business, and always has been. The growth is not due only to the economic climate, because that remains tough, but to our policy of seeking synergy with our new activities, which derive either from start-ups or acquisitions. For example, at the end of 2013, we took over a fellow builder’s merchant: Callewaert. That added thirty million euro to our turnover in one go, as well as 45 new employees.”



“In the beginning, I was just supposed to not get in the way. You just have to put up with that, and carry on.”



The passionate entrepreneur

“As an entrepreneur, I don’t have to look far for mottos. The most important one is: remain yourself, honest, and sincere. In doing that, I want to be really transparent and communicate well so that everyone can share the passion that drives me. I am the kind of person for whom efficiency matters. Things must get better, no messing about. Sometimes I try a bit too hard and probably unwittingly create quite a bit of chaos which, fortunately, other people are able to mold into a structure. That is why it is so important to form a team with the people around me.

You will never hear me say that it is “my” company. No, it is the company of a whole team, everyone if you like. That is precisely what gives me the most satisfaction: achieving a goal or something great with the others in the company.”

The enthusiastic manager

“Over the years, I have started looking at everything more critically and in greater detail than ever. That comes with experience. I think that I am more the manager type, and my brother is more of an entrepreneur. He goes out into the field, knows the market, and makes business deals. I feel that I am more the driving force that makes sure that all the people at the firm are performing, or are in the right job.”

The convinced mother

“According to a European study, there are still far too few women entrepreneurs. Belgium is lagging well behind. What’s the reason? Not hard to work out: the virtually impossible combination of being a mother and an entrepreneur. In order to make the time pressure more tolerable, my husband and I took a lengthy and carefully-considered decision: we send our children to boarding school. For a long time, I was doubtful. Would I be a good mother if I did that? And what would people think? Now I am proud to say that the whole family feels it was the best solution. The children learned quickly to stand on their own feet and organize themselves. They are free but also responsible. And above all, at the boarding school, they will keep friendships for life. Great, isn’t it?”



Kathleen Verhelst (45)

- Is Managing Director of the Verhelst Group
- Education; Applied Economics (Ufsia)
- Mottos: be yourself, be transparent, efficient in communication above all, and business is something you do as a team.
- Hobby: my family, sport, maintaining friendships, travelling.
- Private life: married to Peter De Poorter, also an entrepreneur and business executive (Monument Group, Ingelmunster). The couple has three children.

Groep Verhelst

- Is the leader in building materials, and involved in the construction industry via all kinds of activities and logistics
- Headquarters: Oudenburg
- Turnover: 180 million euro (consolidated)
- Employees: 700



First KPMG Trophy

hosts top European golfers in Belgium

KPMG proud sponsor of First KPMG Trophy, part of the Europe Challenge Tour

For the first time, KPMG in Belgium sponsored the Belgian leg of the European Challenge Tour, newly christened the KPMG Trophy. The tournament was held from 10 to 14 June 2015 in the beautiful Bons Les Villers in Wallonia. The European Challenge Tour is the second most prestigious event for men's professional golf in Europe, and attracted some of the biggest names such as Charles-Edouard Russo, Jamie McLeary, Gary Boyd, Taco Remkes, Jeff Winther, and Belgium's own Thomas Pieters. Jamie McLeary prevailed in the end, winning his second Challenge Tour title in six years.

Olivier Macq, Partner at KPMG and golfer himself: "The KPMG Trophy is a fantastic project through which we aim to support Belgian golfing talent, so that our players can develop to a higher level and be able to compete on The European Tour in the future. Through our support, we wanted to give the leading local players a significant boost and we hope that we have reached this objective."

Furthermore, one day before the start of the KPMG Trophy, KPMG organized their own **Pro-Am Tournament**; an exciting opportunity for individuals to play together with some of the most promising young professionals from the Belgian and international golf scene. 72 amateurs enjoyed an afternoon with 24 professional players on the greens and had the exceptional privilege of golfing together at the site of the KPMG Trophy.

For more insights into the Trophy and the Pro-Am tournament, go to www.kpmgtrophy.be





EU's Digital Single Market:

VAT initiatives for cross-border e-commerce

Recently the European Commission unveiled its strategy for the Digital Single Market in Europe. The European Commission stated that digital technologies and the internet in general are transforming our world and that Europe must embrace this digital revolution by using the power of the EU's single market. This seems to be a top priority for the European Commission, who has worked out a detailed strategy, providing a clear action plan and deliverables.



