



# Tax Technology Solutions

A summary of our solutions  
designed to meet your  
organisation's needs

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August 2017





# Managing Disruption and Tax Technology

Business, economic and political disruption, both on a local and global scale, have had substantial impacts on how companies manage their tax affairs. These disruptions will continue to do so, for many different reasons, such as the various disclosure and reconciliation requirements by SARS for all the taxes, including transfer pricing. Companies need to find ways to manage the impact of these disruptions on their business. Business leaders are responding with new technologies that drive organisational and business changes.

Harnessing the power of technology and unlocking the value residing in company's data will require a business's tax function to understand and manage its role in this vital exercise. With the world changing so rapidly, there is a greater urgency for businesses to focus more effort on strategies for sustainability while maintaining compliance, requiring decision makers to have more visibility in order to accomplish this.



**Madelein van Zyl**  
Head of Tax Technology

*Turning data and knowledge into value across your organisation*

# Summary of our offerings

Our products have been designed to allow businesses to gain quantitative insights and visibility into the status of compliance, end-to-end process efficiencies and opportunities; allowing greater control, monitoring over 100% of your data and cash flow optimisation with the offerings below:

**Tax Data and Analytics**

**System controls review**

**Detailed Tax Review**

**Tax Process Development & Automation**

**Blue Print Design**

**Tax Process and Technology Implementation**

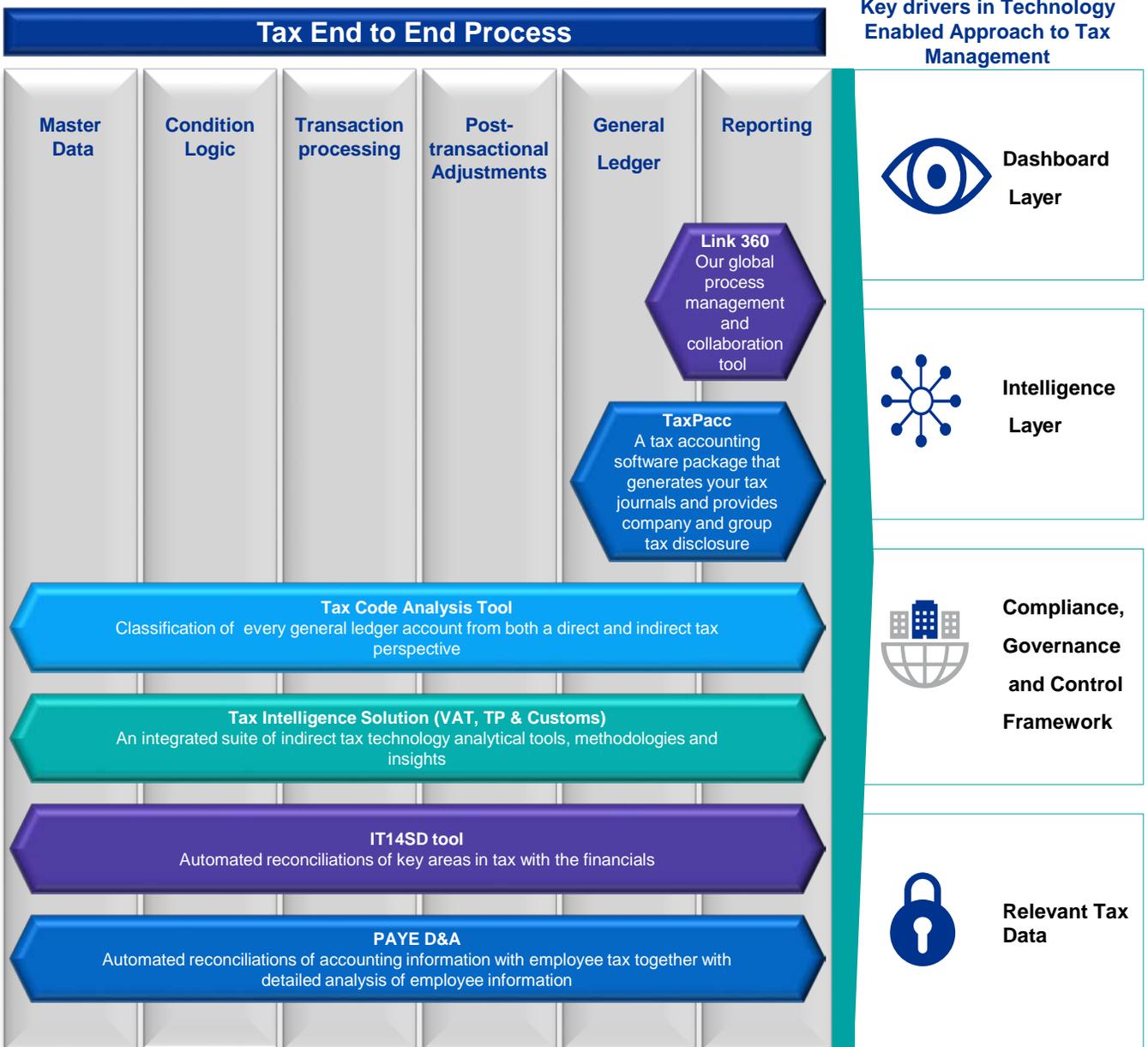
**Tax Reconciliations using Technology**

