

Streamlining compliance processes



Client challenge ABC Co Finance headquarters and CFO are based in the US. The Group consists of 15 companies in eight countries, including South Africa.

The compliance process was "out of control". The Tax Manager was not informed of issues until they became embarrassing problems and was unaware of what was going on in the various locations. He was sceptical as to whether outsourcing tax compliance would yield any savings due to the data quality and access issues faced by the company.

PwC value PwC was approached to assist the Group in the improvement and streamlining of its compliance processes.

The key features of our approach included:

- Integrated global solution (streamlining the tax reporting structure);

- Multi-territory coordination – through the use of compliance relationship managers;
- Worldview visibility and control – through the use of our Global Compliance Solutions (GCS) website; and
- Properly managed transition to new service agreements.

Impact Through its engagement with PwC on a global level, GCS was able to assist the Group with its worldwide compliance process.

Through our approach to relationship management, transition and technology, PwC ensured that the process is running smoothly, that up-to-date information is available on Worldview, and that the client is in control of its compliance processes.

Case studies

Creating management solutions for effective tax functions*

The Tax Management and Accounting Services Team forms part of our global PwC network, which encompasses tax function effectiveness, compliance, outsourcing solutions and tax accounting services.

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Tax Function Effectiveness (TFE)

A dysfunctional tax function repaired



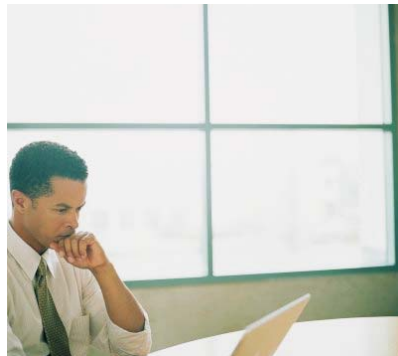
Client challenge A manufacturer of farm and construction equipment was experiencing control issues and significant resource constraints within its tax function.

PwC value PwC was asked to assess the company's current tax function and make recommendations for improvement. We interviewed all members of the company's tax department, as well as key finance, treasury and business leaders. We also reviewed the company's tax controls and processes and prepared a report that identified a number of key changes necessary to address the

company's resource and control issues—including a redesign of the annual tax provision process and explaining why and very specifically 'how' the tax function should and can be involved in the pending implementation of SAP.

Impact Through its recommendations, PwC was able to assist the company in maximising the usefulness of its limited tax resources, to enable the client to best manage through this challenging period and restructure its tax operations over a period of years into a high-performing global tax department.

Determining the impact of operational tax risk



Client challenge The tax function of a large bank was faced with the challenge of identifying its operational tax risk areas in order to comply with BASEL II.

PwC value PwC identified the typical operational risk areas that require management by the tax function and assisted the bank in documenting current controls in the tax function that would mitigate these operational tax risks. In addition, we identified certain control deficiencies and provided the bank with

best practice advice to remediate these areas of improvement.

Impact Through its recommendations, PwC was able to assist the tax function to report on the impact and likelihood of operational risk in the tax process. In addition the tax function was able to identify areas of possible weakness and can now proactively focus on ensuring that all the operational risks arising within the tax function are properly managed.

An analysis of a tax control framework



Client challenge A large global company needed to determine the strength and resilience of its current tax control framework, including its policies, procedure, controls and systems.

PwC value PwC developed the Tax Control Framework Diagnostics Tool to identify focus areas of the status of the company's tax control framework. The questionnaire was presented as a series of online forms, and participants were required to choose one option on a five-point scale. All questions were answered for the current situation, and participants also had to indicate the 'ideal'/desired situation for the company. The questions related to either the organisation or its processes and systems.

Impact The diagnostic provided a qualitative assessment of the company's current tax control position and current effectiveness of the tax function. The summary of the results of the questionnaire was reflected in a graph. PwC prepared a written analysis of the status of the company's tax control framework and summarised the areas identified for improvement. Finally, the analysis and the points for improvement were discussed during a workshop where PwC assisted the client to define the focus areas for improvement and formulate an action plan.

Tax Accounting Services (TAS)

Standard financial tax reporting - worldwide



Client challenge A long-time client of PwC had used the firm as its global tax advisor for many years. Due in part to the complexity of the group's structure, we had also been involved in reviewing financial tax reporting prepared by the local administrators. The client faced several issues in terms of financial tax reporting deliverables and therefore started looking for a global tax network of expertise that was able to provide timely and reliable financial tax reporting information.

PwC value We made use of our network of specialised financial tax reporting expertise to provide assistance to the

local administrators. PwC's assistance included tax accounting advice on the tax treatment of IFRS adjustments made throughout the group as well as assistance with FIN48 reporting. We were involved in the implementation of a standardised financial tax reporting pack.

Impact PwC's involvement ensured that the local administrators could report in a timely manner. A standardised financial tax reporting pack, which included the tax treatment of IFRS adjustments and FIN48 reporting requirements, was now used, contributing to a smooth consolidation process.

Reporting with limited resources and tight deadlines



Client challenge A client with operations in Africa and a head office with manufacturing operations in Johannesburg that forms part of a multinational group, was required to report on its tax provisions within two weeks after its year end. The financial manager had to complete a tax provision pack, which included a consolidated normal and deferred tax calculation for the African group of companies. The client's resources were limited and the financial manager had to focus on the operational results before any tax provisions were raised.

PwC value PwC assisted the financial manager in the tax provision calculations

of the normal and deferred tax provisions for the South African company, as well as the operations in the African countries and was able to consolidate the tax provisions in one tax computation. PwC provided the financial manager with proper tax rate reconciliations for the consolidated African countries.

Impact The financial manager was in a position to report to its holding company within the required two weeks after year end. The consolidated tax rate reconciliation allowed the client to focus on areas that could reduce the African group's tax rate in future as well as managing its foreign taxes paid.

Monitoring of deferred tax balances utilisation



Client challenge A client in the manufacturing and construction industry requiring assistance in the remediation of its deferred tax balances and ongoing consulting on quarterly and annual tax accounting matters.

PwC value PwC developed a methodology for global tax accounting outsourcing services, which included the preparation or review of the client's

quarterly or annual income tax provisions for normal and deferred tax on a country by country basis.

Impact The methodology enabled the client to monitor its cash flow and to plan for the utilisation of its deferred tax balances over a short and long-term period.