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Tax controversy/handling a tax enquiry for the family

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Tax controversy/handling a tax enquiry for the family



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- Pressure on tax authorities to collect money—a global trend (and certainly true of Asia Pacific)
- Increased tax enquires and tax audits (and tax disputes)
- Penalties and interest imposed (e.g. Australia)

- Automatic exchange of information— FATCA and CRS
- Increased focus on data collection and data analytics (e.g. e-Invoicing)
- Continued international focus on tax compliance and integrity of tax systems
- New initiatives—e.g. CARF and CRS 2.0
- Future reforms: OECD—Tax
 Transparency on Real Estate and Global
 Minimum Wealth Tax (?)



4

Who's affected & who else could be impacted further down the road

Is this the first contact on this matter?

Is this a surprise?

Is this sensitive to the family/the tax authorities & why?

Who else might get involved?

How long will this take & where will it end?



What's the family's attitude towards tax & reputational risk?

Is it consistent across the generations/ branches?

Governance considerations: who signs off the responses & how do they get there?

Are we in the right process?

Seeking advice from specialist internal/external advisers



Penalties Relationships MAP and interest Tax Court Offshore Structures Litigation Tax dispute Reputation Governance strategy Cash flow Complexity Tax Enquiry E-Invoicing Settlement





Proactive approach

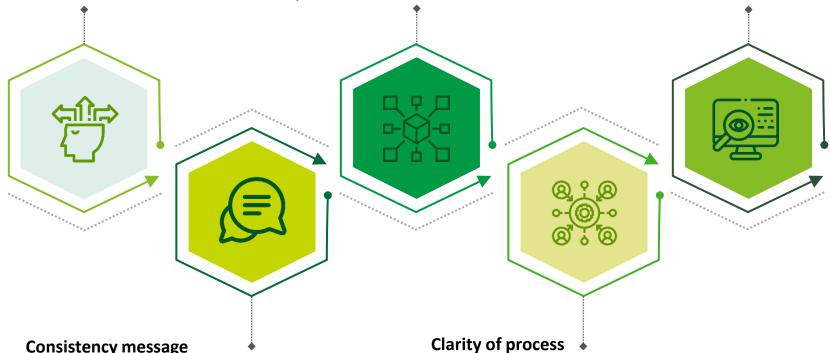
Prepare explanatory documents for high risk transactions of tax audit.

Repository of key materials

Maintain a central repository to manage and retain key files.

Management of process

Tracking and monitoring key internal and external milestones



Consistency message

Create templates for specific information and consistent core messaging. Make sure local teams follow internal procedure.

Ensure that teams have clear and consistent guidance on the type of information that should be shared at various stages of an audit.



8





 Decades old process of review annual tax filing, risk assess based on limited information, open audit, ask questions and settle or litigate. A process normally spanning several years



Now

- Technology and data driven risk assessment
- CbC and other automatic data exchange
- Focused audits, detailed scrutiny of facts and evidence and more confident in position
- Wider information powers and penalties, more rigorously applied
- Quicker to resolution or litigation point
- Seeking to engage in new ways
- Many still reactive, individual

 Issue focused and fragmented use of advisors. Some taking more pro-active approach to tax controversy management



Future....

- Regulatory, technological and digital developments to further close information asymmetry and automate sharing/analysis—domestic and multilaterally
- Tax base changes = new controversy
- Real time interventions
- Higher standard of taxpayer 'behaviour' expected, rigorously enforced
- Increasing efficiency towards settle/litigate



 Local and reactive. Individual issue focused and fragmented use of advisors Align people, processes and technology to execute regional / global tax governance and controversy strategy—managing, pre-empting and preparing for disputes and litigation

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