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Changes on VAT for cross border e-commerce?

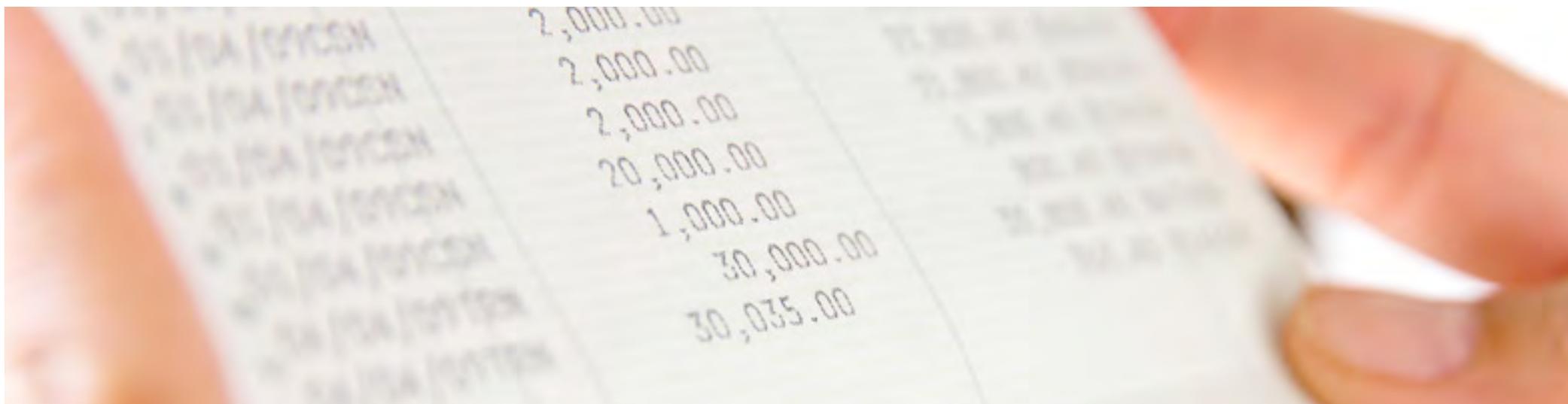
Next to various actions planned across different fields, initiatives to reduce VAT related burden and obstacles when selling across borders were also announced.

More specifically, the European Commission will make legislative proposals in 2016 to reduce the administrative burden on businesses arising from different VAT regimes including the following topics:

- Extending the current single electronic registration and payment mechanism to cross-border online sales of physical goods. Since 1 January 2015, with the entry into force of the new “place of supply” rules, VAT on all telecommunications, broadcasting, and electronic services is levied where the customer is based, instead of where the supplier is located. An electronic registration and payment system has been implemented to reduce the costs and administrative burdens for businesses concerned; this should also be extended to tangible goods ordered online both within and outside the EU.
- Introducing a common EU-wide simplification measure to help small start-up e-commerce businesses. Preparatory work has also been done for a comprehensive future initiative on reducing the VAT compliance costs for SME’s in general.
- Allowing for home country controls, including a single audit of cross-border businesses for VAT purposes.
- Removing the VAT exemption for the importation of small consignments from suppliers in third countries. Currently goods ordered online from third country suppliers can benefit from the small consignment import exemption allowing shipment free of VAT to EU private customers. This currently gives them a competitive advantage over EU suppliers with market distortions as a result in various Member States. Therefore the introduction of a single electronic registration and payment mechanism is

envisioned so that the VAT exemption could be abolished. VAT could possibly be accounted for at an earlier stage than customs clearance, by exporters or carriers.

- Analyzing the implementation of the VAT Mini One Stop Shop (MOSS) and the 2015 Place of Supply rules to simplify cross-border VAT rules.
- The Commission will also explore how to address the VAT treatment of certain e-services, such as digital books and online publications, in the context of the general VAT reform.



Foreign bank accounts must be reported to the Central Point of Contact

Like many countries, Belgium is tightening up its controls on tax evasion. In this context, the government will be collecting additional information about foreign accounts.

