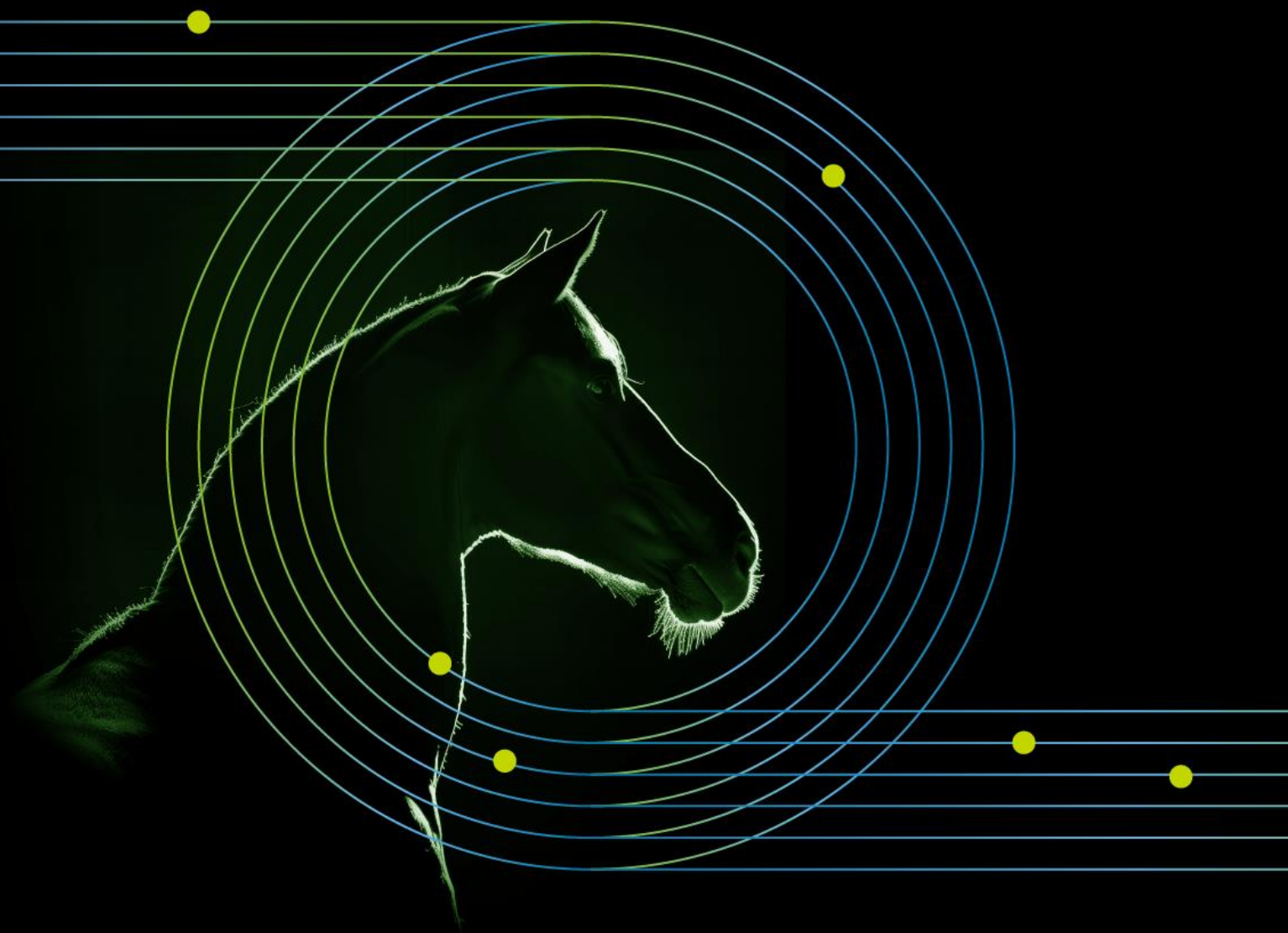




Tax Governance Unpacked

An insight into building an
effective framework

12 June 2024



Introduction

Your speakers



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Why is tax governance important?

