



Session code:
3439

Data & Analytics

2023 KPMG Africa Tax Summit
Tax amid disruption and uncertainties

Cape Town, South Africa

—
4-5 April 2023

Confirm your attendance

A letter of attendance will be sent to delegates following the event outlining the sessions you attended. This may be used for requesting CPE (or equivalent) credit. To receive this letter, you must confirm your attendance in each session.

To confirm your attendance in this session:

1. Open the event app and press the plus (+) button.
2. Select “Claim session attendance” and enter the session code at the top of this slide.

Agenda

- 1** | Why now?
- 2** | Data challenges
- 3** | Data management
- 4** | Approach
- 5** | Skills
- 6** | Closing

Today's presenters



Madelein van Zyl
Partner, Tax and
Technology
KPMG in South Africa



Stuart Trait
Partner
KPMG in the UK



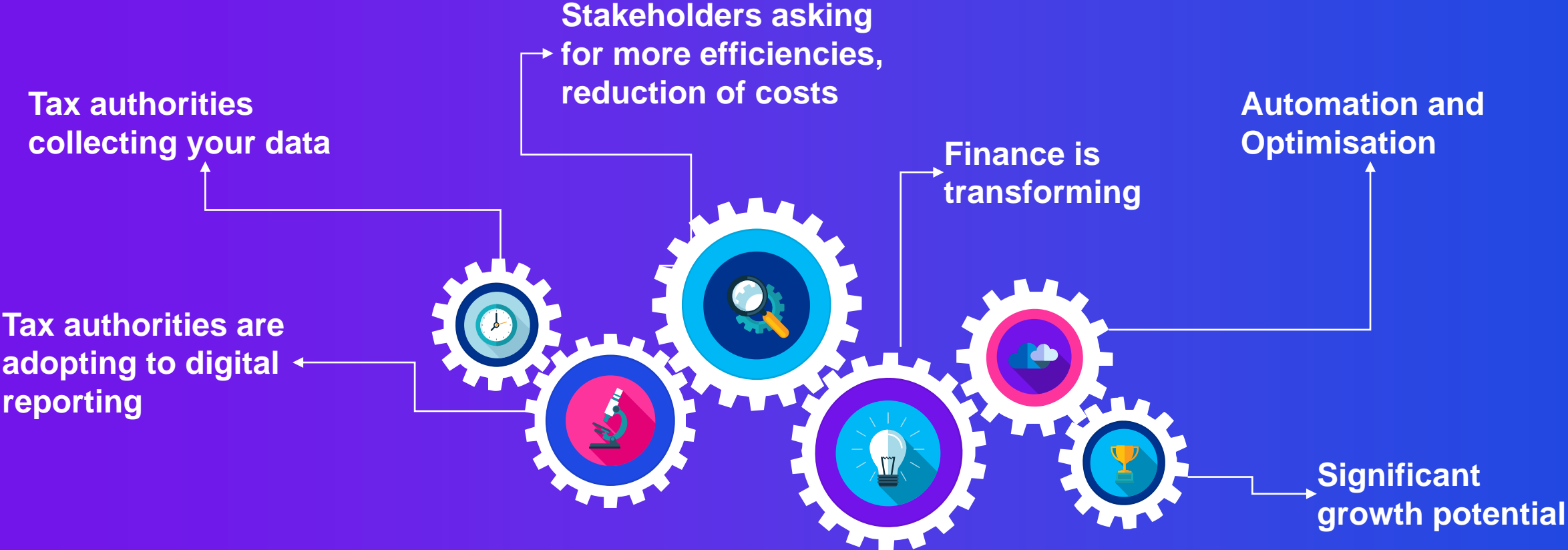
Sandeep Main
Associate Director
KPMG Kenya

01

Why now?



Digital disruptors driving change...



Disrupter or Opportunity

Tax Needs — starting from the outside in

Revenue Authorities and Taxpayers

- The tax function is evolving radically from compliance management role to that of a strategic partner to the business
- Tax leaders are rethinking around:
 - a tax operating model
 - the technology needed to support the model and look towards new value added capabilities
- Revenue Authorities have increased revenue targets and have deployed technologies and analytics to generate revenue



Current Tax Outlook — Tax Transformation Trends

- Uptake of technology by revenue authorities in East, West and Southern Africa —
 - electronic filing — it is easier and cheaper for taxpayers to fill out tax returns
 - electronic payment systems using real time online options such mobile money or RTGS
 - Tax authorities access the immense data and information on:
 - sales and wages in real time
 - electronic invoicing systems allow immediate access to data on firm sales
 - Better data collection, combined with increased processing power of technology
- Other benefits of deployment and integration of technology in the tax space:
 - lower the cost of collecting taxes
 - expansion tax bases
 - secure storage of sensitive data

Tax Challenges/risks for our clients



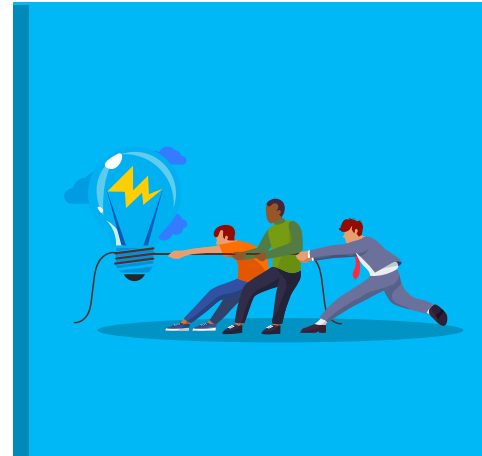
Alignment/ Different data sources

- Extraction challenges
- Formatting/ standardisation/ visibility
- Skills to understand back-end processes, extraction, available reports etc. lacking



Lack of visibility

- Can't identify errors/inconsistencies before tax authority audits
- Manual controls/checks rather than system controls
- Status in foreign jurisdictions



Process and data transformation

- Tax not involved / has no input in larger transformation projects / ERP implementations
- Lift and shift does not work



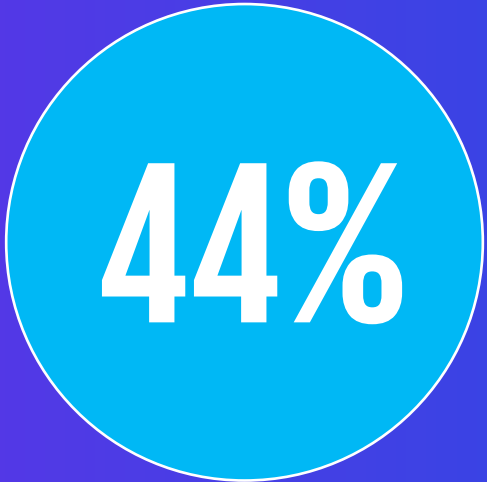
Tax Risk Management

- Compliance burden allows no time for value adding tasks and improving control framework
- Limited resources, risks not addressed



What clients told us*

What is your biggest challenge for the future?



