



Meijburg & Co
Tax Lawyers

Tax Technology Bites

Session 4: Tax Data Management & Intelligence

Virtual MS Teams Session
4 March 2021



First...



**Please mute your
microphone and camera**



**Do you have a question?
Ask it via chat!**

Tax Technology Bites Webinar Series

Theme

Tax Technology Strategy & Roadmap

Tax Process & Controls

ERP Tax Sensitization

Tax Data Management & Intelligence

Tax Compliance

SAP S/4 HANA and SAP Central Finance

Date

11 November 2020

8 December 2020

4 February 2021

4 March 2021

30 March 2021

Spring 2021



Introduction presenters

Today's guest speaker



Alexander Zegers

**Tax Technology &
Transformation**

Meijburg & Co.



René Duijkers

**Tax Technology &
Transformation**

KPMG Advisory



Frank Metsemakers

**Global Compliance &
Transformation**

Meijburg & Co.

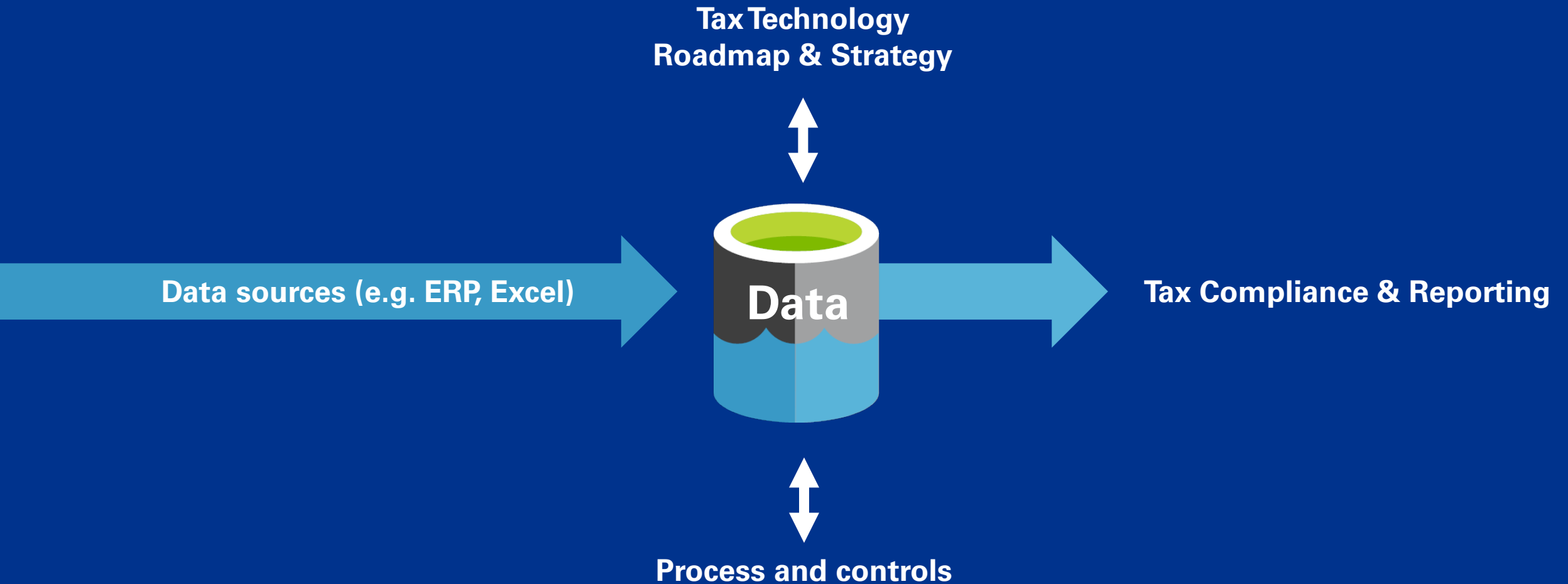


Sara Claeys

**Indirect Tax &
Technology**

Koch Industries Inc.

Data as a cornerstone for Tax Management



Prepare to vote



- 1 Go to **kpmgvote.nl**
- 2 Log in with **taxdata**



I have **easy access** to all the data I need

A. **Yes**

B. **No**

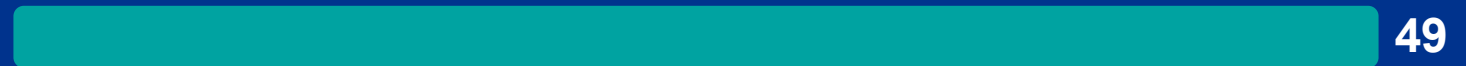
Go to kpmgvote.nl and log in with taxdata

I have **easy access** to all the data I need

A. Yes



B. No



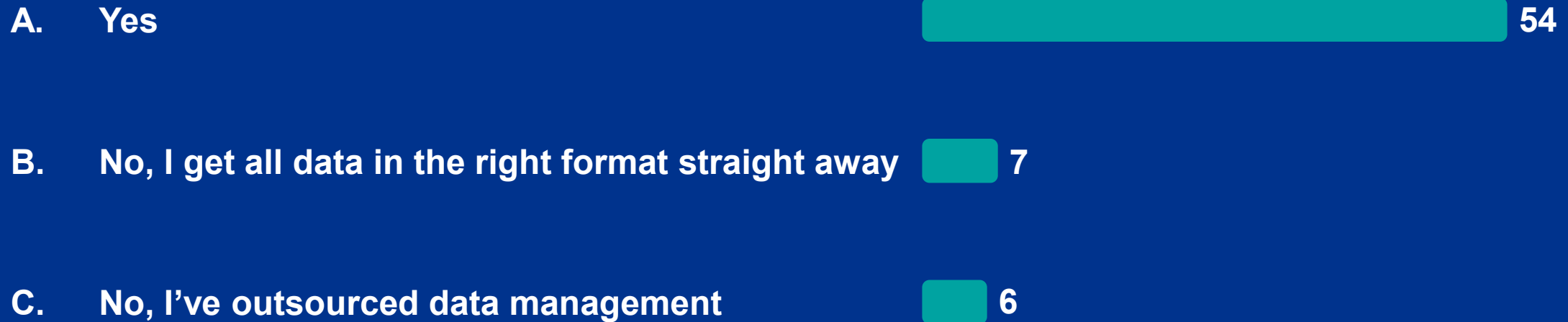
Go to kpmgvote.nl and log in with taxdata

I need to spend a **huge amount of time** cleaning and reconciling data

- A. **Yes**
- B. **No, I get all data in the right format straight away**
- C. **No, I've outsourced data management**

Go to kpmgvote.nl and log in with taxdata

I need to spend a **huge amount of time** cleaning and reconciling data



Go to kpmgvote.nl and log in with taxdata

Which tool do you mainly use for data management?