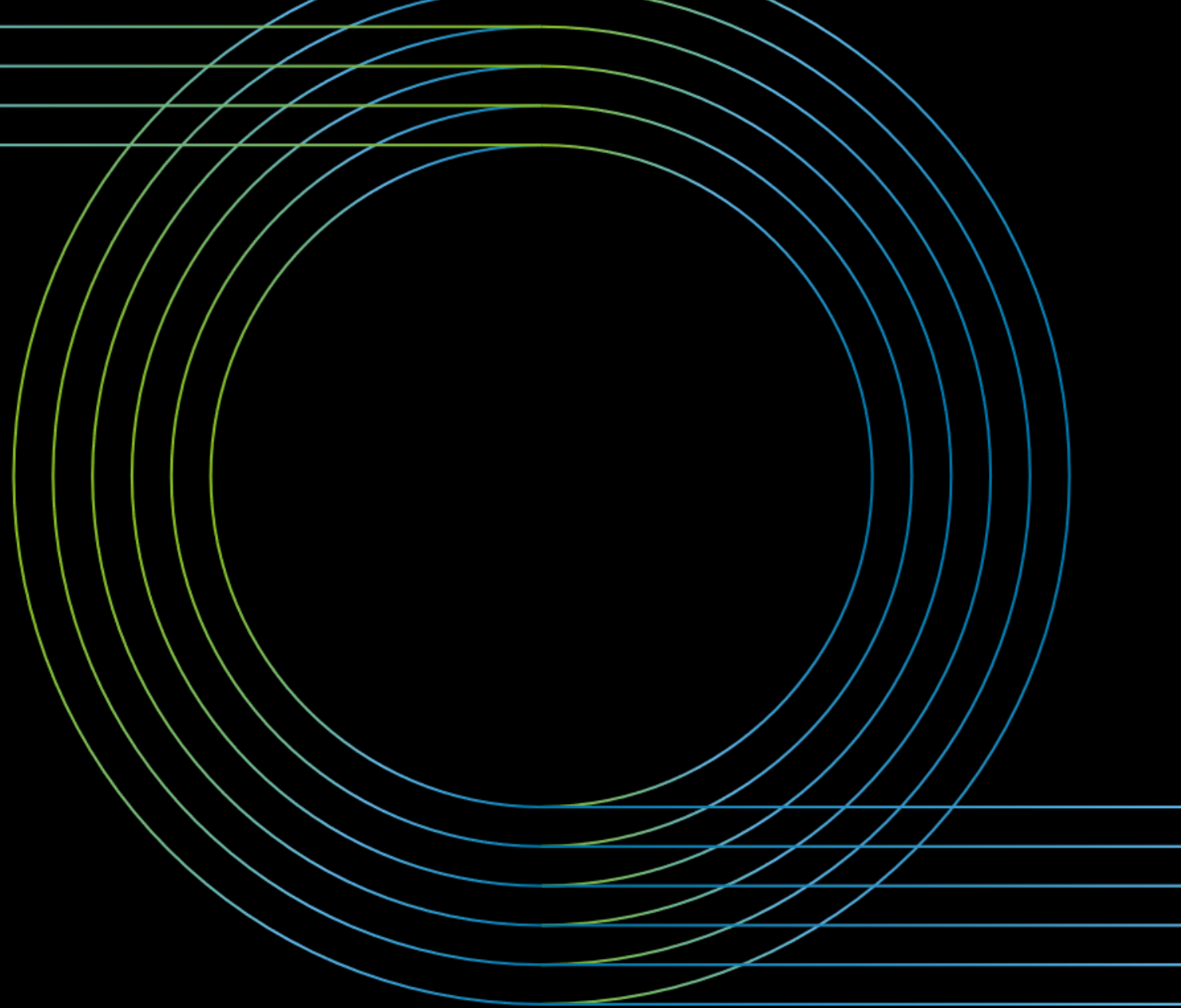
Key benefits of a robust tax control framework include:

- **Maintaining your “social licence to operate”**
 - Paying the right amount of tax in the right place at the right time
 - Integrated reporting
- **Stand up to tax authority scrutiny**
 - Inland Revenue maturity model
 - Justified Trust
- **Reduce tax risk and identify opportunities**
 - Robust processes and controls help ensure what must go right, goes right
 - Reduced exposure to risk in tax processes
 - Identify any efficiency gains in the process

Set your tax function up for success from the outset by establishing a robust control framework.