Managing data quality and real time reporting

From our 2021 Global VAT/GST benchmarking survey
*Represents clients from firms around the globe

02

Data challenges



Key data challenges



Polling question slide

Which one of the following tax processes are the most time consuming and manually performed in your organisation?

A.

Accounting and reporting of income tax and uncertain tax positions

B.

Preparation of corporate tax statutory returns and reports

C.

Preparation of indirect tax statutory returns and reports

D.

Employees' tax returns and reports as well as expatriate tax management

E.

Transfer pricing calculations (targeted policies, reporting and assessment against targets)

Manual, time consuming tax process – survey results

What is your biggest challenge?

Regional perspective:

Employees' tax processes are most often automated across Africa

Accounting and reporting of income tax and uncertain tax positions are most manual and time consuming

In East and West Africa corporate tax returns are the most commonly outsourced process

Tax teams' days are filled with manual orientated tasks e.g. in support of compliance processes, limiting time for value added/strategic tasks.

More than half of all respondents across Africa still perform their indirect compliance processes manually.

Polling question slide

Level of ERP data editing required to enable use for tax purposes?

A.

Requires significant editing to make it useable for tax purposes

B.

Requires moderate editing to make it useable for tax purposes

C.

Requires little or no editing to make it useable for tax purposes

Data quality – survey results

Level of ERP data editing required to enable use for tax purposes?



Most African organisations struggle with visibility over transactions to identify root cause of errors.



Depending on the region, between 68% and 86% of respondents' ERP data requires moderate or significant editing to make it useable for tax purposes.

And this is even going to be a bigger challenge.....



Increasing reporting frequency

Examples

-  Spain
-  Italy
-  Hungary
-  Japan
-  Chile



Increasing reporting details

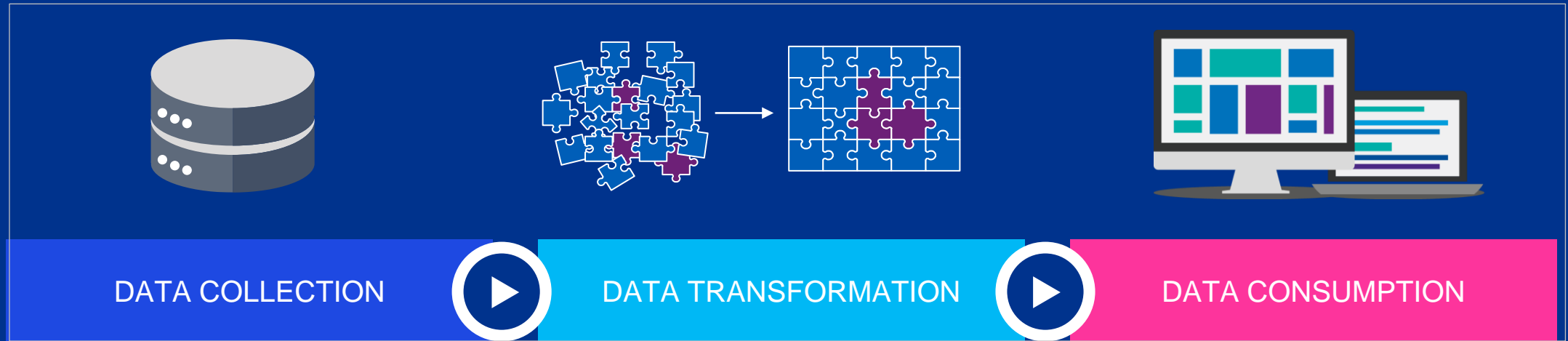
-  Poland
-  Norway
-  Lithuania
-  Brazil
-  Portugal



Government controlled invoicing

-  China
-  Korea
-  Indonesia
-  Mexico
-  Brazil

This is what happens in reality



80 percent of the process in terms of time spent

20 percent of the process

80%

20%

03

Data management



Polling question slide

In your organisation, is the data required for tax analysis centralised and easily accessible?



Yes



No

Polling question slide

In your organisation: Is tax data used to generate wider business insights or only used for preparation of tax returns/reporting?



Yes



No

Data availability and utilisation - survey



In West Africa only **20%** responded that data required for tax processes is centrally available



58% of Southern African respondents indicated that data required for tax processes are centrally available. This percentage increases to **72%** for East Africa



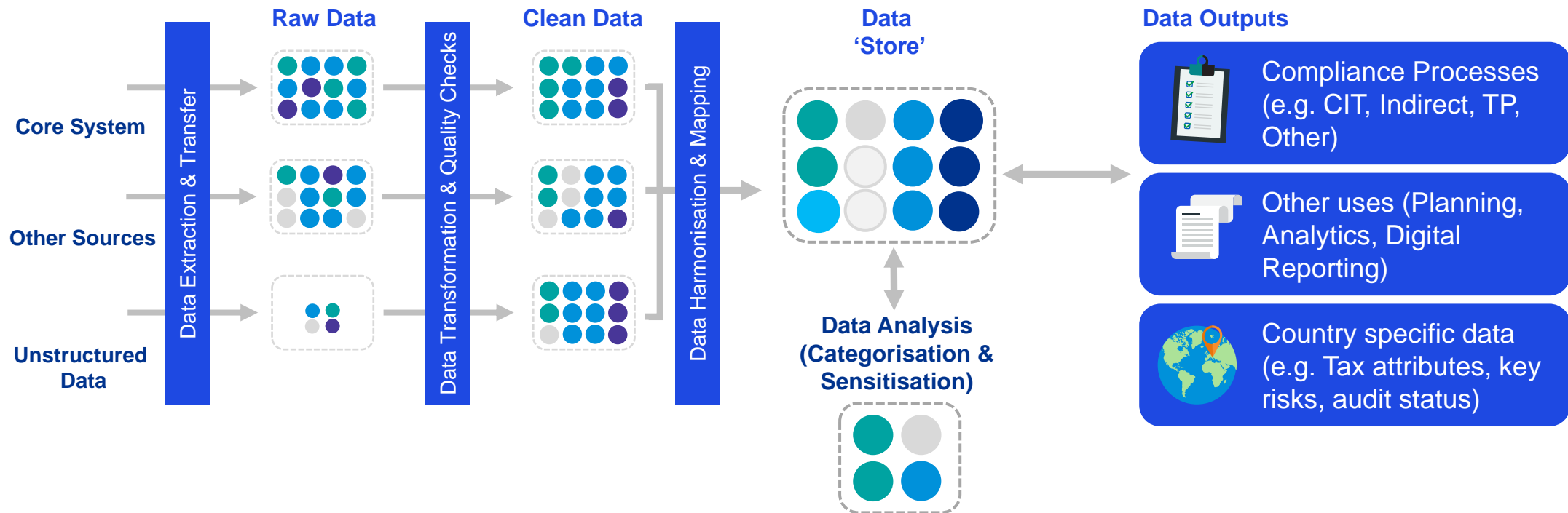
In Southern and West Africa **less than half** of the respondents use data for both tax returns/reports and to generate wider business insights



