

The Tax Cube™

Your first step to tax risk management

Tax governance no longer just a 'nice to have'

The Risk Differentiation Framework applied by the ATO allocates a risk rating to all large businesses. These risk ratings drive the ATO's interaction with large businesses - from monitoring to the use of regular risk reviews and audits. Tax governance and risk management frameworks are qualitative indicators in determining the ATO's risk ratings. The ATO expects that tax governance frameworks are in place, with sound systems, clear accountabilities, strong controls, and highly skilled people supported by robust processes and procedures.

Introducing the Tax Cube

To help you develop an initial assessment of the current state of your tax governance activities we use a risk assessment tool called the Tax Cube. The Tax Cube is completed during a half day workshop with the tax department and other key stakeholders.

The Tax Cube is a pan tax set of questions based on our view of good practice in the area of tax risk management. It categorises and scores responses into four interrelated components that together form an integrated risk framework for internal controls over tax. These components are:

Governance Governance encompasses the 'tone at the top' and defines tax objectives and the basis on which tax risk is addressed. Robust corporate governance practices aim to ensure transparency and accountability and are essential to lowering a taxpayer's risk profile.

People Appropriate resourcing models, integration with the business and qualified tax personnel allow tax departments to respond effectively to increased complexity in tax legislation and rapidly changing business environments.

Process Effective tax processes in the areas of compliance, reporting, planning and ATO management allow the tax department to operate in an efficient and controlled manner while also delivering value to the business.

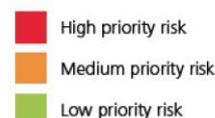
Data and systems Data and systems underpin the tax department's ability to gather high quality, tax sensitised data. This is paramount to the delivery of accurate, complete and timely tax compliance and financial reporting.

Understanding priorities

The Tax Cube output gives you an indicative assessment of risk, using the system of red, amber and green, based on your responses to the workshop questions. This allows you to understand and identify priorities for change and actions required to comply with the ATO's expectations. Results from the Tax Cube may also be used to benchmark your business's tax risk management framework against other organisations.

The Tax Cube

	General tax management	Income tax	GST	Employment taxes	Customs & excise	State & other taxes
Governance	78%	34%	56%	33%	31%	34%
People	56%	45%	33%	55%	66%	54%
Process	81%	68%	81%	71%	80%	80%
Data & systems	63%	40%	76%	38%	73%	62%



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