The Royal Decree of 3 April 2015 lays down the new rules which apply to taxpayers who hold accounts abroad. As from 2015, it will be compulsory to report these accounts to the Central Point of Contact (CPC) of the Belgian National Bank. The reporting must occur before the submission of the personal income tax return, on which the account also has to be reported. Taxpayers who reported a foreign account for the assessment years 2012 to 2014 (income for 2011 to 2013) in their tax return will be invited by the tax authorities to register these accounts with the CPC too.

The accounts can be reported online or in written form via a standard form available on the website of the Belgian National Bank.

You can find more information about this new obligation [here](#).



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Does your webshop comply with the current legislation?



More and more businesses are discovering the benefits of online commerce, and setting up a webshop to sell their goods or services. Both at European and Belgian level, quite a lot of new rules for webshops have been introduced in recent years. That means that it is no easy matter for businesses selling goods or services online to see the wood for the trees.

In mid-2014, the regulation on the obligation to supply information for consumers was significantly extended. It provides that - before an online sale is entered into - information must be supplied in a clear and comprehensible manner concerning the most important characteristics of the goods or services, the total price, the length of the contract, the delivery terms and procedure, etc.

And the law has also been tightened when it comes to the cooling-off period. A consumer must be told clearly that he/she can cancel the purchase within a period of 14 days and can return the goods. If the consumer is not informed about this, or is not told clearly enough, then the sanction is that he/she can still cancel the purchase within 12 months.



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New privacy regulation

Then there is the regulation on privacy. Anyone who wishes to process data about his users - for example for marketing purposes - must register with the Belgian Privacy Commission. In practice, this is sometimes overlooked.

Also, again before the sale is completed, the users of the webshop must be informed that certain information is being collected, and the purposes for which this information will be used.

The European privacy legislation will soon undergo a thorough revision. Probably the new privacy regulation, which will be directly applicable in Belgium, will come into force in the course of 2016. The new rules will normally contain a sanctions mechanism, where fines may be imposed by the Belgian Privacy Commission. In addition, the use of personal data for other profiling and direct marketing will be regulated more clearly and strictly.

Quick Scan

An important trend is that the legislation is increasingly evolving towards a model in which the consumer expressly has to give consent for the use of his personal data and businesses must inform consumers adequately about their rights and obligations.

Compliance with these rules is more important than ever before. Anyone who wants to find out if their webshop complies with the regulations would be advised to have a legal and fiscal 'quick scan' carried out, and where necessary, obtain advice about how to further optimize the webshop.





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Transformation to an information-driven government

The new coalition agreement contains clear principles for further digitization of government, in particular for services provided to citizens and businesses. So, from 2016, the use of e-invoicing will be compulsory for government departments, e-procurement will be the rule, and social rights and tariffs (MyCareNet, third-party payer) will be granted automatically. It is expected of government departments that digital working will become their new standard. But we have not reached that stage yet: drastic changes are required in order to get there.

Transformation process

Government has already demonstrated several times in recent years that ICT can greatly enhance service provision and the underlying processes. You only have to think of Tax-on-web, Student@Work, eBirth, eDepot, eGriffie, and WebDIV. In order to realize the over-arching ambitions, now a joint approach needs to be adopted, cutting across chains of command and departments, and there needs to be closer cooperation and standardization. This requires a different way of working, and a different culture.