- A. MS Excel
- B. Alteryx
- C. Access / SQL
- D. Other

Go to kpmgvote.nl and log in with taxdata

Which tool do you mainly use for data management?



Go to kpmgvote.nl and log in with taxdata

I would feel **comfortable** to give the Tax Authorities access to my data

A. Yes

B. No

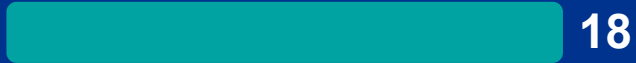
Go to kpmgvote.nl and log in with taxdata

65 

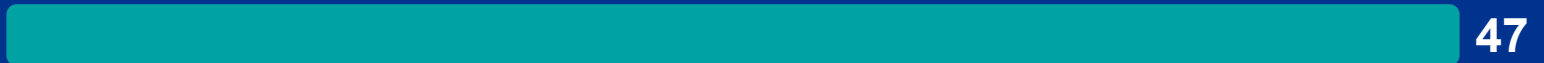
66 

I would feel **comfortable** to give the Tax Authorities access to my data

A. Yes



B. No



Go to kpmgvote.nl and log in with taxdata

Key data challenges

Poor quality data



Lack of data management technology



Required data sitting all over the place



Increased data volumes



Limited access to data



Inability to unlock value from data



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



**Increasing reporting
frequency**



**Increasing reporting
details**



**Government controlled
invoicing**

Examples

-  Spain
-  Italy
-  Hungary
-  Japan
-  Chile

-  Poland
-  Norway
-  Lithuania
-  Brazil
-  Portugal

-  China
-  Korea
-  Indonesia
-  Mexico
-  Brazil

Perspective of the Tax Authorities



The Forum on Tax Administration Commissioners (FTA), see the future of tax administration as something of a break with the current approach which relies on active, and sometimes burdensome voluntary compliance by taxpayers and on resource-intensive investigations and audits to address non-compliance.

Currently



Tax Administration 3.0

- Forms driven (electronic & paper)
- Periodic, historical, aggregated data
- Manual, slow & costly
- Retrospective risk treatment
- Disconnected ecosystems

- Data driven
- Event-based, detailed & real time data
- Enabled validation & automation
- Enables assured data
- Interoperable ecosystems
- Enabled international collaboration

<http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/tax-administration-3-0-the-digital-transformation-of-tax-administration.pdf>

Focus on Data Management

So,

Tax Management cannot go without...

Data
Management



What is Data Management?

The **strategy, technologies** and available **data models** ...

... to **extract, ingest, clean, transform** and **harmonize** data ...

... from its **source** (where it's created) all the way to **data outputs** ...

... readily usable for **tax applications** which are used by the tax teams.

What does Future Proof Data Management lead to?

**Data
needs
to be...**



Accessible



Accurate
(preferable first-time right)



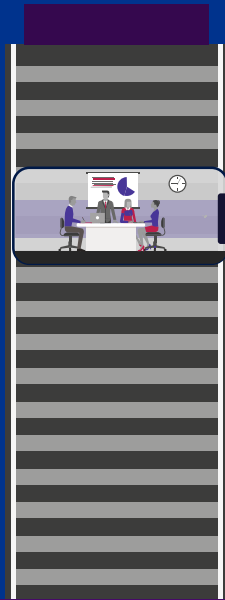
**Complete and
ready for
reporting**

This results in:

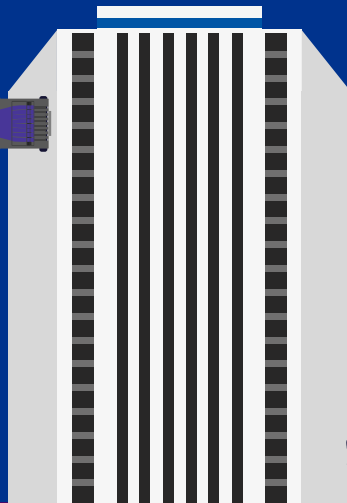
1. Trust in data
2. Cost of compliance reduction
3. Better decision making