**Tax Diagnostic Review**

**Tax Post Implementation Review**

# Adapting to the Digitisation of Tax

Our products have been designed to allow businesses to gain quantitative insights and visibility into the status of compliance, end-to-end process efficiencies and opportunities.



# Tax Intelligence Solution



## Business issues and challenges

Tax compliance obligations can be a substantial risk and burden to organisations. Most companies rely on basic technology support from their ERP systems supplemented with extensive manual compliance activity.

Manual processes are time consuming and existing tools and capabilities are often insufficient in processing the vast amounts of tax data, putting the organization at risk of overpaying tax, filing inaccurate assessments and possible paying fines.



## KPMG solution

TIS is an enterprise based IT solution that extracts transaction level data and using bespoke analytical tests, and populates dashboards with relevant exception data. The KPMG TIS tool helps clients:

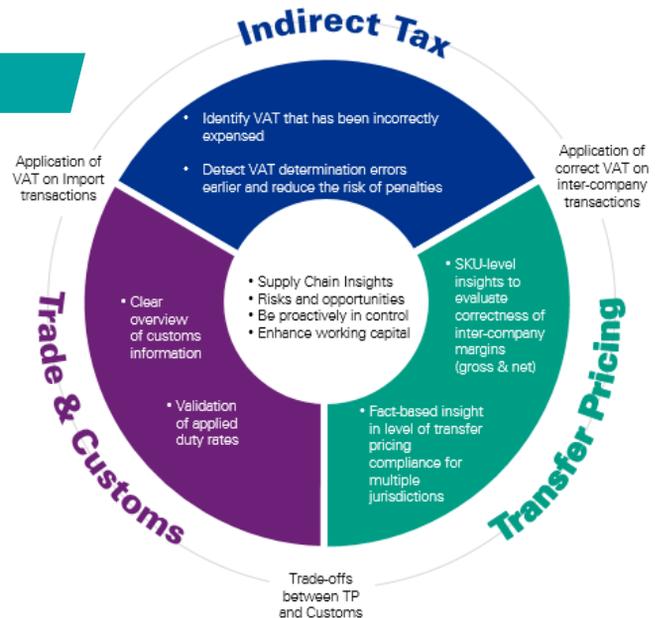
- ✓ Obtain **fact-based** insights to identify irregularities
- ✓ **Accelerate input tax** credits and improve working capital
- ✓ Optimise supply chain from a tax perspective to **eliminate refund claims** in jurisdictions where refunds are difficult/ailing
- ✓ Identify root causes of issues such as who in the organisation over ruled **standard systems tax logic** and on which transactions
- ✓ Prompt processing of transactions and payments increasing the availability of **supplier discounts**



## Added value

TIS ensures you are proactively in control over the indirect tax process, enhancing working capital and minimising financial, reputational, strategic and operational risks and makes the following possible:

- ✓ Insight into potential cash savings
- ✓ Identifying system configuration improvement opportunities proving harmonisation in business operations and financial processes
- ✓ Detecting tax determination errors earlier, therefore reducing the risk of penalties





## Business issues and challenges

Meeting tax compliance obligations on a timeous basis has become an increasingly complex and onerous task, especially with the constantly changing and strict tax compliance requirements of the South African Revenue Service (SARS).

Businesses face a number of challenges when calculating and reporting their tax numbers including:

- ✓ the complexities of the International Financial Reporting Standard IAS 12,
- ✓ managing the constant change relating to personnel, group structure and legislation,
- ✓ year-end time pressure and
- ✓ version control issues.