In East Africa just over **70%** of respondents already use data for both tax returns/reports and to generate wider business insights

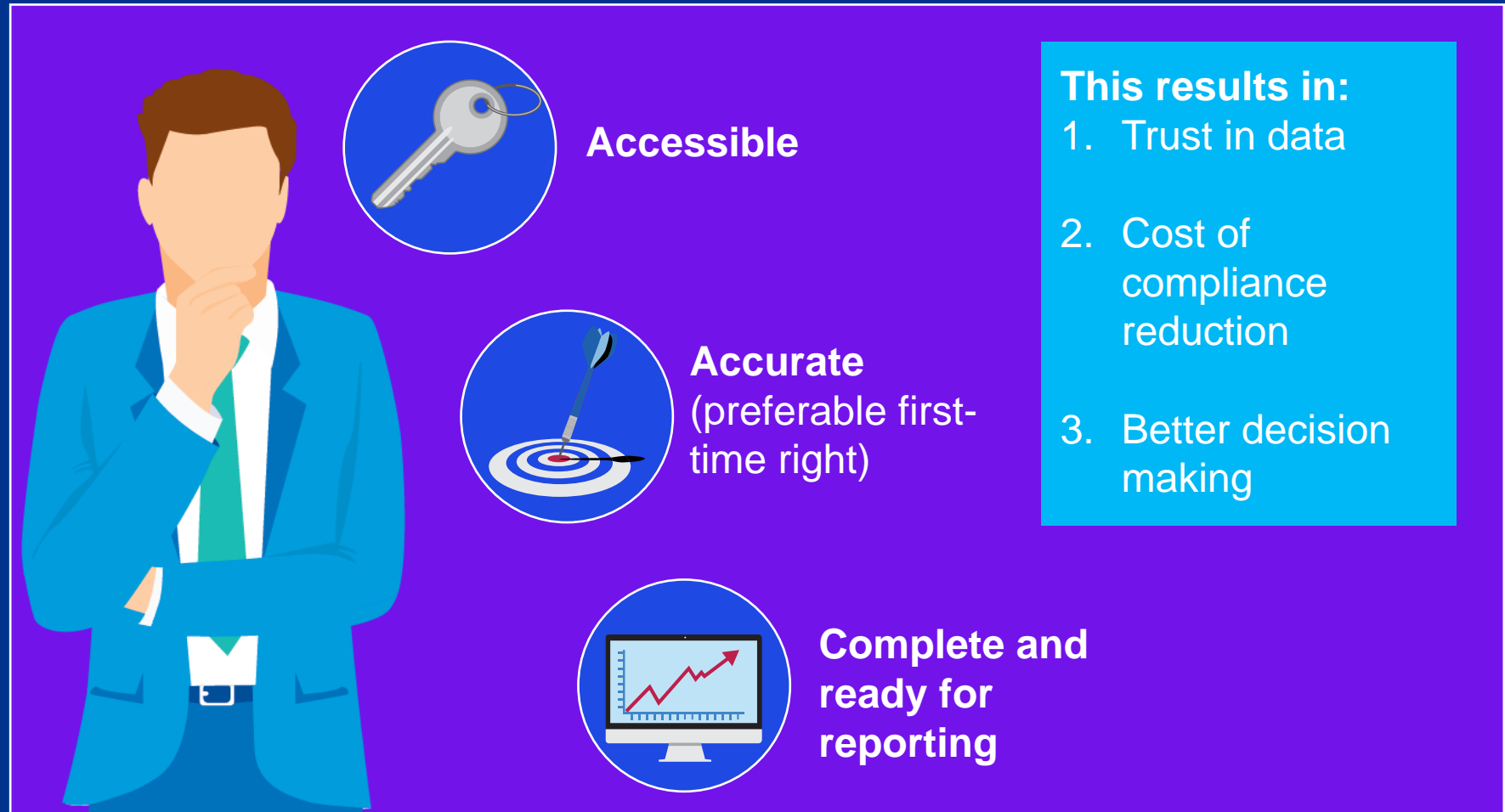
Data

Starting with accurate, structured data is the holy grail for the tax function. Tax can't operate effectively without it. In our experience, sustainable transformation can't happen until tax has developed standardized, integrated processes and common data models - a way to organize data from many sources and formats into a standard structure and share it seamlessly between different systems, applications, and resources.



What does Future Proof Data Management lead to?

Data needs to be...



What is the Business Case for Data Management?