How does Future Proof Data Management look like

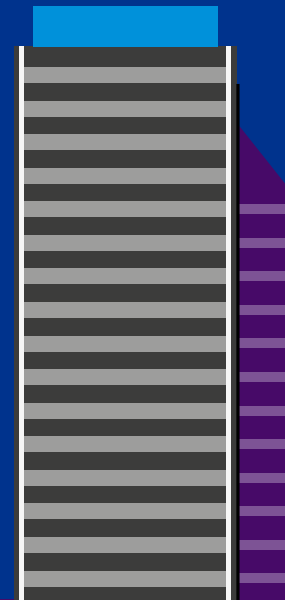
Tax Authorities



Tax Team

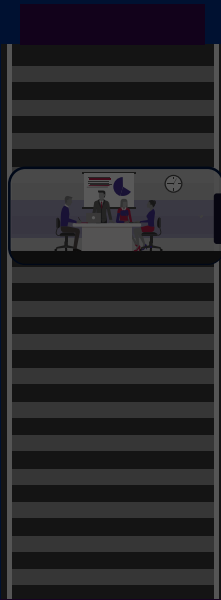


External Sources

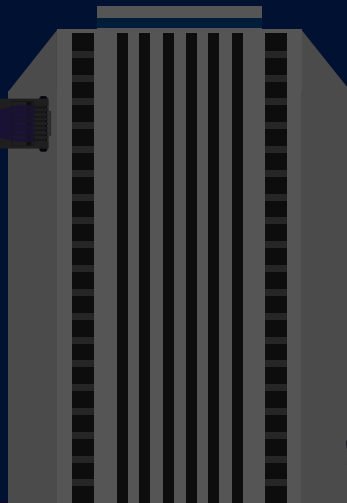


How does Future Proof Data Management look like

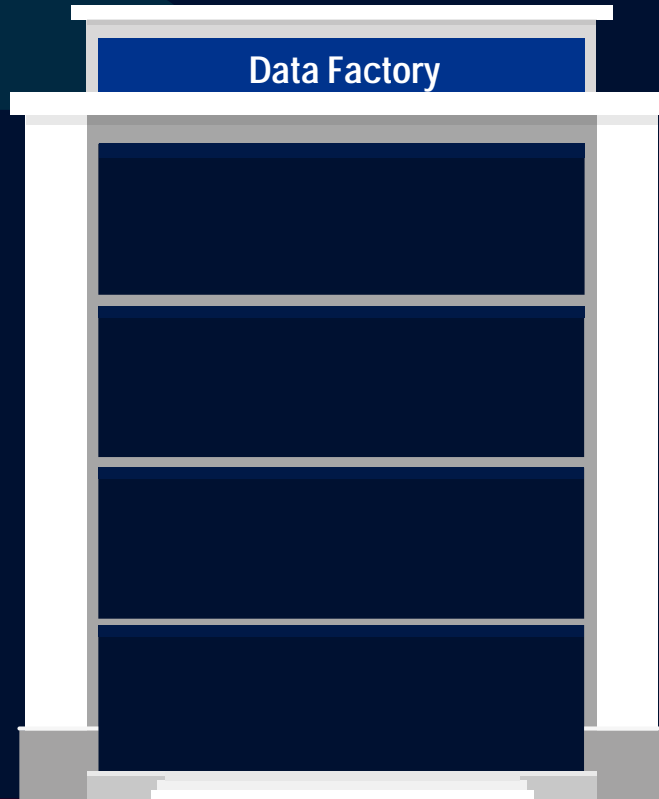
Tax Authorities



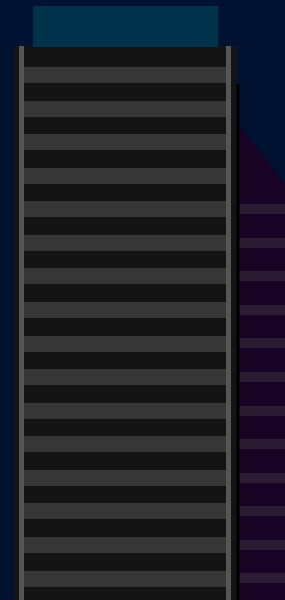
Tax Team



Data Factory

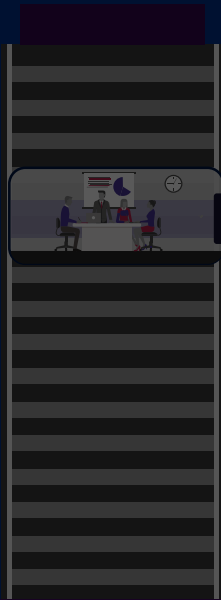


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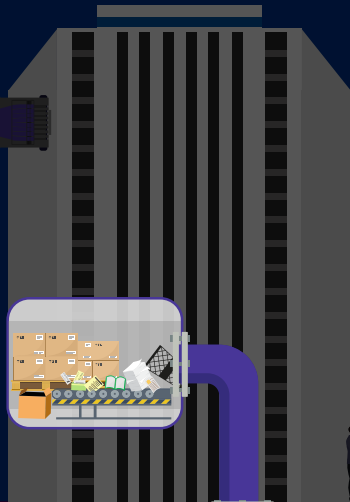