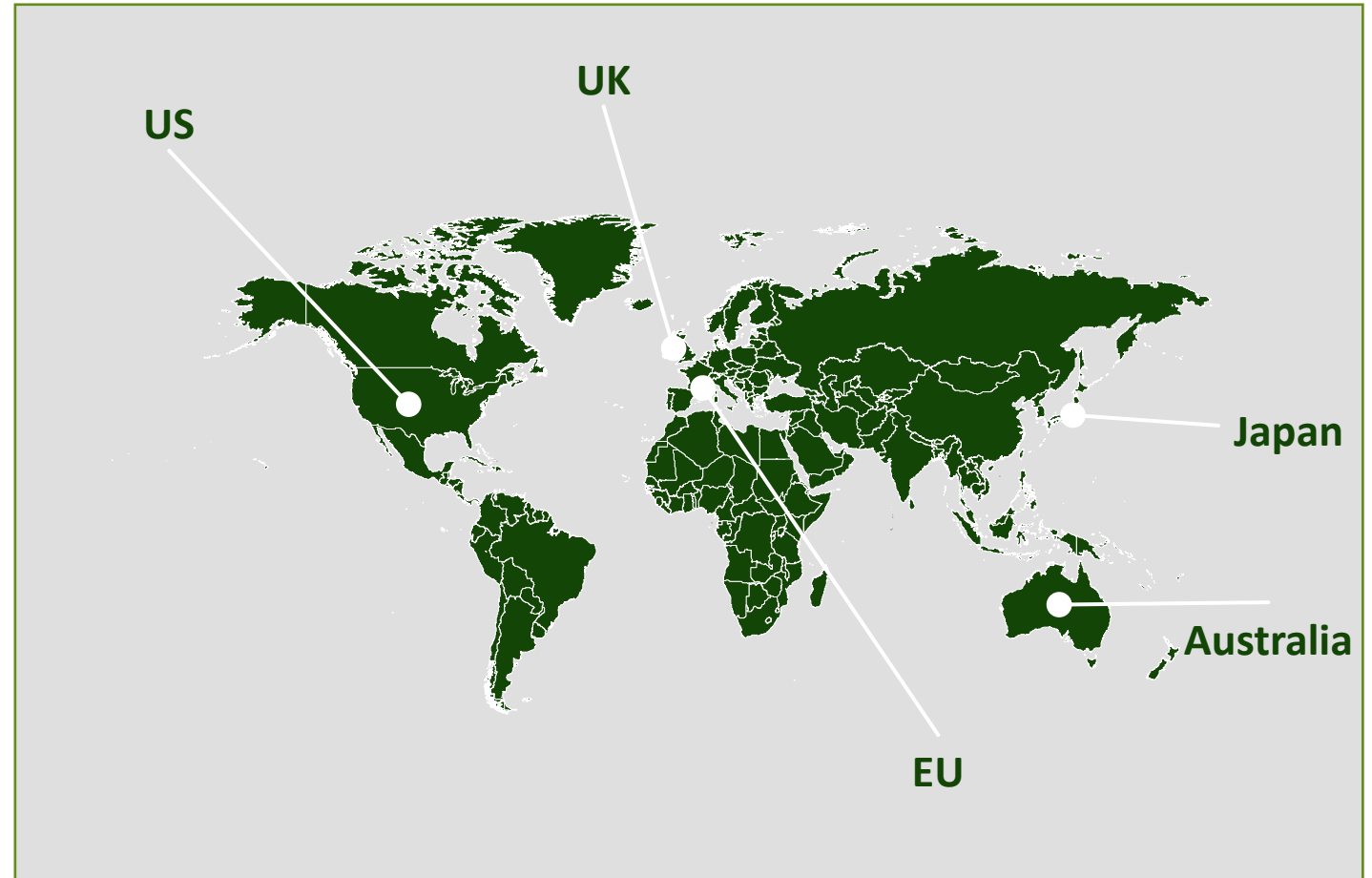
Social Licence to Operate

Tax Governance and ESG



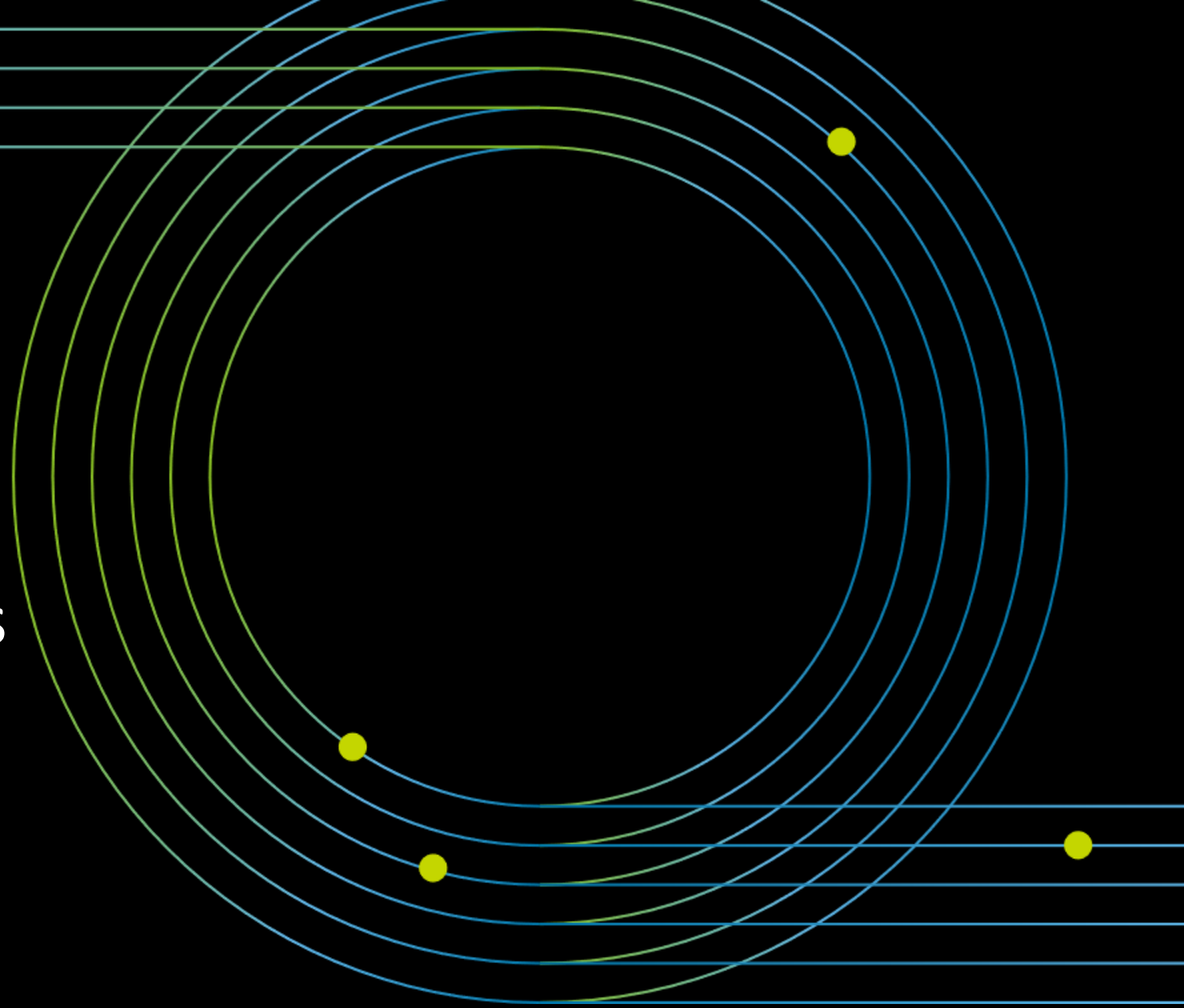
Demonstrating a social licence to operate – Tax transparency a key tool

- Tax transparency requirements are becoming more commonplace and are often linked to tax governance.
- Certain countries see tax transparency to external stakeholders as a constituent part of good governance and encourage it.
- Other countries require increased focus on tax and tax controls in financial statements
- Tax transparency is expected to continue to expand both in terms of voluntary/compulsory regimes and levels of uptake