Single source of truth



Global tax visibility & insights



Control & assurance



Tax savings



Effective use of resources / FTE reduction



Compliance process efficiencies



Must-have to comply with Tax Administration 3.0



04

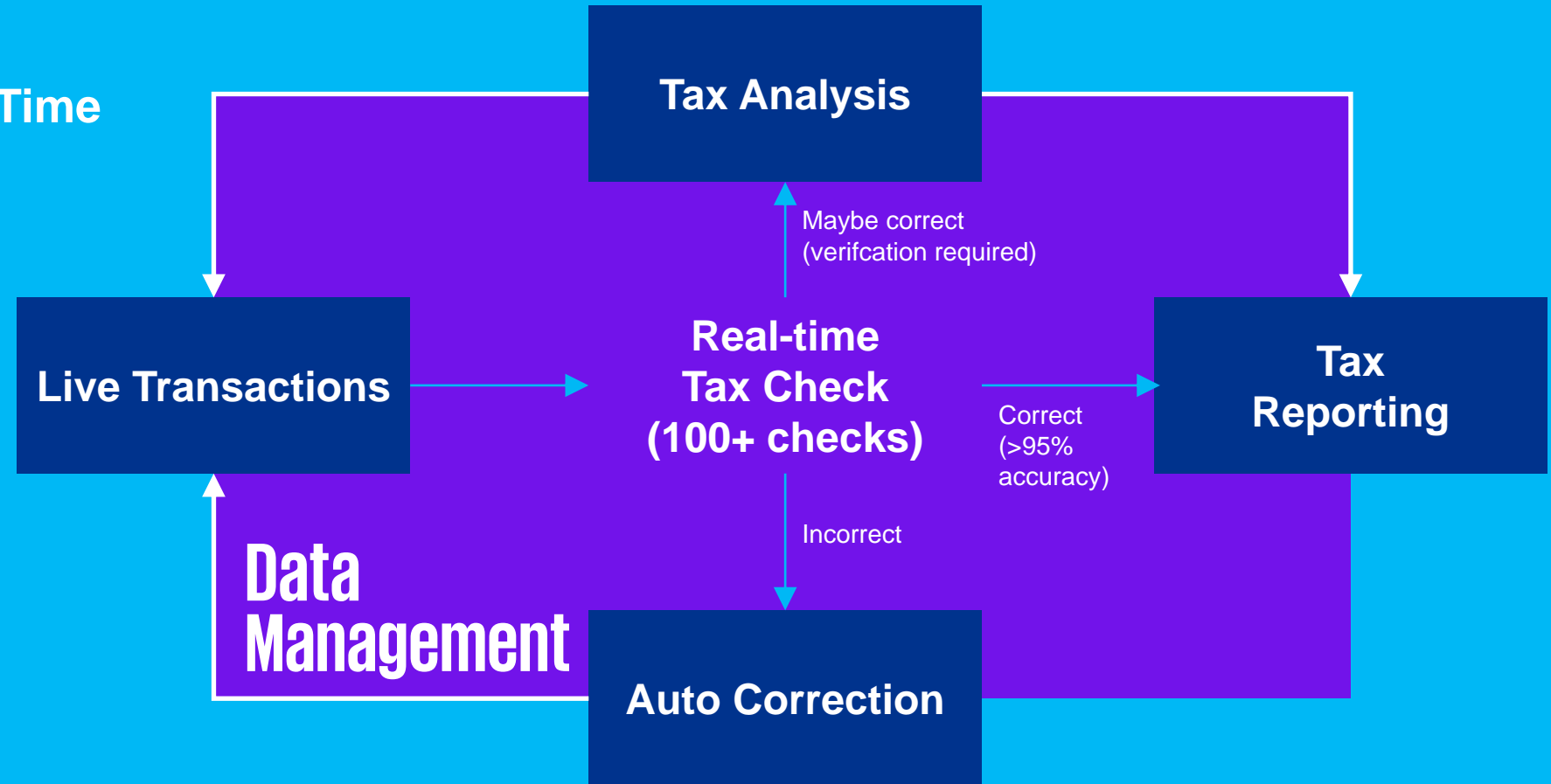
Approach



The future: Compliance by Design

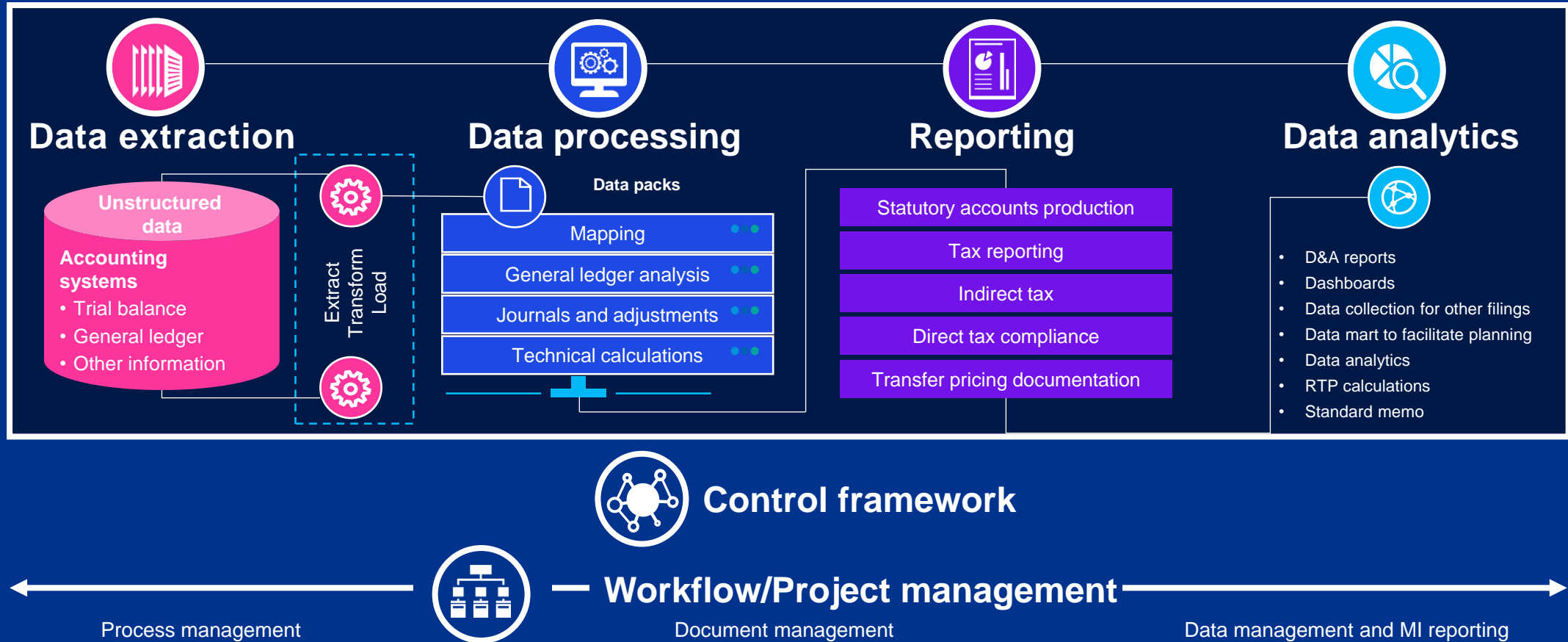
Enabled by Data Management