How does Future Proof Data Management look like

Tax Authorities



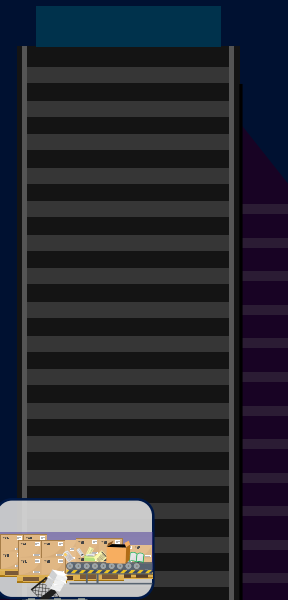
Tax Team



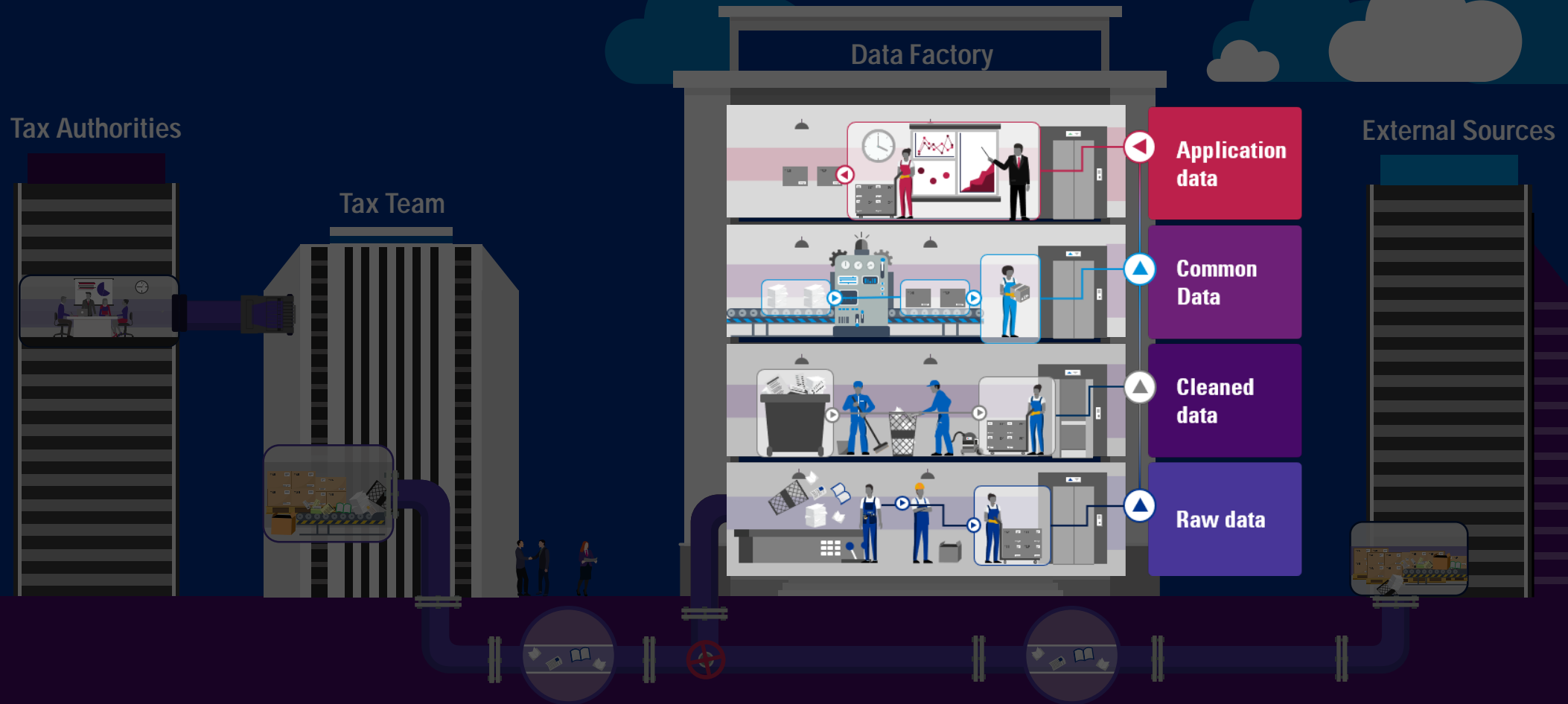
