

Good Practices Fiscal monitoring

Plan / remediate

1

- Determine scope, timing, approach

Reporting

7

- Results evaluation tax strategy / objectives and tax organization
- Testing results following monitoring:
 - Walkthrough risk-control matrix
 - Data analytics
- Depending outcome:
 - Financial impact (tax return / financials)
 - Remediation control activities

Monitoring

6

- Testing design and operating effectiveness
 - Walkthrough risk-control matrix
 - Data analytics
- Statistical sampling – preferred by Dutch tax authorities
- Laid down in monitoring calendar outlining when, who and scope
- Where possible: leverage from external auditor

Control measures

5

- Depending tax risk appetite the risk response formulated (Treat, Terminate, Tolerate, Transfer)
- Control measures need to be specific (Who, When, What, How, Where evidence)
- Control measures part of risk-control matrix where soft controls have to be considered

Tax strategy

2

- Tax objectives – giving direction, follows business
- Key elements such as tax risk management / appetite, relationship tax authorities, tax planning
- Approved by board and sufficiently communicated
- KPIs with roles and responsibilities & periodic evaluation with reporting

Tax organization

3

- People (capacity/capability/workload), process and technology
- Depending size/complexity organization – tax specialists
- Roles & responsibilities (RACI) tax (shadow) function
- Tax knowledge management (how and internal communication)
- Communication tax matters people, process and technology
- Involvement of 3rd party service provider (RACI update)

Risk analysis

4

- Tax technical and process risk vs inherent and residual tax risks
- Insight end-2-end process such as record to record, hire to retire, order to cash, purchase to pay
- Within process, identify (non) key risks documented in risk-control matrix by impact and likelihood
- Continuously evaluated and updated (events)