Towards First-Time right
– by Design

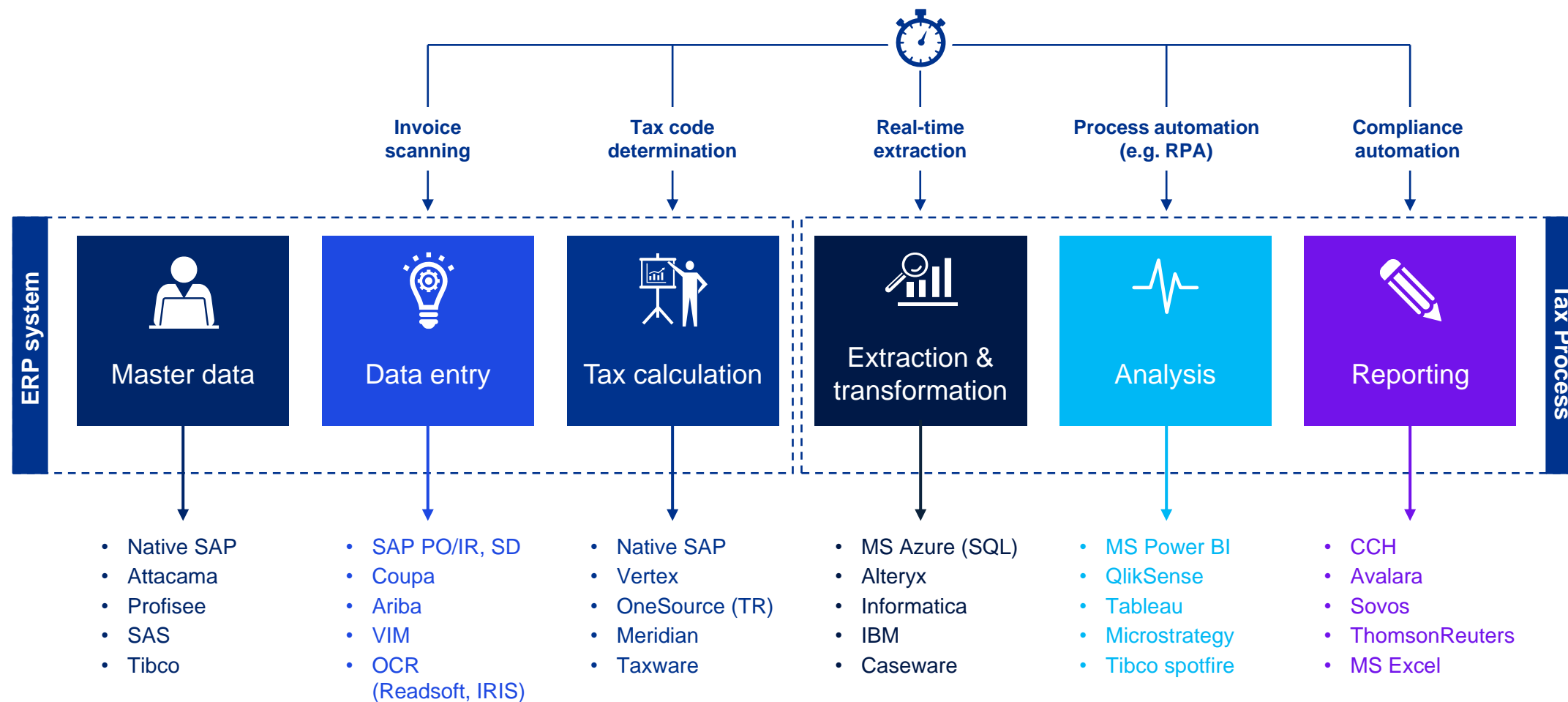


Navigating solutions

Framework — Operations



Tax data process & opportunities for automation



What is Tax Reimagined?

KPMG Digital Gateway technology

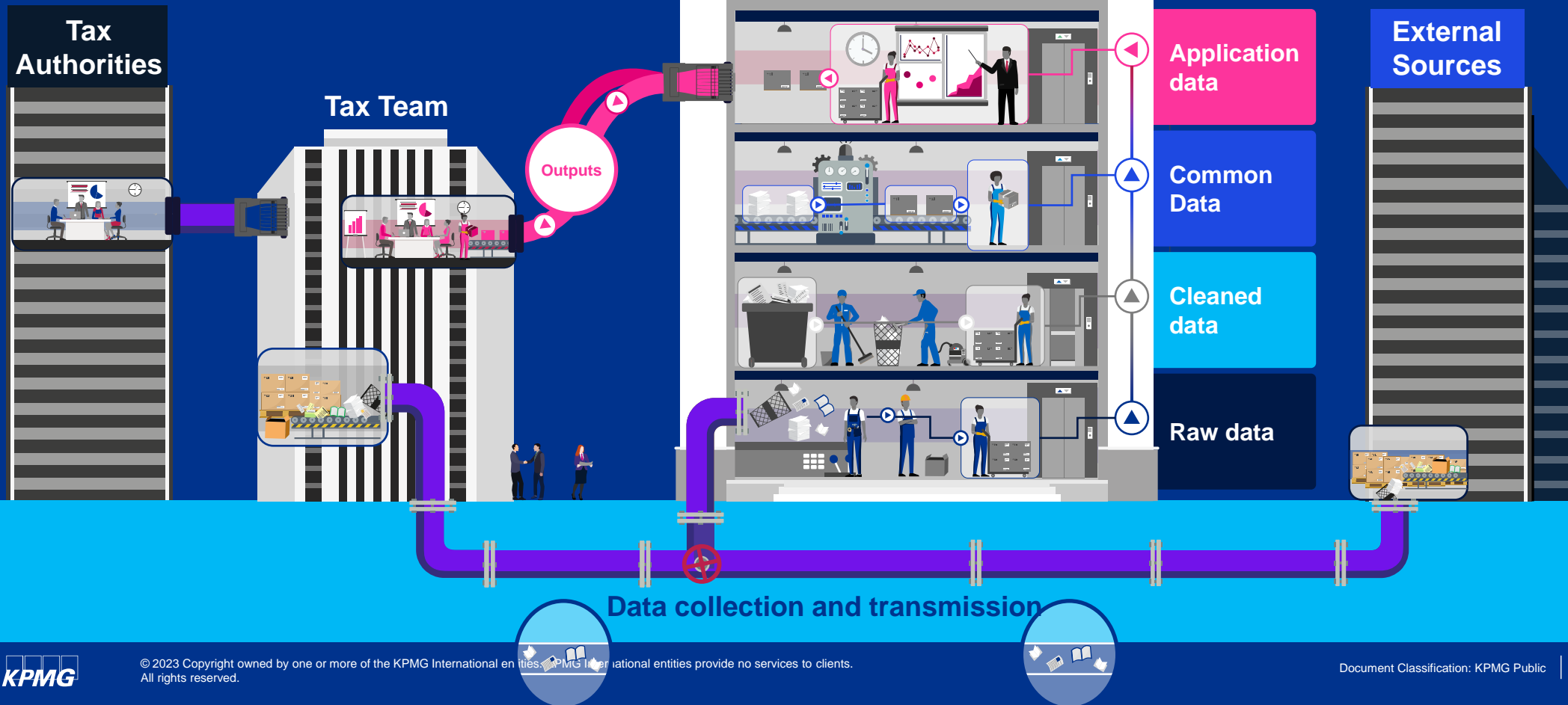
Powered by Microsoft Azure and built on the cloud, KPMG Digital Gateway is a single platform solution.