Data Factory



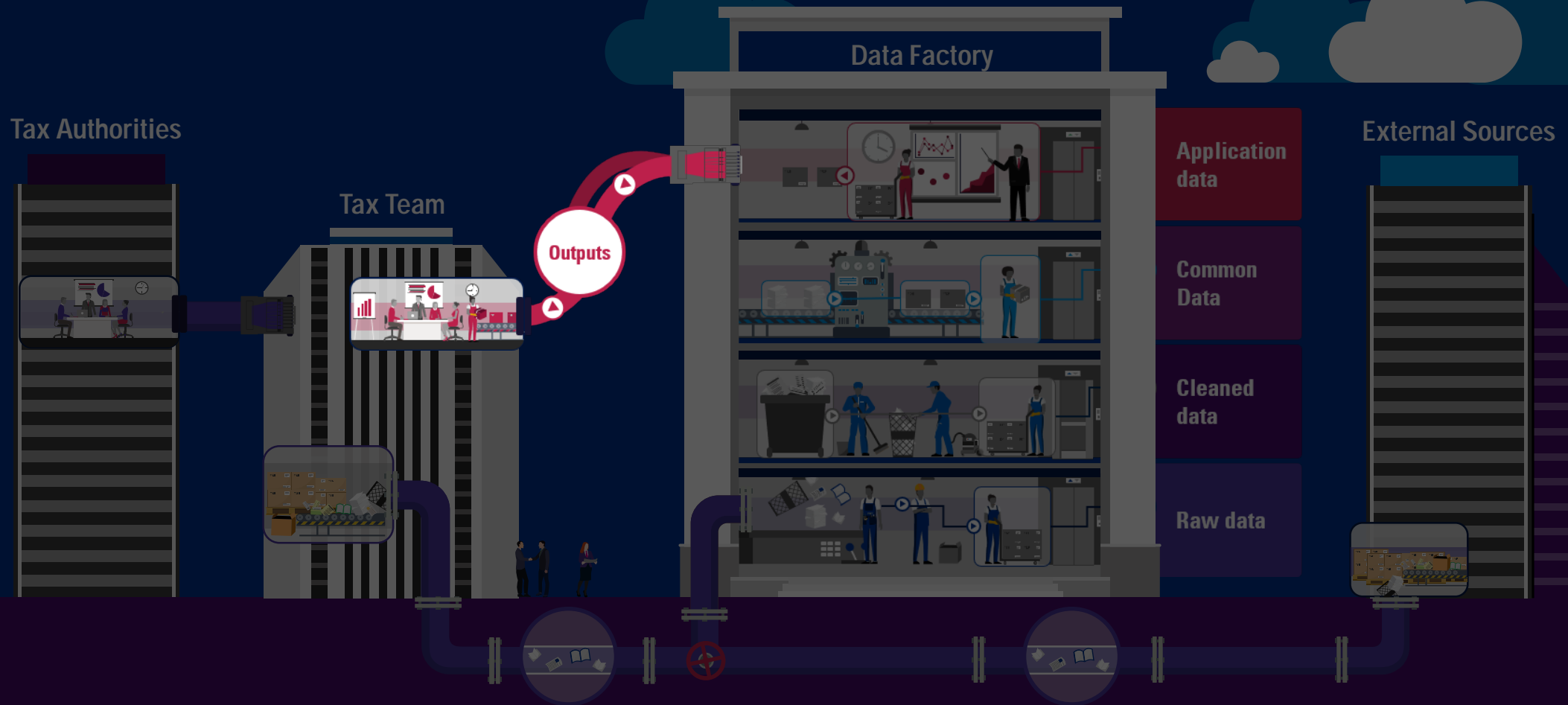
External Sources



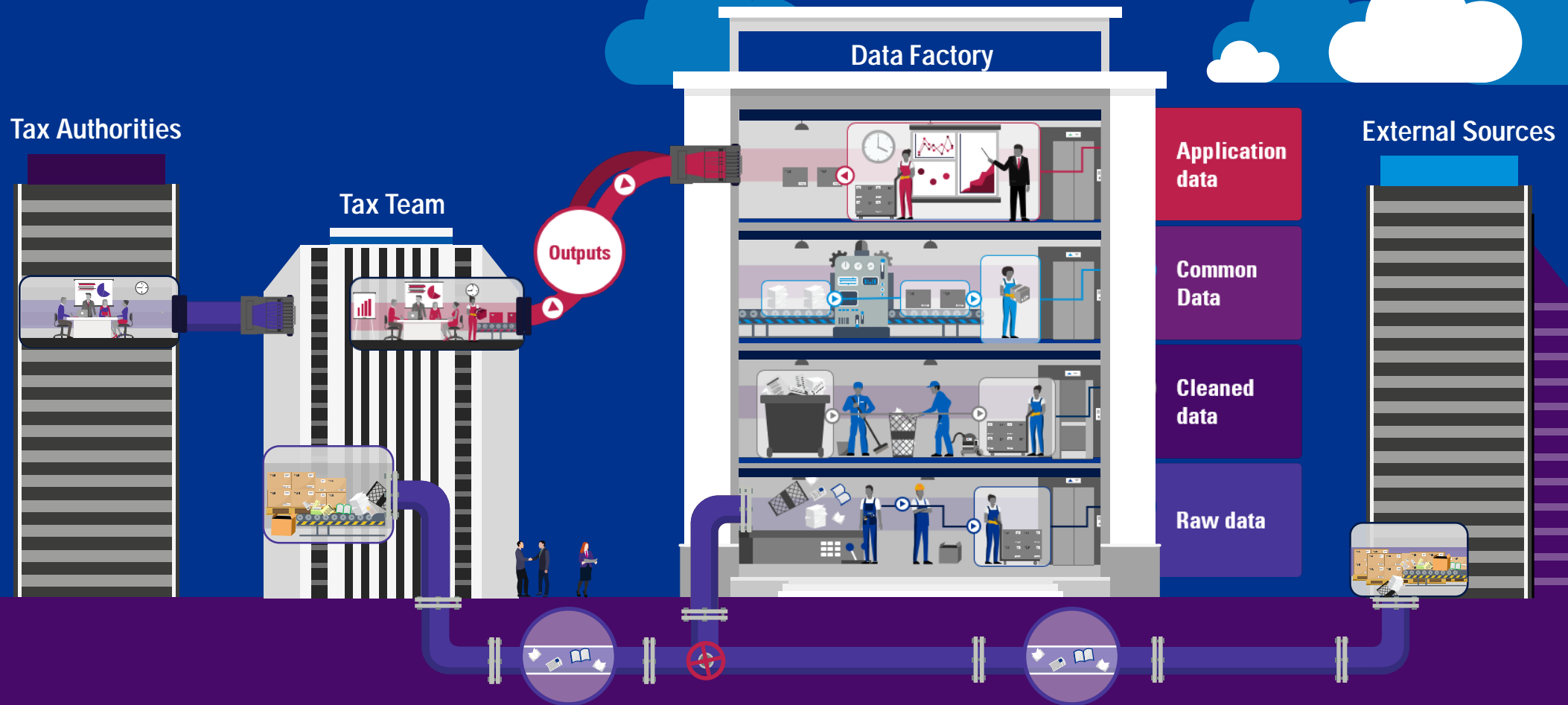
How does Future Proof Data Management look like