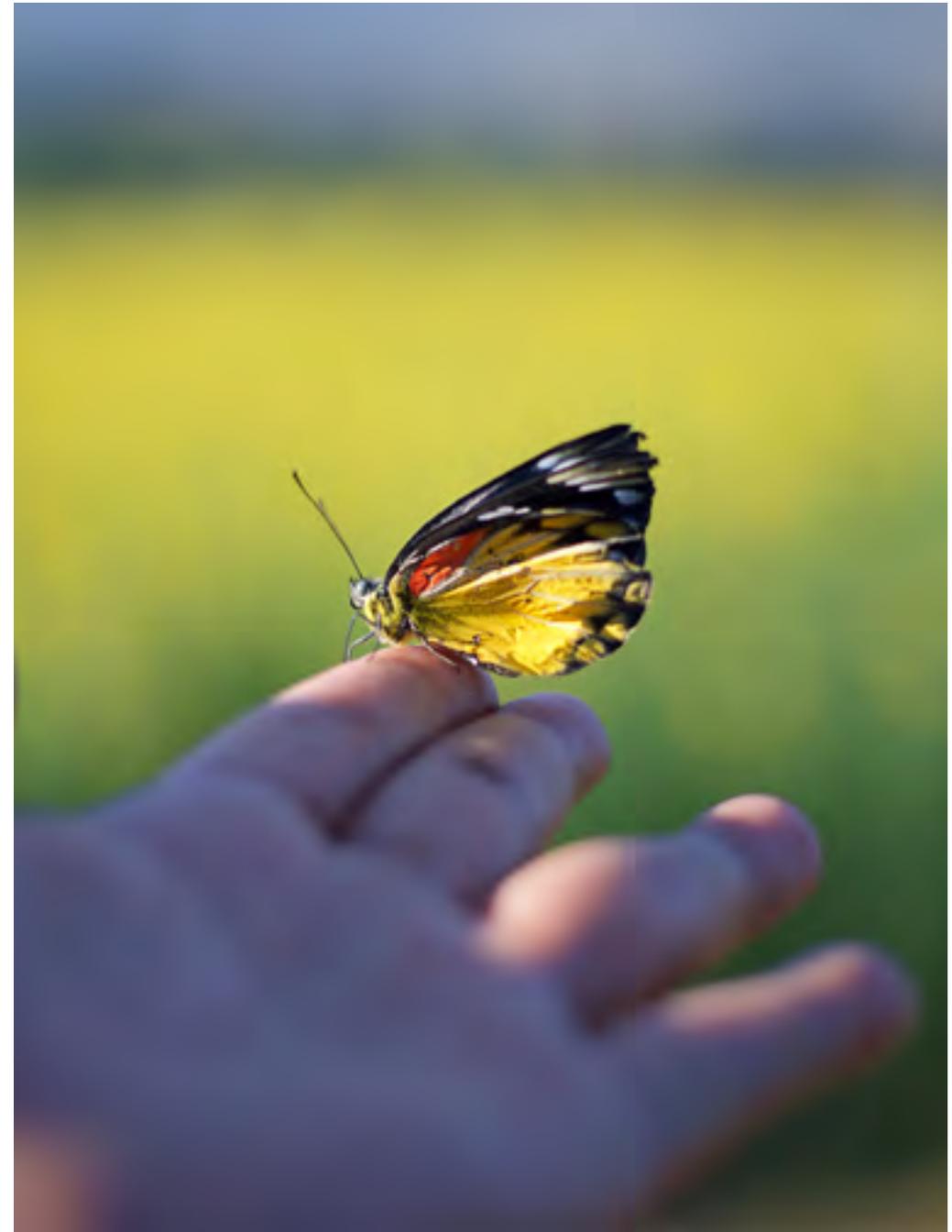
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How can CIOs and managers approach the transformation with confidence?

- **Unambiguous ICT strategy.**

Uniformity in the ICT landscape usually leads to higher quality, improved manageability, and lower costs. Unambiguous, seamless service provision starts with a clear vision about how that service provision should look. Therefore, the various government organizations concerned need to formulate joint initial assumptions about matters including customer contact, quality, customer segmentation, and design of the core tasks.

- **The right balance between top-down and bottom-up.**

In a digital transformation, visions, and initiatives (by citizens) about the ICT landscape are compared with each other: bottom-up initiatives contribute to faster acceptance of change processes. Senior administrators and CIOs must ensure that the ambitions are not just ambitious, but also feasible, that the steps along the route towards the ultimate objective can be overseen, and that the decision-makers have the correct judgement to be able to achieve this.

- **Transparency in ICT investments.**

It is more important than ever to show that investments can actually lead to good results. The funding available is being squeezed, and the level of ambition is high. Transparency about investments must help to create support from society, but must also enable the digitization to happen effectively and efficiently.

- **Clear principles concerning sourcing.**

In digital transformation, choices have to be made: which parts should be carried out in-house, and which should not? The sourcing issue must therefore be high on the agenda.

In addition, some specific issues such as security and privacy deserve special attention. They can be very sensitive, and the risks must be properly incorporated into the decision-making.