KPMG Digital Gateway provides one-stop access to KPMG's suite of tax technologies and supporting services, industry news and current KPMG thought leadership, while connecting with expertise from across the global KPMG network of member firms.



KPMG's Global Data Solution Concept: Tax Data Factory

Simple, standardized and broad-ranging ETL processes for data

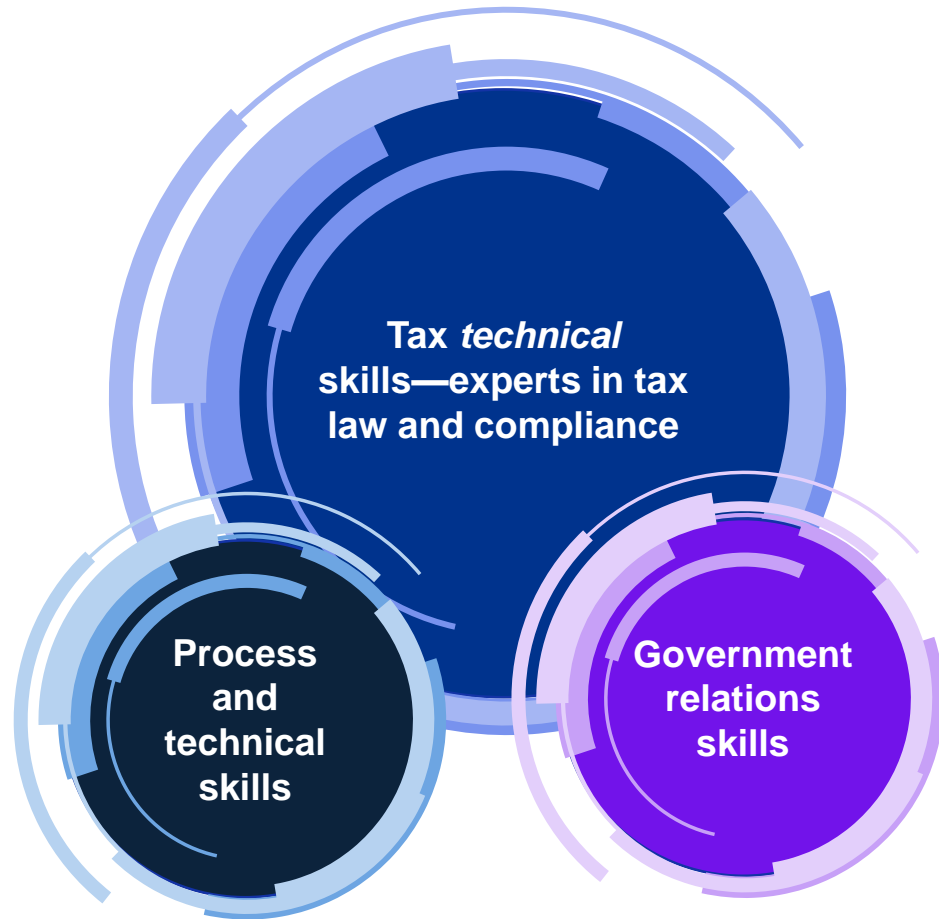


05

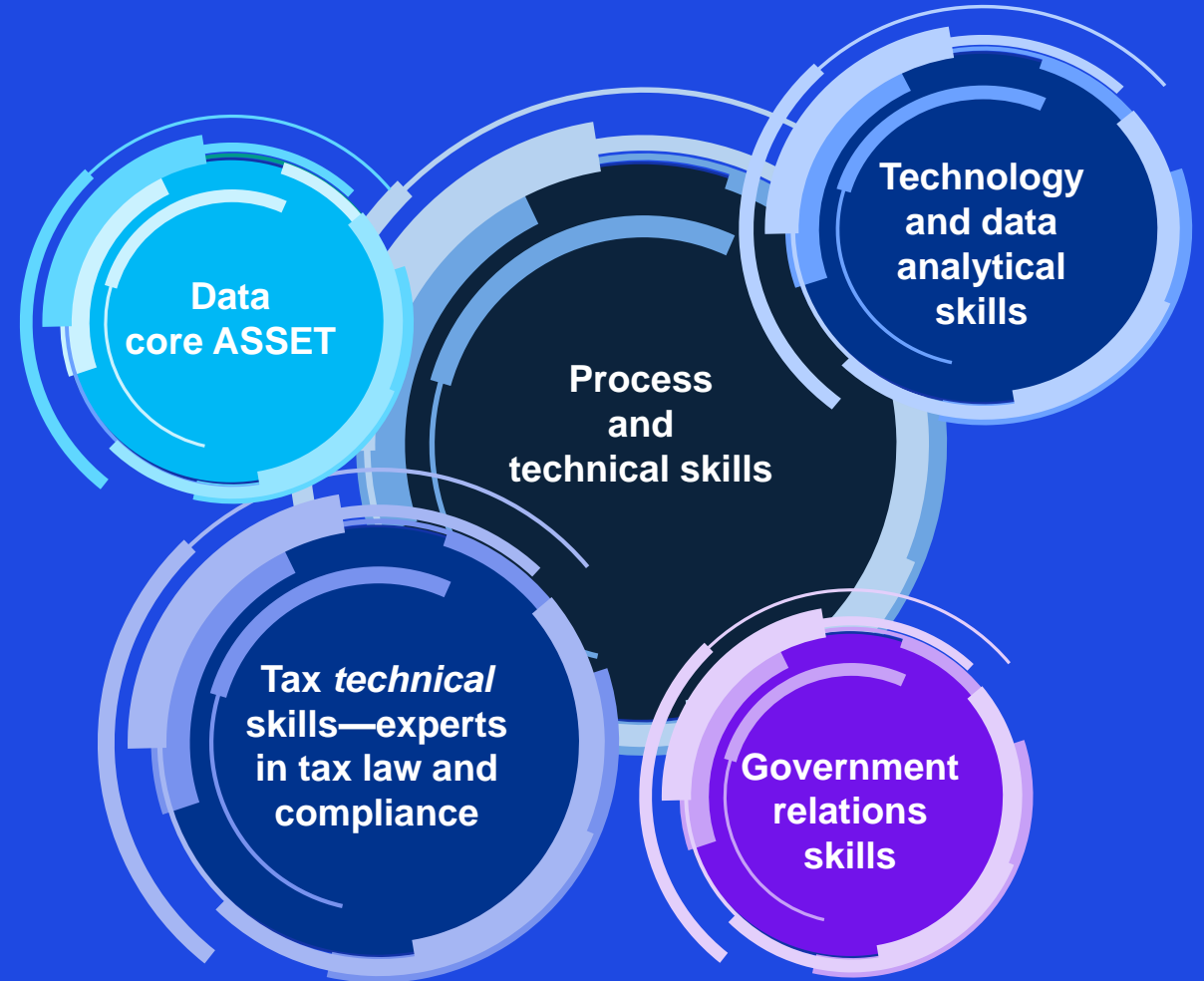
Skills



Yesterday



Today / Tomorrow



Polling question slide

Which of the following best describes your strategy to address the need for new skills (professionals responsible for tax processes)?