How does Future Proof Data Management look like

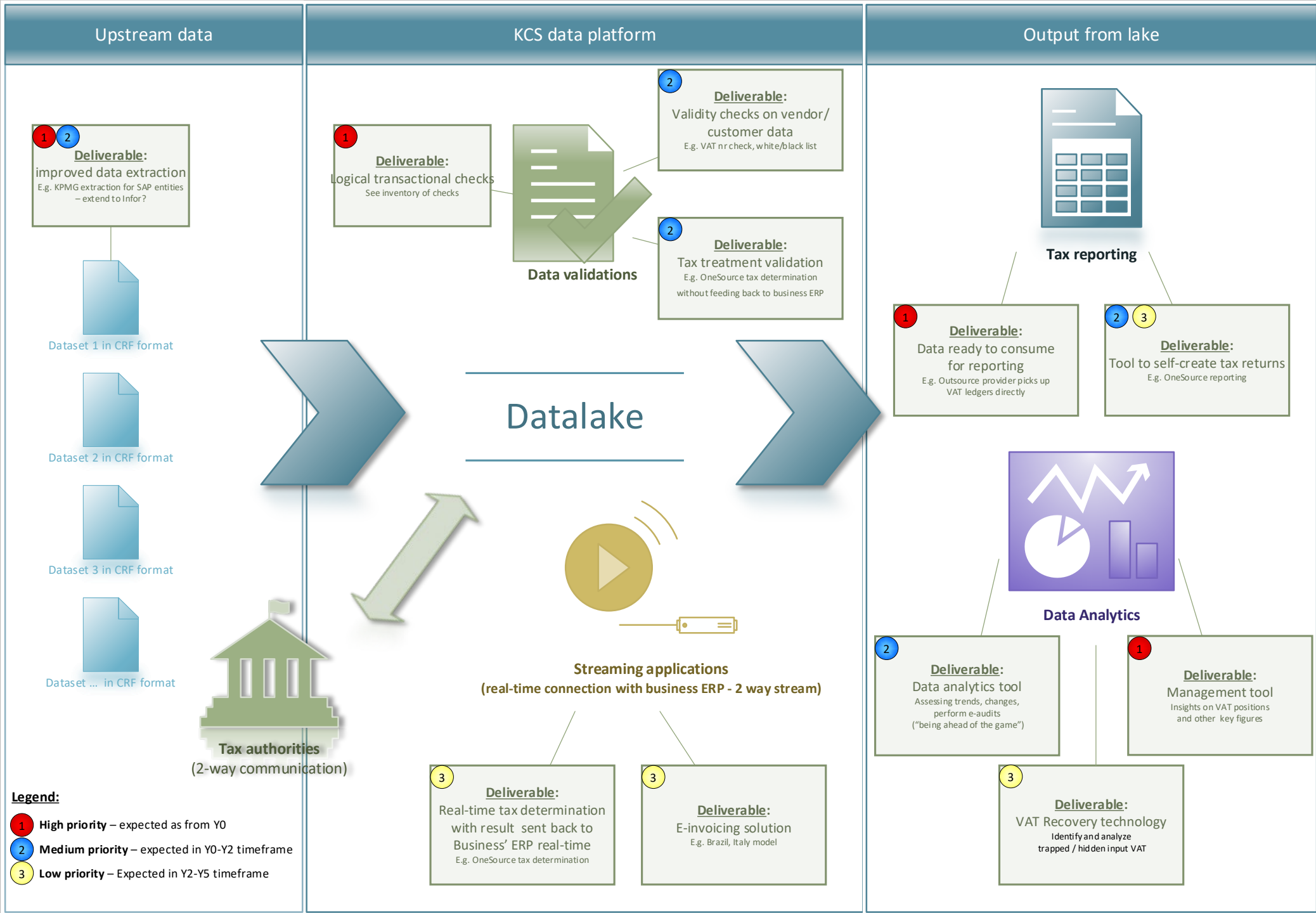


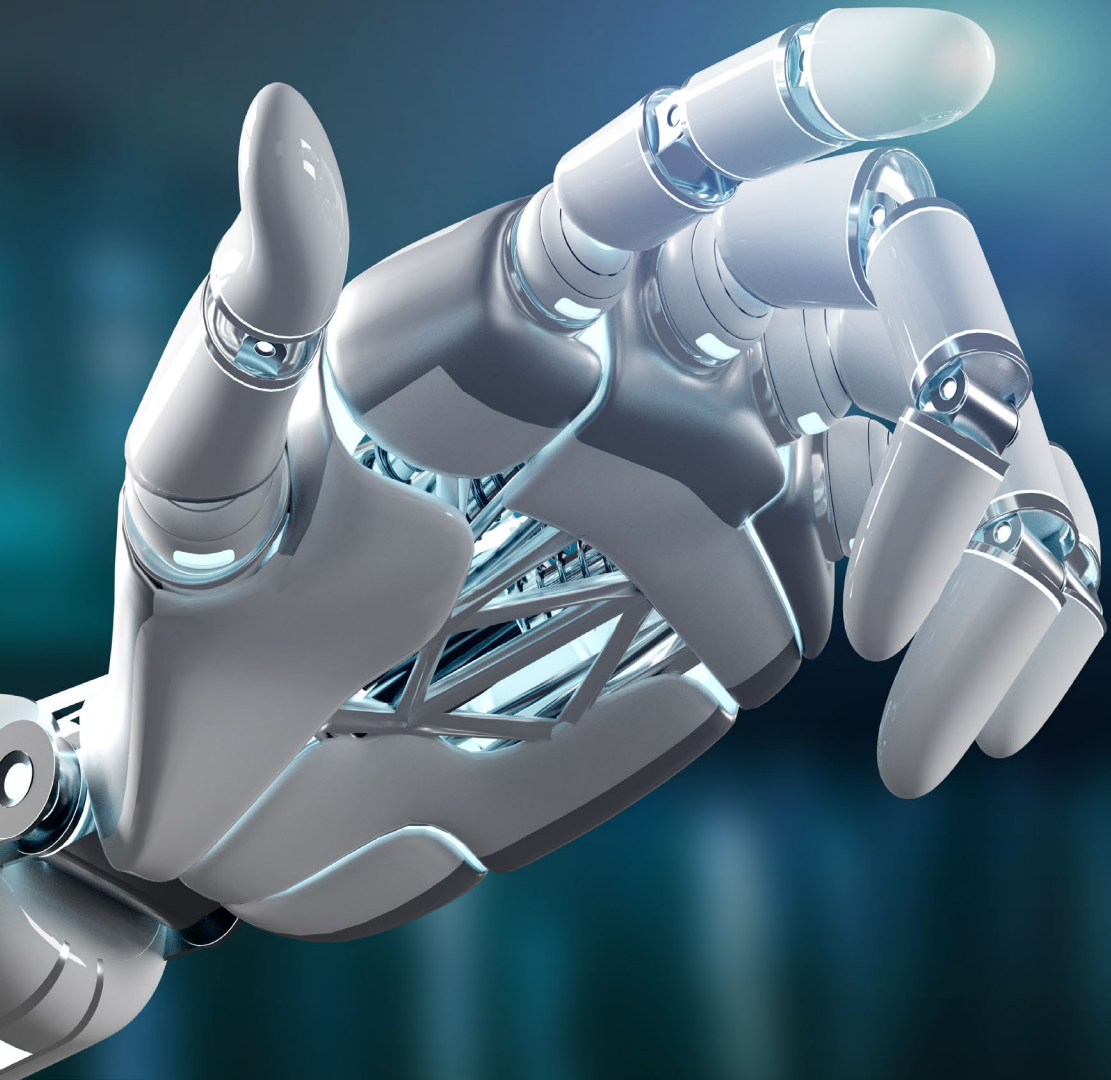
How does Future Proof Data Management look like





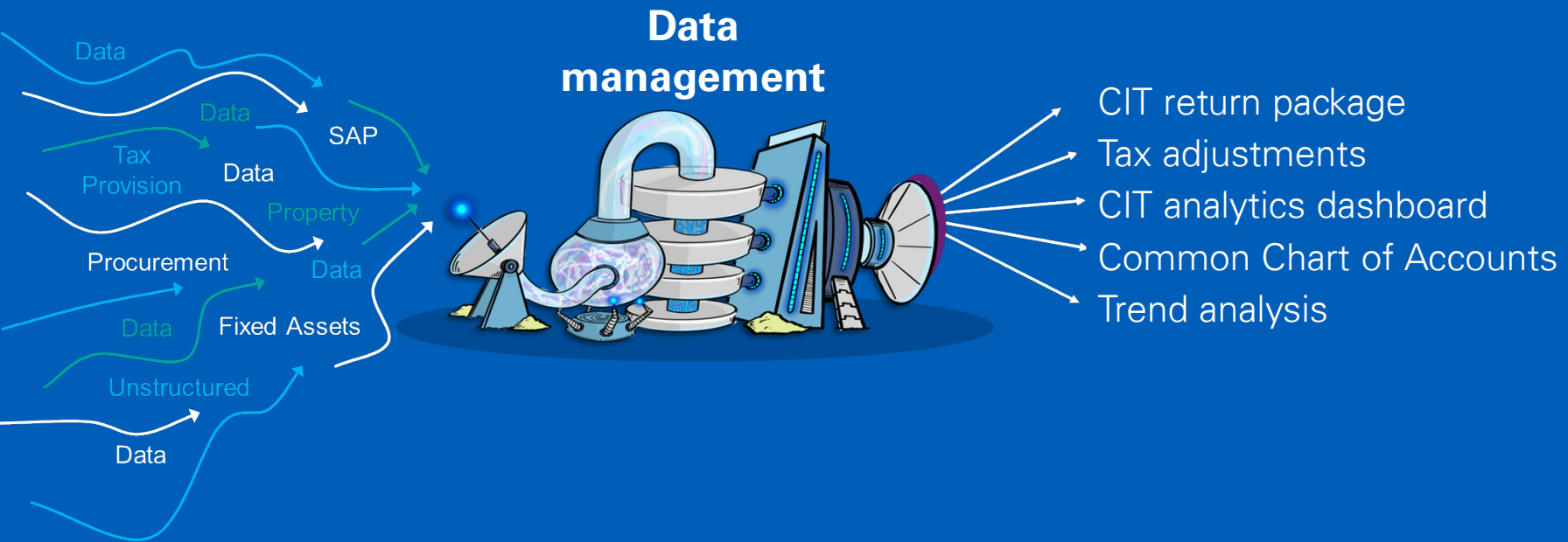
Client Case Koch Industries Tax Data Lake