## KPMG solution

KPMG introduces TaxPacc™, a tax accounting software package that enables accurate tax calculations, tax journals and automatic IAS 12 tax disclosure providing:

- ✓ A **seamless process** for provisional tax calculations, tax journals adjustments, financial statements disclosure and collating information to assist in rapid completion of the tax returns after year-end
- ✓ **Cash flow optimisation** through accurate provisional tax payments calculation utilising actual data instead of estimates, minimising penalties and overpayments
- ✓ **Flexibility:** TaxPacc easily assimilates existing spreadsheets and standardised tailored templates for tax calculations can be used across group structures

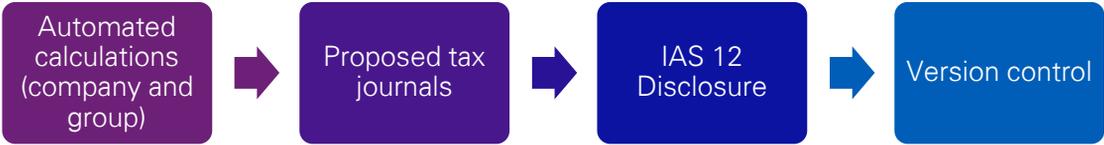


## Added value

Optimising tax departments TaxPacc™ allows:

- ✓ Improved **efficiencies** by up to 50% on monthly calculations and 95% on period-end group reporting
- ✓ Smarter tax which enables **collaboration**, improves efficiency and accuracy, more than what spreadsheets can offer
- ✓ Easy compliance with the new **OECD Country by Country Reporting**

General Ledger Reconciliation - [Demonstration AAA Proprietary Limited - Jan 2016]						
Account	Name	Original	Journals	New	TaxPacc	Differences
		DR / (CR)	DR / (CR)	DR / (CR)	DR / (CR)	DR / (CR)
		ZAR	ZAR	ZAR	ZAR	ZAR
162000	Normal tax receivable	W 1,721,232.97	0.00	1,721,232.97	(3,967,022.59)	(5,680,255.56)
201000	Current tax expense	W 13,024,562.96	0.00	13,024,562.96	18,724,818.52	5,700,255.56
070000	Deferred tax liability	W (23,239,154.32)	0.00	(23,239,154.32)	(28,720,205.72)	(5,481,051.40)
202000	Deferred tax expense	W 3,059,243.98	0.00	3,059,243.98	8,540,295.38	5,481,051.40
202016	Deferred tax expense prior year	W 10,052,171.01	0.00	10,052,171.01	10,052,171.01	0.00
201500	Current tax expense prior year	W (10,052,171.01)	0.00	(10,052,171.01)	(10,052,171.01)	0.00
<b>Total</b>						<b>12,000.00</b>
925050	SARS interest received	W 0.00	0.00	0.00	0.00	0.00
933450	SARS interest paid	W 0.00	0.00	0.00	0.00	0.00
Journals						
Account	Name	DR	CR			
201000	Current tax expense	0.00				
162000	Normal tax receivable		0.00			



# PAYE Data & Analytics Tool



## Business issues and challenges

Twice a year, employers are required to submit an EMP501 reconciliation to SARS. This administrative task, for greater tax compliance, increases the need for accurate information.

An employer that understates and underpays employees' tax is liable for late payment penalties (10% of the correct tax liability), possible understatement penalties (up to 200% of the underpaid amount) and interest in respect of such amounts underpaid.



## KPMG solution

Using our PAYE Data and Analytics Tool (PAYE D&A), KPMG is able to assist with the reconciliation process by comparing the data captured into an employer's Human Resources and Payroll Systems to the data to be submitted to SARS using e@syfile employer.

PAYE D&A offers you a host of abilities including :

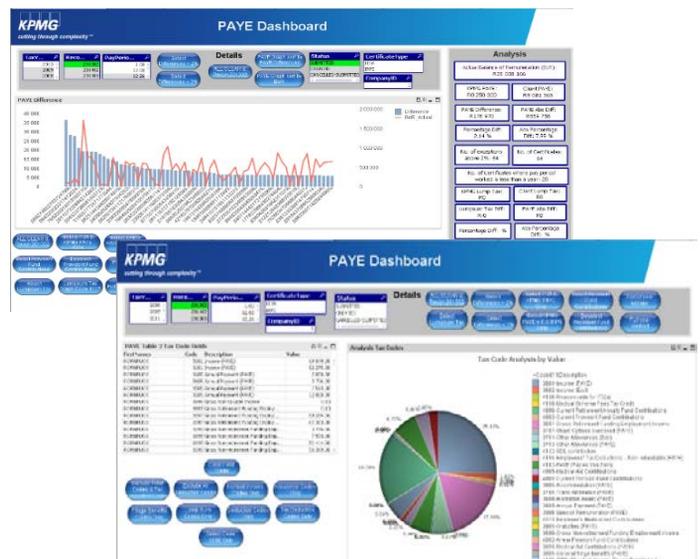
- ✓ **Evaluation** on types of **income, allowances, fringe benefits** and **deductions**
- ✓ Identifying the **payroll risk** areas
- ✓ Benchmarking of payroll across the organisation to identify **unusual trends**
- ✓ Detailed **reviews** of tax certificates and **EMP501's**
- ✓ Reviews of **system controls** surrounding payroll
- ✓ Reviews of **system migrations**



