AmCham CEE Tax conference

Tax compliance of the future
Large taxpayers

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pwc

Agenda:

1/ Introduction of panelists

2/ Large taxpayers - a segment on its own

3/ Slovak Republic – Large taxpayers as a government priority

4/ Poland – SAF-T in progress, what is next?

5/ Czech Republic – Cooperative compliance 2020 ?

6/ Large taxpayer’s point of view

1. Introduction of panelists

František Imrecze, Slovak Financial Administration, President

Paweł Gruza, Ministry of Finance, Poland, Undersecretary of State

Gabriela Hrachovinová, Chamber of Tax Advisers of the Czech Republic

Martin Janeček, General Financial Directorate, Czech Republic, DG

2. Large taxpayers - a segment on its own

1/ We need a Reset

2/ Transparency & Trust (Co-operative compliance)

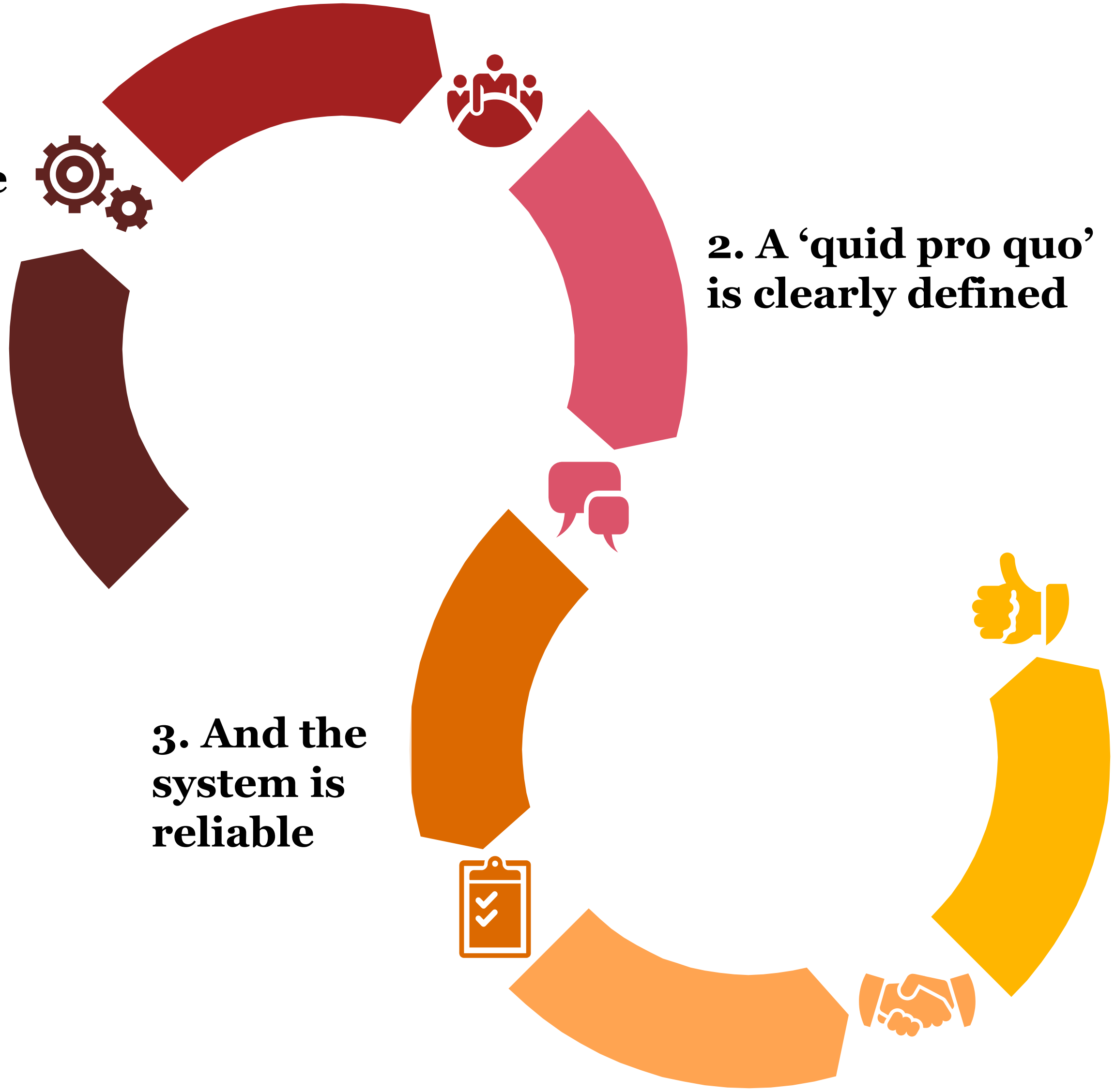
3/ TCF – Tax control framework (from Tax Inspection to Tax Audit)

2.1. Why do we need a reset?

- To **reduce** compliance burdens
- To get in **control** of (tax) risks
- To act in line with current & future **transparency** initiatives
- To promote **good tax governance** and **corporate social responsibility**

To avoid a great idea to die & the system from collapsing!

2.2. An environment for co-operative compliance = T&T



3. Assurance – Taxes are under control

Tax risk management and governance review guide

Australian Government
Australian Taxation Office

The ATO's expectations of a Tax Control Framework

Board level	Managerial level
• An approved TCF that is understood across the organization, i.e. a documented tax strategy, policy • Formalised company director roles and responsibilities • Board awareness of tax risk matters and the effectiveness of the TCF • Regular internal control testing to assure the robustness and an operational effectiveness of the TCF	• Clearly defined roles and responsibilities • Well resources in-house Tax Governance capability to mitigate tax risk • Processes to identify, assess / categorise and report on the transactions or arrangements with a significant tax impact • Controls in place for data, including IT General Controls • Good record keeping for tax requirements • Documented internal control framework, including the controls around the complete and accurate flow of information • Procedures to explain significant differences between accounting disclosures, financial statements and the tax return • Complete and accurate tax disclosures • Regularly reviewed tax corporate governance policies and procedures and updated for law and administrative changes

Examples & UK Business Case

More than 34 tax administrations worldwide have changed their strategies from a traditional data oriented audit to a risk-based / cooperative compliance model…

*The UK HMRC's approach to cooperative compliance in the form of **Customer Relationship Manager (CRM)** is being recognized by the OECD as one of the leading international exemplars. Since its introduction in 2006, the CRM enabled HMRC to improve risk management, reduce compliance costs (for both HMRC and large businesses) and achieve increased taxpayer satisfaction. In 2014 – 2015 the **CRM lead to £7.3bn** in compliance yield and since 2013 HMRC won 80% of large business avoidance cases taken to litigation protecting over £1.37bn tax.*