Corporate Tax & Data Management

Client case: Data management to automate tax compliance



Challenges

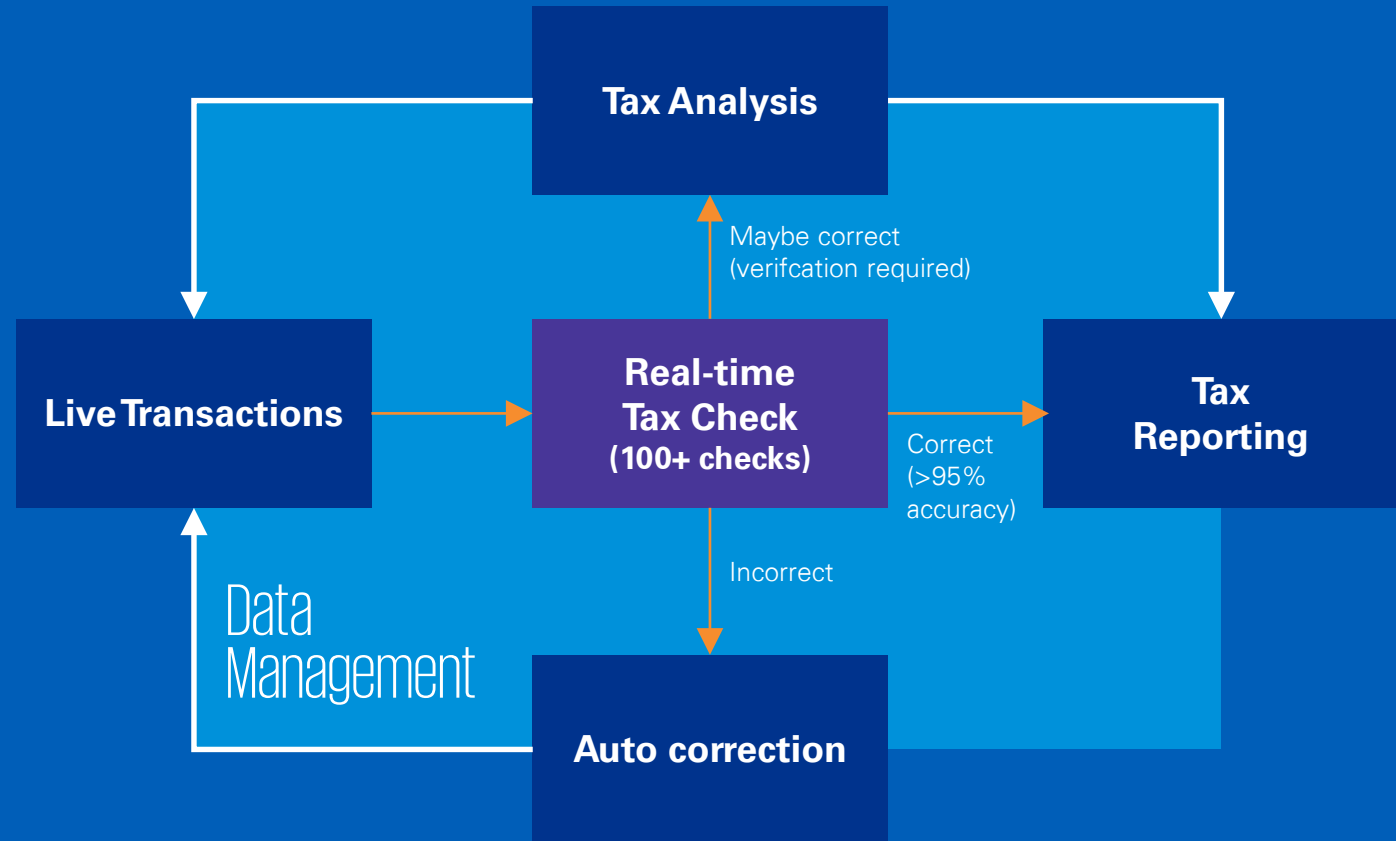
- Required data sitting all over the place
- Lack of data technology
- Increased data volumes

Benefits

- Less time spend on reporting by local teams – 2,000 hrs of time savings annually
- Standardization

This is what organisations are looking for

**First-time right
– by Design**



What is the Business Case for Data Management?