A.

Hiring new resources

B.

Upskill current team members

C.

Outsource processes/
components of processes where there are skills gaps.

D.

All of these (A – C)

06

Closing



Digital Gateway

A single point of entry for Clients to KPMG

With key enabling technology capabilities

Providing Integration across KPMG Global and Local Country Applications



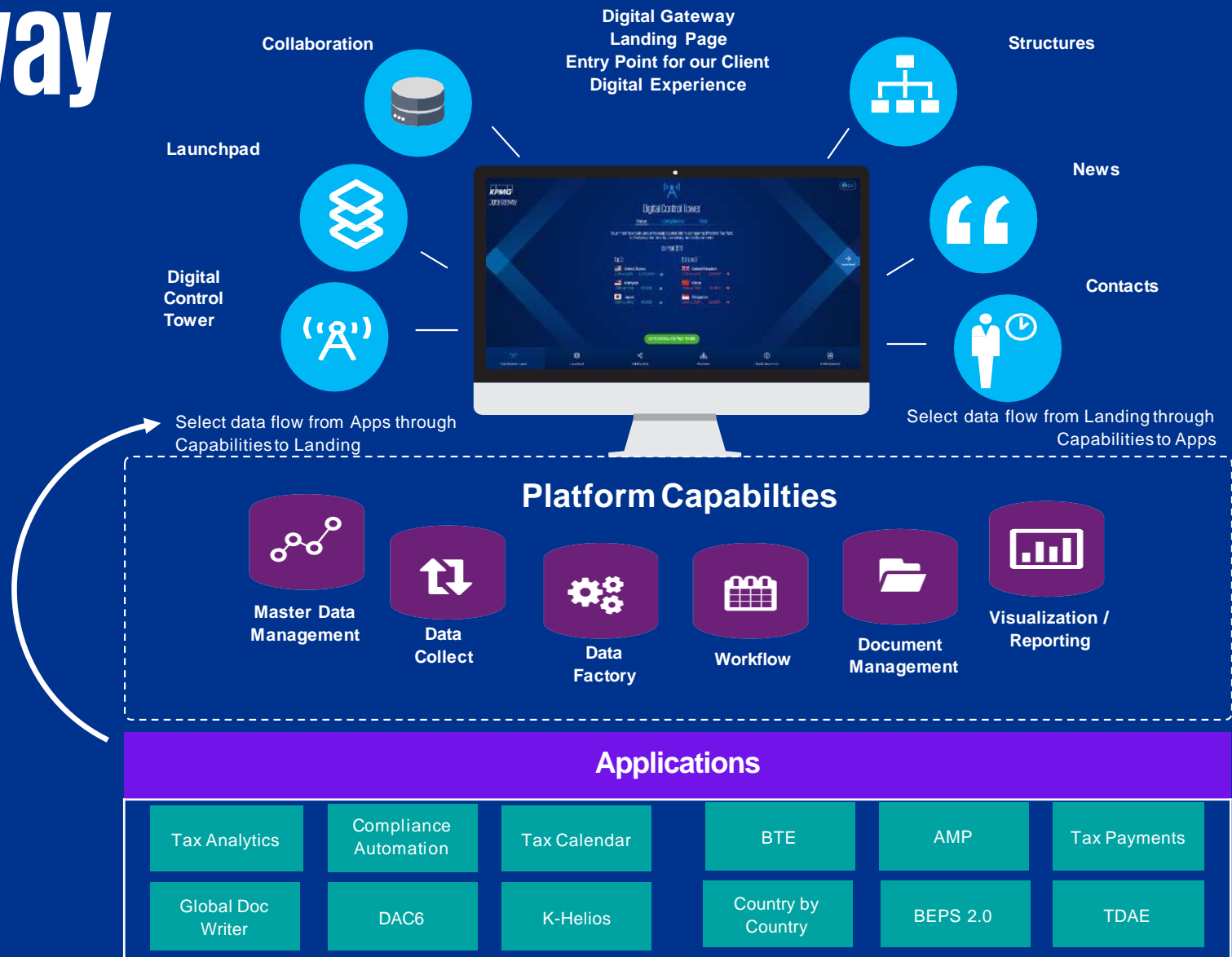
Computer



Tablet



Smartphone



Potential analytical benefits



Fact-based insight into the various reconciling differences identified



Provide valuable insights into **all Taxes** affecting the entity



Potential detection of risks and opportunities



Clear overview of reconciling items affecting the various tax area's



Insight into potential tax or duty **savings, process improvement opportunities**, system improvements



Visibility of data leads to improved decision making and reduces down stream adverse impact on taxes or duties

What can good look like?



Summary of KPMG firms 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 your data and cash flow optimisation with the offerings below:

We aim to assist our clients to achieve a level of certainty in an uncertain world, to enable tighter control over their taxes, to face the disruptions head-on and to be able to answer the following questions with confidence:

- Does your current process enable you to address queries from Revenue Authorities effectively and efficiently in order to show that you have control over your end-to-end tax process?
- Do you have total visibility and factual insights into your organisation's relevant tax data available at your fingertips in order to make better business decisions?
- Does your tax function focus their time on adding value to the business rather than repetitive compliance related work?
- Do you have quantitative insights into the status of tax compliance and are you able to easily identify potential improvements and cash saving opportunities?



Technology for Tax

In the last few years, KPMG firms have invested millions in tax technology across the globe as KPMG. During this time we leveraged the experience of our seasoned tax professionals and IT & data specialists to develop a series of global tax technology tools in order to provide our tax services more efficiently.

Our approach is to use technology and data to assist tax departments to proactively drive strategies that mitigate tax risks, help identify savings opportunities and improved tax processes. In providing tax services using technology, your organization will be able to leverage our significant commitment and investment to tax technology.