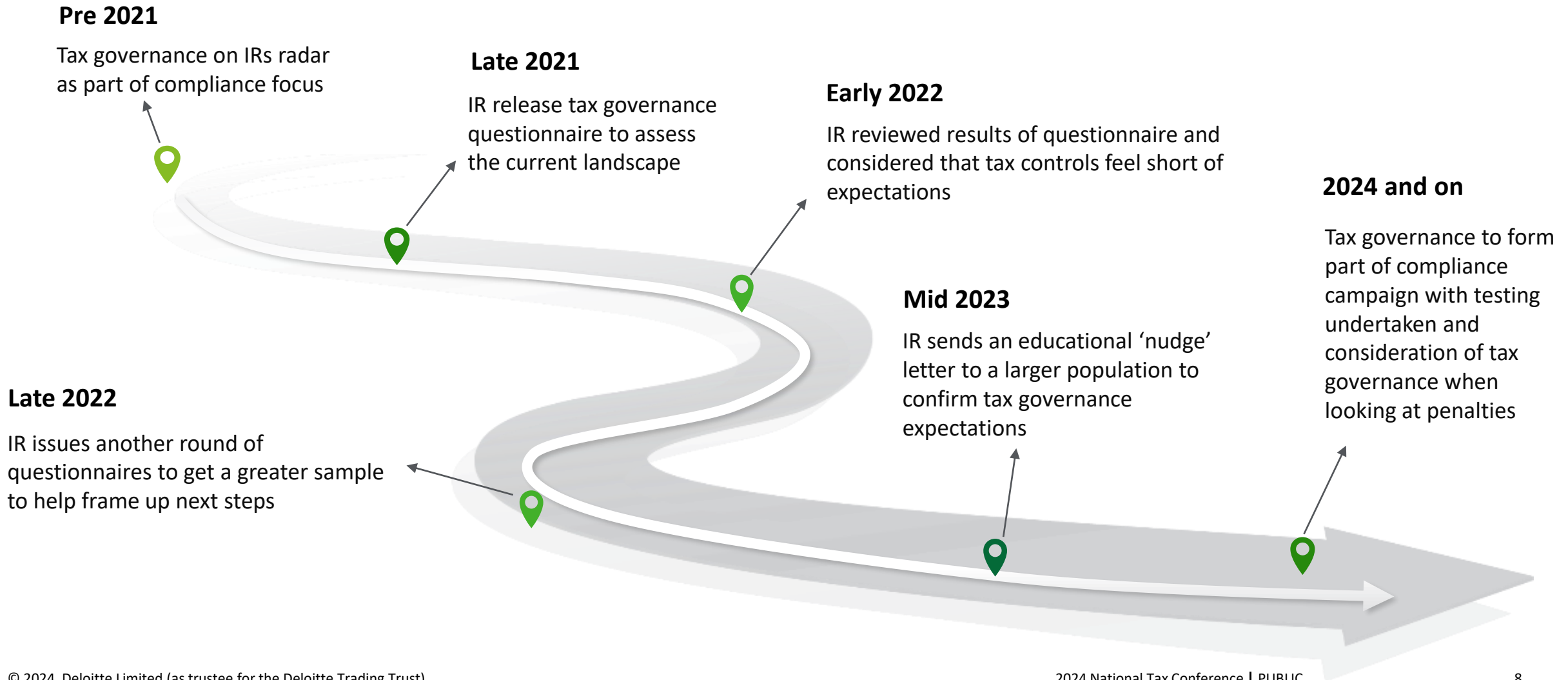
Tax Authority attention

Expectations of taxpayers



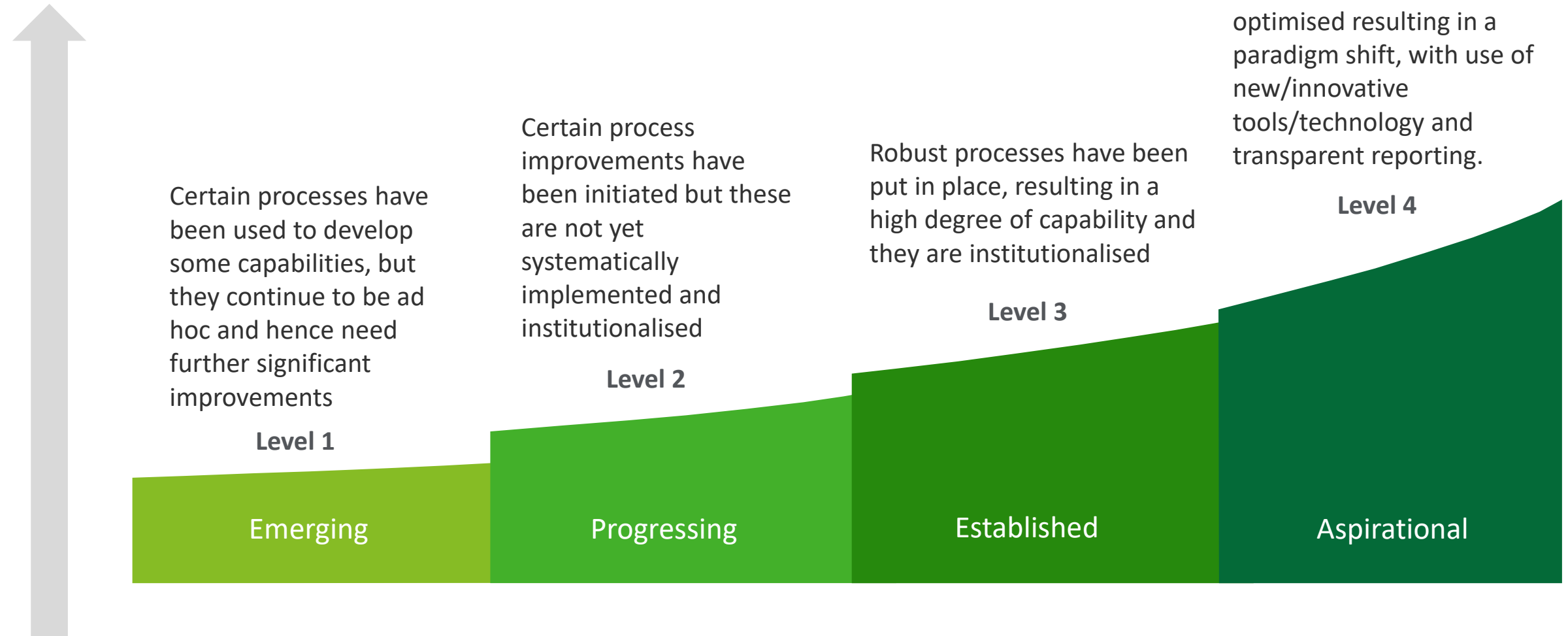
Inland Revenue journey to date

Development of the maturity model

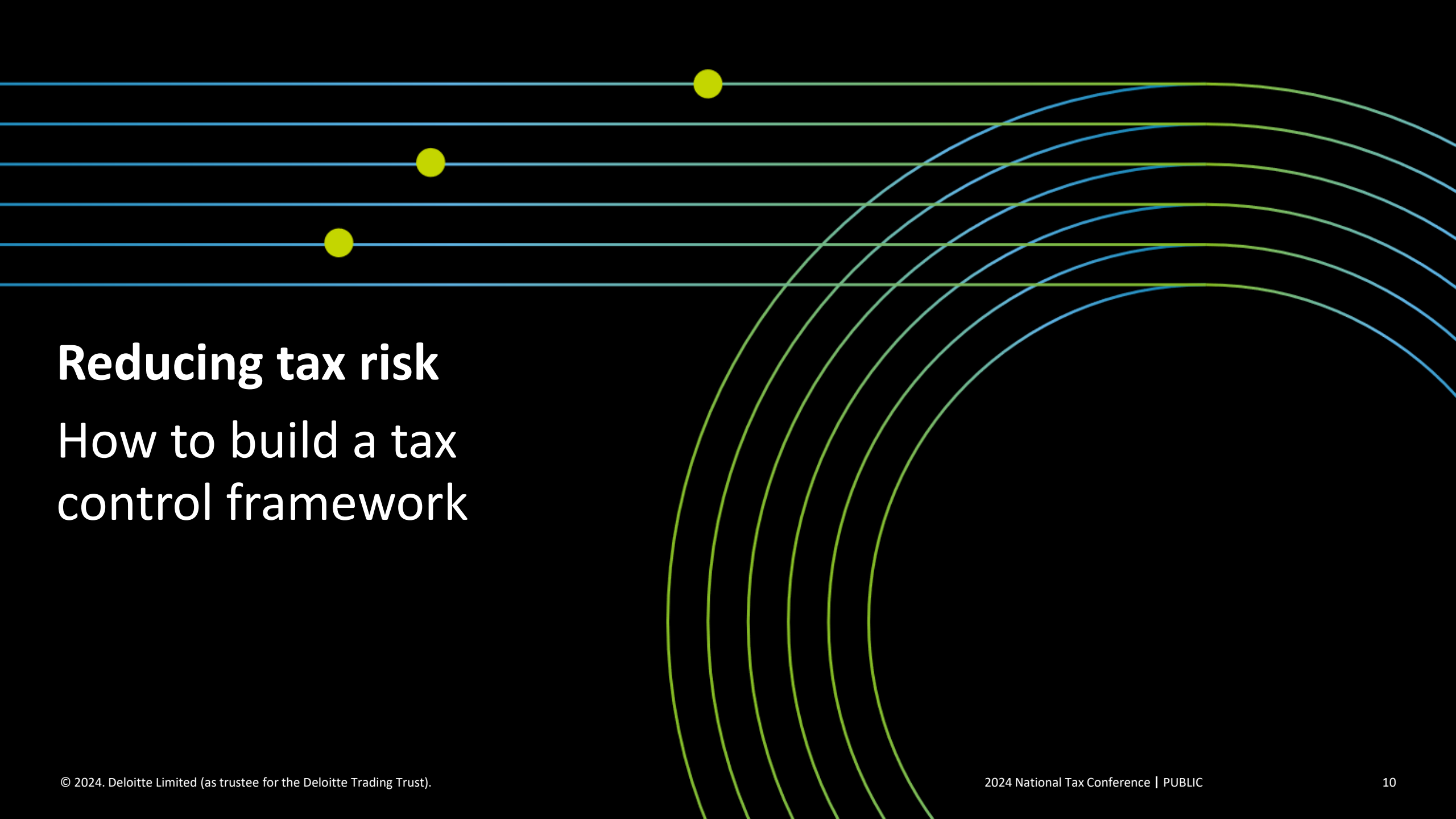


Tax Governance Maturity Model

Proactive / Predictive



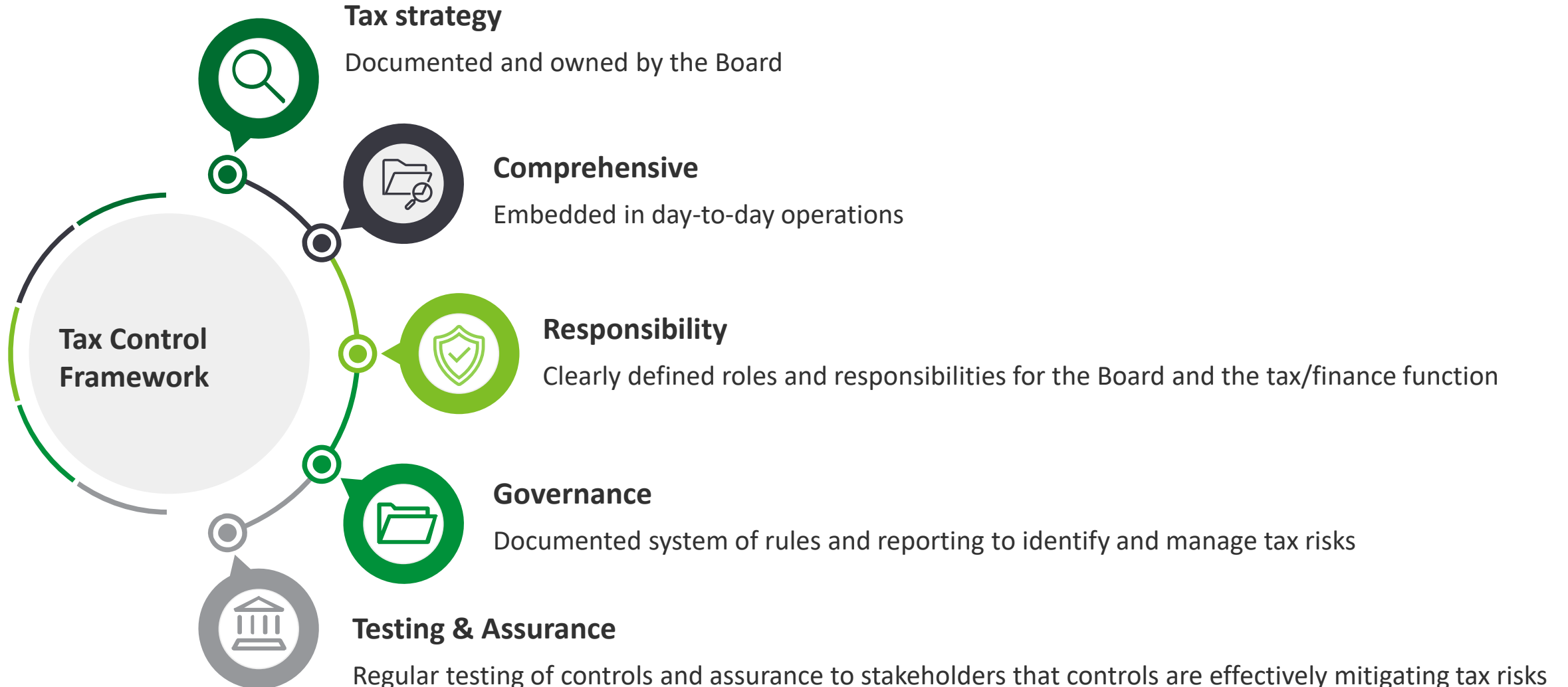
Reactive



Reducing tax risk

How to build a tax control framework

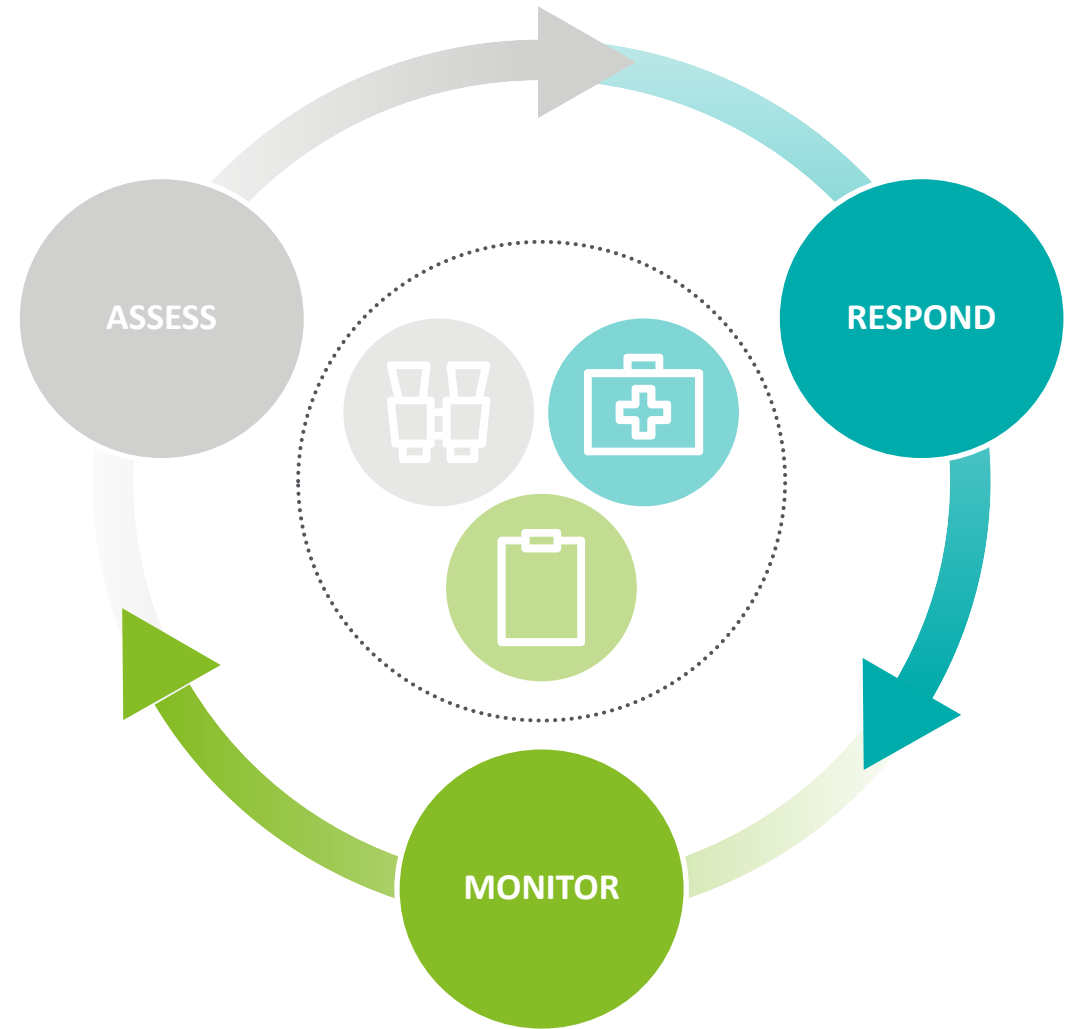
Recap on the key building blocks