Single source of truth



Global tax visibility & insights



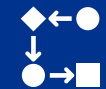
Control & assurance



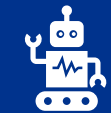
Tax savings



Effective use of resources / FTE reduction



Compliance process efficiencies



Must-have to comply with Tax Administration 3.0

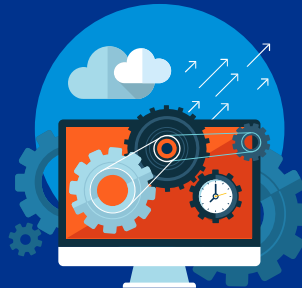
Data Management Services



**Tax data
management
strategy**



**Data
management
as a service**



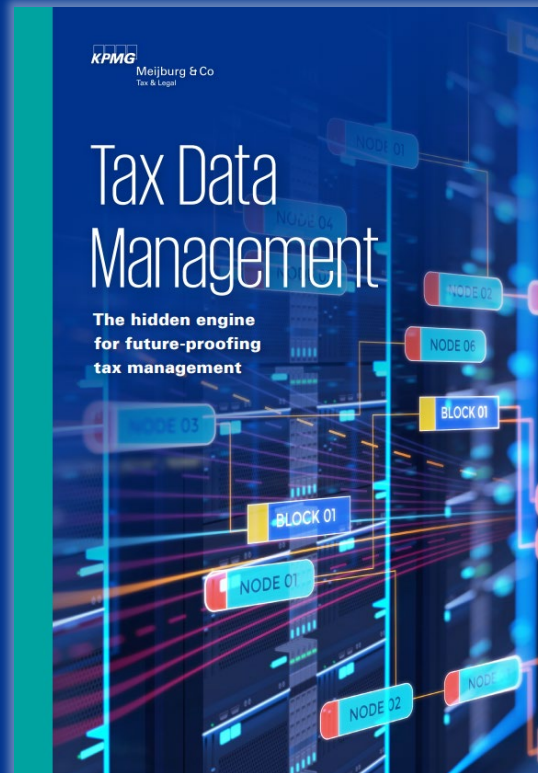
**Support setting up a
data management
solution**

Questions?



Want to read more?

Article: **Tax Data Management – The hidden engine for future-proofing tax management**



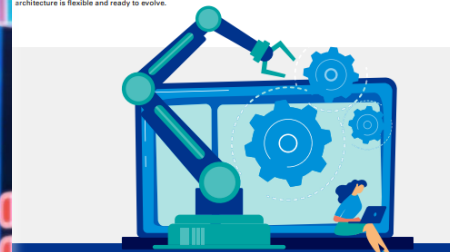
Find the right infrastructure
Translating these tax processes into technology requirements and finding the right infrastructure can be challenging. It often requires someone with extensive knowledge of the tax challenges and the available technologies. Nevertheless, it's important to select the right tools for the job. We often see organizations choosing either to completely outsource the technology or develop something themselves. When developing a solution, it is important to align with the organization's technology roadmap and leverage solutions that are already in use. Whatever you do, make sure you don't wait for the perfect architecture for all your current and future needs. Instead, make sure the architecture is flexible and ready to evolve.

4. Start small
Sometimes the biggest challenge is getting started and not being overwhelmed by the possibilities. All change is difficult, especially when the tax team is used to the current way of working. A crucial part of getting started will be to provide the knowledge and skills your team needs to understand and work with the data. Make sure you start small, while keeping the bigger picture in mind. We often see an approach based on proof of concepts, where teams with an agile mindset start small, while keeping the end goal in mind. This helps to add value as soon as possible and to stay realistic. Technology will not at this stage fully automate the tax processes at the click of a button.

From Excel to fully automated data-driven corporate tax compliance automation
A global financial services organization operating in more than 100 countries was primarily using Excel for other manual approaches for its corporate tax compliance processes, with very limited standardization and harmonization across different countries. This organization was seeking to implement a more centralized push for data collection and the preparation of compliance management in order to reduce the overall risk of compliance. By eliminating the Excel layer and fully pulling the required data from where it's created, merged and transforming that data to a common data model, including mapping to a common chart of accounts, the organization was able to build a single data source from where the local teams could take the required data for compliance management purposes.

The result of this change in data sourcing led to the following benefits:

- Reduce the total effort for corporate tax compliance by 40%.
- Achieve higher quality of compliance outputs due to fewer manual steps in the process.
- Standardization of processes and reporting, which led to synergies in capturing process improvements across countries.
- Data-driven approach leads to greater overall visibility for group tax by utilizing data analytics solutions and dashboarding on the single data.



PART 5
Data management as an enabler towards 'tax compliance by design'

Which business outcomes are we seeing at clients that have uplifted their data management foundation and how do these outcomes result in overcoming the abovementioned key challenges?

Having a single trusted source available in a "tax data store" helps to understand where all the data is coming from and what data is readily available for end-users via the specific tax applications, such as compliance engines or data analytics dashboards. This is especially important for organizations that operate multiple ERP systems – by business, region or company – because definitions for revenue, inter-company, legal entity may differ for each system, requiring complex data mapping to ensure that data is harmonized in the data store. A data audit trail should be available to provide transparency to end-users, so they know exactly what they are looking at. This is crucial in situations where tax authorities want to see that data has been reconciled and not changed while being transformed and mapped, for example in the UK with the 'Making Tax Digital' program.

First time right. A principle that we are hearing more and more which doesn't really require further explanation in terms of benefits. But to what extent is this really realistic and at what costs?

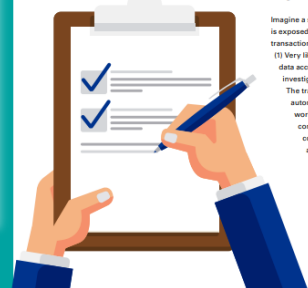
At first glance, 'right first time' seems to be more relevant in the area of tax calculation engines or data entry solutions such as optical-character recognition (OCR), but this also has a strong relationship with data management solutions. In the context of tax, the timing of 'right first time' is mostly driven by tax reporting frequencies. It's inevitable that data may be wrongly entered, resulting in wrong tax calculations. This is something that cannot be avoided. But the quicker you can identify and correct wrong tax data, the more assured you can be about the quality of your data when you need to use it at a certain point in time, e.g. in the case of an unexpected tax audit.

A future-proof data management concept – built on the right technology components – allows for closest to real-time data checking at data entry – enabling you to take corrective action immediately after the fact and gradually.

Imagine a situation where every single transaction is exposed to 100 tax data quality checks, with transactions being classified into 3 buckets:

- (1) Very likely correct – based on a predetermined data accuracy threshold.
- (2) Maybe correct, but further investigation required.
- (3) Very likely incorrect.

The transactions from categories (2) and (3) are then automatically pushed to the relevant follow-up workflow, or – one step further – automatically corrected at source. When you continuously control and monitor data, there's no longer any need for time-consuming reconciliations, manual corrections or data spot checks and this, in turn, increases the level of trust in the data among the tax teams. And it's exactly this trust in data which is one of the most important cornerstones for the future of tax compliance. Not only at taxpayers but also



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Thank you





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