International context

The digital transformation of government is not only a great challenge but also a great opportunity for taking a great leap forward. KPMG takes another step forward for this digitization. We examine the international context too, because governments are cooperating in more and more areas with other countries, and because the authorities in other countries are engaged in the same process, or have already completed it. Within the international KPMG network, we notice how sharing of leading practices and experiences contributes to faster and better implementation of digitization processes within government.

'Only Once': towards a more efficient and more effective government

The government has to provide the same or even better services to citizens and businesses, but with less resources. As a result, the focus has been put on administrative simplification, more efficient procedures, and combating fraud. The 'Only Once' principle offers the government the possibility of achieving those objectives.

Context

The **principle of one-time data collection**, better known as the 'Only Once' principle, has become increasingly present in government circles, and has already been ratified into several laws at the federal level. However, due to a lack of support and active follow-up, the federal legislator decided to make the 'Only Once' principle mandatory at federal level: the '**Only Once**' Act* was published in the Belgian Official Journal on 4 June 2014. The **Administrative Simplification Department (in Dutch, DAV)** has been assigned a key role in that process.



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* The Act of 5 May 2014 enshrining the principle of one-time data collection in the operation of departments and bodies that are part of or carry out tasks for government and on simplification and equivalence of electronic and paper forms.



Objectives

'Only Once' has various goals which are advantageous for citizens, businesses, and government itself. By mandatory use of unique codes or by the simplification of the various mandatory government procedures or forms, it aims to avoid citizens and businesses having to provide the same identification data over and over again. The re-use of data that is already available in authentic sources and the encouragement of the use of electronic forms by legally making them fully equivalent to paper forms is part of that endeavor.

Impact

In practice, many government services appear **to not be completely 'Only Once'-compliant yet**. Nevertheless, making the principle mandatory has had a **big impact on government services**. Processes, technical systems, and forms have to be reviewed and overhauled. Access to authentic sources must be requested, the legislation has to be amended, etc. Those federal government departments which are not 'Only Once'-compliant yet have been given until **1 January 2016** to comply with the principles of the 'Only Once' Act. If they do not comply on time, they run the risk of having to pay the cost when citizens or businesses are inconvenienced by non-compliance (fines, interest on late payment, etc.).

How can KPMG help to embed 'Only Once'?

At present, KPMG is helping various government departments to assess their current situation and the next steps that need to be taken. In practice, this boils down to organizing information and work sessions and training courses. Furthermore, KPMG provides legal advice and helps with the collection and analysis of information about ICT systems as well as the amendment of forms and procedures for legal authorizations. In the next few months, KPMG will be able to support government departments with project management, improvements in processes and forms, communication about the changes, etc. That way, KPMG is making its contribution to a more efficient and effective government, and to the integration of the 'Only Once' principle in the workings of federal government departments.

The 'Servant of the People': the power of integrity in politics and government



Servants of the people are those who hold a position, paid or unpaid, in the public sector. They gain power in office in order to be able to serve, and they must handle this power with integrity. But how does one do that? Muel Kaptein, Partner at KPMG Advisory NV (the Netherlands) and professor in business ethics and integrity management at the RSM Erasmus University in Rotterdam, is the author of "The Servant of the People: the power of integrity in politics and government" in which he offers insight and practical assistance for officials in the public sector.

Aristotle, one of the first and greatest philosophers and political scientists, said that because rulers have power they will be tempted to use it for personal gain. This applies not only to rulers but to all servants of the people: power brings with it the temptation of improper use or abuse. It is important to withstand this temptation, and that requires integrity. But what is integrity, why is it so important, and what demands does it make? In his book, Muel Kaptein aims to answer these questions. The book is written for all those who hold a position in the public sector and discusses the many facets of integrity. The central message is that there is great power in integrity for servants of the people. Those acting with integrity gain power, whereas a lack of integrity undermines power and can even destroy careers.

**The e-book can be
downloaded for free in
PDF format [here](#).**



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The opportunities of technology

Technology never stands still and raises the necessary challenges for companies and governments alike. But they have to jump on the bandwagon in order to be able to serve customers and citizens in the most efficient manner. Technology therefore means new opportunities in the pipeline for companies and governments.

It is only normal for this digital (r)evolution to give rise to questions and doubts. Fortunately, you can count on our experts for advice and support on your way to the future.

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