## Added value

With so much more capability at your fingertips, KPMG PAYE D&A makes the following possible:

- ✓ Assisting organisations to identify PAYE risks
- ✓ Reviewing the impact of policies and procedures on payroll data
- ✓ Quantitative assessment of risks and potential opportunities in the payroll
- ✓ Verification of the accuracy of the IRP5's prior to submission
- ✓ Optimisation of the payroll system



Accurate IRP5 submissions



Proactive control



Sound system configuration



Transaction – level exception reporting

# IT14SD Data & Analytics Tool



## Business issues and challenges

Enterprise Resource Planning (“ERP”) systems are generally not optimally configured to easily support the performance of the IT14SD return.

Due to the system challenges, procedural challenges as well as general tax timing differences, clients normally follow a manual process to perform the IT14SD return, which is time consuming, difficult and almost impossible to reconcile.



## KPMG solution

KPMG’s IT14SD Data Analytics Tool provides intelligent reconciliations with automated analysis for easy identification of reconciling items and a faster response to IT14SD returns providing:

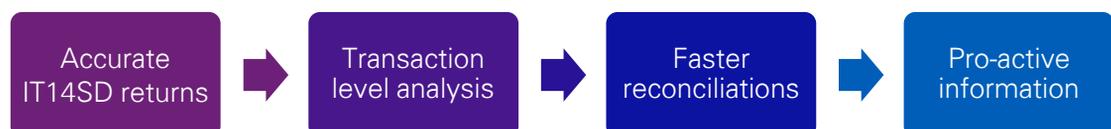
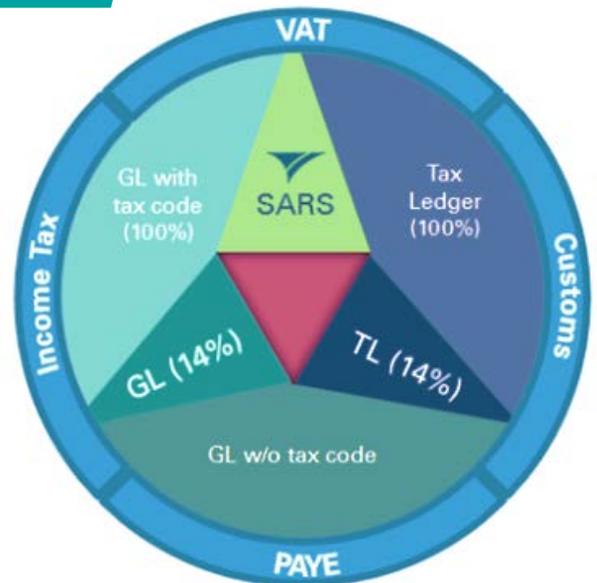
- ✓ **Cost effective assurance** to clients in order to provide a reconciliation to SARS
- ✓ **Detailed VAT reconciliation** performed for management purposes
- ✓ Assistance with **controls and system configuration**
- ✓ Unique **drill down capabilities** allow for detail transactional level review per GL account
- ✓ **General ledger analysis** per tax code used in the system
- ✓ Flexible platform allowing use across **various service lines**



## Added value

By harnessing the power of the IT14SD tool, a business is able to :

- ✓ Identify all reconciling items across the different taxes more efficiently and effectively.
- ✓ Process faster calculations with more insights at transactional level
- ✓ Detailed reviews of reconciliations
- ✓ Better system controls review and enhancements





## Business issues and challenges

The changing regulatory environment has put a greater emphasis on having visibility of processes and controls within global businesses.

There is an ever-increasing need for high-quality, real-time information, putting more pressure on tax, risk and other compliance departments.