Building a robust tax control framework

Where to start?

- **ASSESS** the current state
- **RESPOND** to tax risks and gaps in the framework
- **MONITOR** effectiveness of the control framework




Key components of the framework

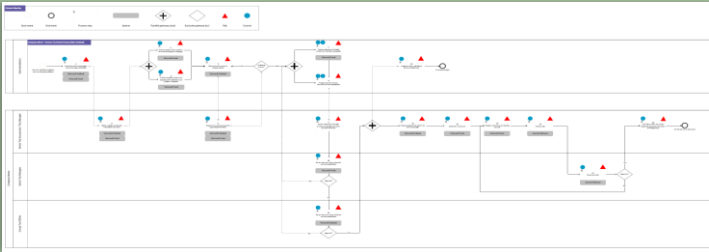
Where to start?


Set the tone at the top: Tax Strategy

Live the strategy: Tax Risk Management and Governance Policies




Processes





Risks

Key Risks	Risk Rating
Inaccurate or incomplete records	HIGH
Trial-balance is outdated on processing	MEDIUM
Incorrect or misleading data provided to and relied upon by external advisor.	LOW
Tax sensitive accounts are not appropriately adjusted.	LOW



Controls

Key Controls	Control Testing Results	Date Tested	Tested By
CTL 2340 (preventative)	Not Effective	11/11/2023	Independent
CTL 2347 (detective)	Not Effective	09/06/2023	Independent
CTL 4395 (detective)	Effective	27/11/2023	Inhouse
CTL 2340 (detective)	Not Tested	-	-
CTL 2342 (detective)	Effective	22/07/2023	Independent
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Test it's working: Independent controls testing – design effectiveness & operational effectiveness


What does “good” tax governance look like...?

Operationalising the framework

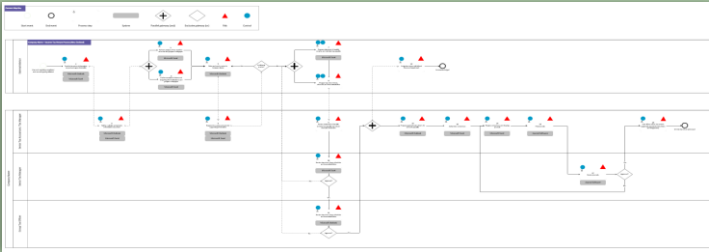
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Test it's working: Independent controls testing – design effectiveness & operational effectiveness



Wrap up and questions



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