The use of tax technology can assist with the following:

- More efficient, timely, and accurate compliance
- Provide insights on 100% of the population instead of concentrating testing on a limited sample with actionable insights;

- Better identify risks and investigate anomalies in a tax process;
- Provide drill down and dashboard capabilities for increased visibility of tax transactions (e.g. complex supply chain insights);
- Identify root causes for incorrect tax treatment; and

- Evaluate the system configuration controls and identify weaknesses in the tax control framework.

We use various technology solutions (shown below) to automate processes, extract data from your systems and analyse it in order to provide actionable insights.



Technology for Tax: Alteryx for Tax Analytics

Solutions in the across the Africa Region



What is Alteryx?

Alteryx is a business intelligence platform that allows users to blend data from disparate sources, including Microsoft Excel, CSV and Text files, prep, blend and enrich the for further analysis.

Alteryx comes with an intelligence suite with multiple tools including the classification tool that uses several algorithms to identify what category an item/target belongs to.



alteryx | The Thrill of Solving



Repeatable workflow

Automate manual data tasks into repeatable analytic workflows.



Flexible + Diverse

Start with what you need and grow over time with the open platform. Alteryx supports nearly every data source and visualization tool and works seamlessly with most visualization tools



How can Alteryx add value to tax engagements?



Optimize time: Using Alteryx for data cleaning and prep will speed up most recurring data cleaning tasks. By speeding up the data clean and prep times, more hours and effort can be allocated towards more advanced reporting, analysis and insight generation.



• **Clean & prep data:** Alteryx provides the ability to clean complicated, multiple and large data files more rapidly.



• **Alteryx prepared data is ready for analysis:** Cleaned data can be directly used in Power BI, Excel, Tableau, SQL Server and many other analysis tools/technologies.



• **Standardization of work:** Follow best practice and templates of how to clean data and complete data management tasks collaboratively through shared workflows

Tax intelligence dashboards

Transform your ERP data into valuable insights

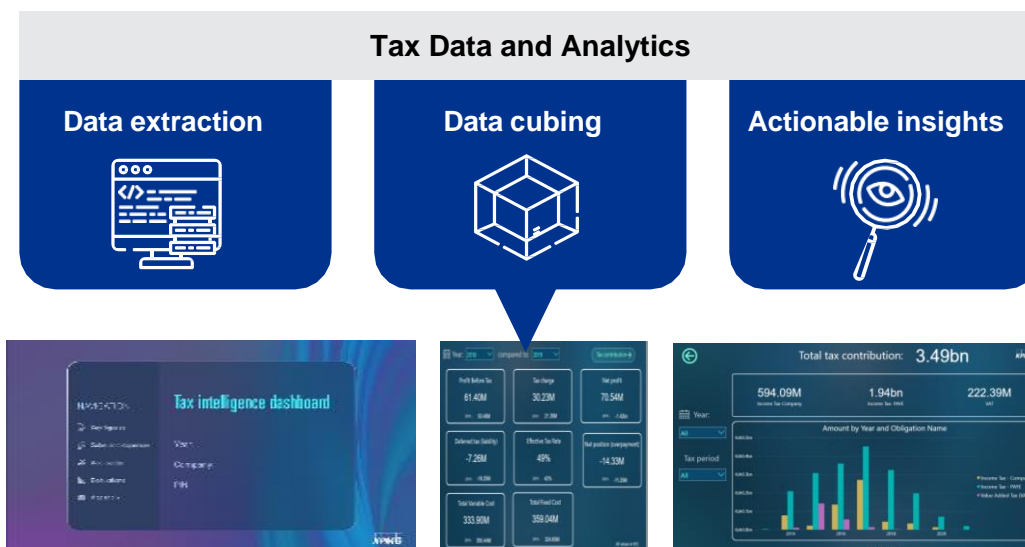


Business challenge

How can the tax function transform data from the Enterprise Resource Planning (ERP) system into valuable insights that can help increase revenue, find savings, detect anomalies and errors, and speed-up decision making?



KPMG solution



Potential benefits for business

Gain control and visibility over tax related transactions and KPIs

- Automated reporting
- Make it easier to focus on KPIs with simple intelligible graphics

Transform data into value

- Obtain fact-based insights to identify irregularities
- Visualize trends
- Drill-down to the most specific level of detail

Increase efficiency and help minimise financial risk

- Save time by automating data refresh and reporting
- Eliminate/reduce potential for error by reducing manual data manipulation

Real-time reporting

- Have a clear picture into your tax position at any time
- Real-time insights thus taking off some of the pressure associated with month-end reporting

Tax reconciliation engines

Ensuring your business stays compliant



Business challenge

Manual reconciliation of critical tax data increases the risk of filing inaccurate or incomplete returns, non-compliance, and huge penalties. Further, manual reconciliation processes are time consuming and can be frustrating to tax professionals.



KPMG solution

KPMG's suite of tax reconciliation solutions

Value Added Tax (VAT) reconciliation

- Input and output VAT computation
- Identify overpayments and underpayments
- Month-on-month VAT reconciliation of data captured in business systems to returns submitted to tax authorities
- Identification and reconciliation of reversals and double claims

Employee Tax (PAYE) reconciliation

- PAYE computation, including evaluation on types of income, allowances, fringe benefits and deductions
- Reconcile data captured in employer's HR and Payroll systems to data submitted to tax authorities
- Identify unusual trends in your payroll data

Withholding Tax (WHT) reconciliation

- WHT computation based on set commands on the various rates
- Extract and review the WHT computations against the current rates, including any reduced rates per the Double Tax Treaties.
- Identify overpayment/ underpayments

Customs and Excise Duty reconciliation

- HS codes reconciliation
- Exports reconciliation
- Extract and review the excise duty computations against the current rates, including reduced rates
- Identify underpayments, overpayments, fines, and penalties due



Potential benefits for business

Time savings on computations and reconciliations.

Standardized tax reconciliation process based on predefined rules.

Reduced risk of filing incomplete / inaccurate returns, hence confidence in remaining compliant.

Easy and real-time identification of variances for management's attention and early correction.

Identify and secure the reclaims that the business is entitled to.

Provide feedback

Your feedback is important to us. It helps us shape future event sessions to meet your needs.

To provide feedback on this session:

1. Open the Forum app and navigate to this session.
2. Scroll down and select “Submit feedback”.
3. Respond to the questions and submit your feedback.



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Throughout this presentation, “we”, “KPMG”, “us” and “our” refers to the global organization or to one or more of the member firms of KPMG International Limited (“KPMG International”), each of which is a separate legal entity.

© 2023 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited (“KPMG International”), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.