## KPMG solution

KPMG LINK 360 is our global process management and collaboration tool that can help you manage your tax and statutory accounting compliance obligations worldwide with these three core functions:

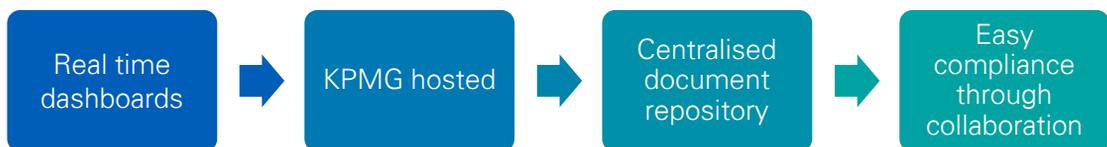
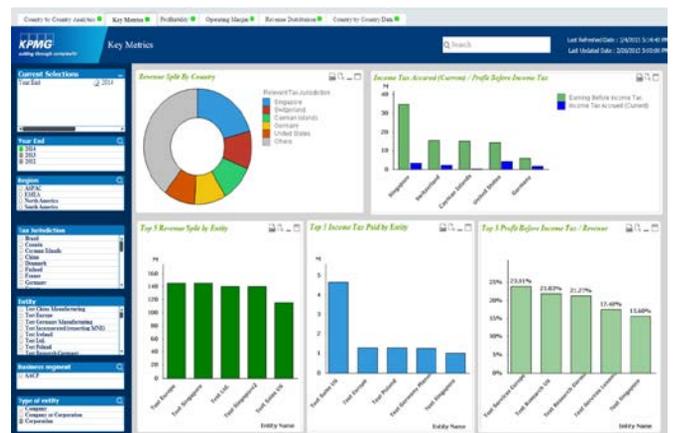
- ✓ **Reporting and Data Management:** LINK 360 has reporting functionality covering a range of areas which are sourced from the workflow management or from the data gathering tool that uses questionnaire functionality to collect and collate that data in a standard format and language
- ✓ **Workflow Management:** This tracks progress of compliance and provides an overview of processes in real-time including the operation of controls. Tracking a pre-defined set of milestones against progress
- ✓ **Document Management:** This is a structured repository that serves as a single place where supporting documents for the processes you are monitoring can be collated, accessed when required and archived when they cease to be needed



## Added value

KPMG LINK 360 with visibility and control of global compliance:

- ✓ Has real-time visibility - on your compliance status enabling the escalation of any issues to quickly facilitate resolution
- ✓ Helps manage operational risk - better and more complete information to help proactively manage risk
- ✓ Drives global consistency - provides a framework that helps drive consistency of processes and controls
- ✓ Is a secure web based application, hosted by KPMG, placing minimal demands on your own IT resources and infrastructure



# Tax Code Analysis Tool



## Business issues and challenges

Tax compliance obligations can be a substantial risk and burden to businesses. Most companies rely on basic technology support from their ERP systems supplemented with extensive manual compliance activity.

Manual processes are time consuming and existing tools and capabilities are often insufficient in processing the vast amounts of tax data, putting the organization at risk of overpaying tax, or even assessment and fines.

It becomes difficult for businesses to determine if general ledger accounts have been treated correctly for tax purposes. This becomes more of a challenge when reconciliations are required, resulting in several fruitless hours.



## KPMG solution

KPMG's Tax Code Analysis Tool (TCAT) provides powerful insight into the classification of every general ledger account from both a direct and indirect tax perspective allowing for:

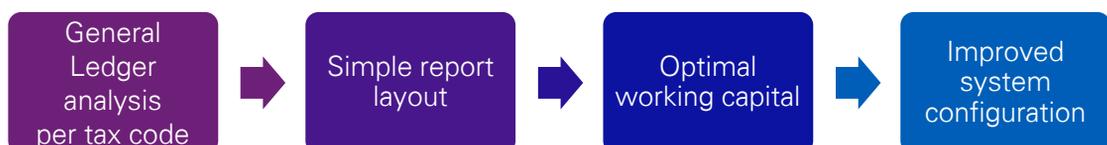
- ✓ Easy **analysis of financial accounts** with **simple** reporting layout
- ✓ More **accurate tax classification** at transactional level
- ✓ Better and **faster tax reconciliations** with more accurate data
- ✓ Identify root causes of issues such as who in the organisation over ruled **standard systems tax logic** and on which transactions
- ✓ **Greater control** over reporting



## Added value

With great visibility into your accounts from a tax perspective, KPMG TCAT also allows you to:

- ✓ Identify system configuration improvement opportunities
- ✓ Assist organisations to identify VAT risks
- ✓ Detecting tax determination errors earlier, therefore reducing the risk of penalties
- ✓ Better system controls review and enhancements
- ✓ Insight into potential cash savings



# Contact us to see how Tax Technology can empower your business:



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