

CCH Integrator™

MODULE
Tax Transparency



CCH Integrator: Tax Transparency Module

Background

On 3 May 2016, the Government released the Board of Taxation's (BoT's) final report on a voluntary Tax Transparency Code (TTC) which is aimed at large and medium size businesses to provide a greater level of public disclosure over their tax affairs, particularly large multinationals.

The TTC has been designed having regard to the information requirements of its target audience such as social justice groups, media, analysts, shareholders and general users i.e. the 'person in the street'. It is intended to enhance transparency, promote good governance and also build trust between businesses, investors and the general public

TTC disclosures

The below table sets out the TTC disclosure which is divided into two parts:

TTC disclosure	Who	Minimum standard of information
Part A	'Large' and 'medium' businesses	A reconciliation of accounting profit to tax expense and to income tax paid or income tax payable Identification of material temporary and non-temporary differences Accounting effective company tax rates for Australian and global operations (pursuant to ASBN guidance)
Part B	'Large' businesses	Approach to tax strategy and governance Tax contribution summary for corporate taxes paid Information about international related party dealings

*Large businesses are defined as businesses with aggregated Australian turnover of AUD 500 million or more. Medium businesses are defined as businesses with aggregated Australian turnover of between AUD 100 million and AUD 500 million. It is recommended that large businesses should prepare Part A and B of the TTC, while medium business should prepare Part A of the TTC only.

The solution

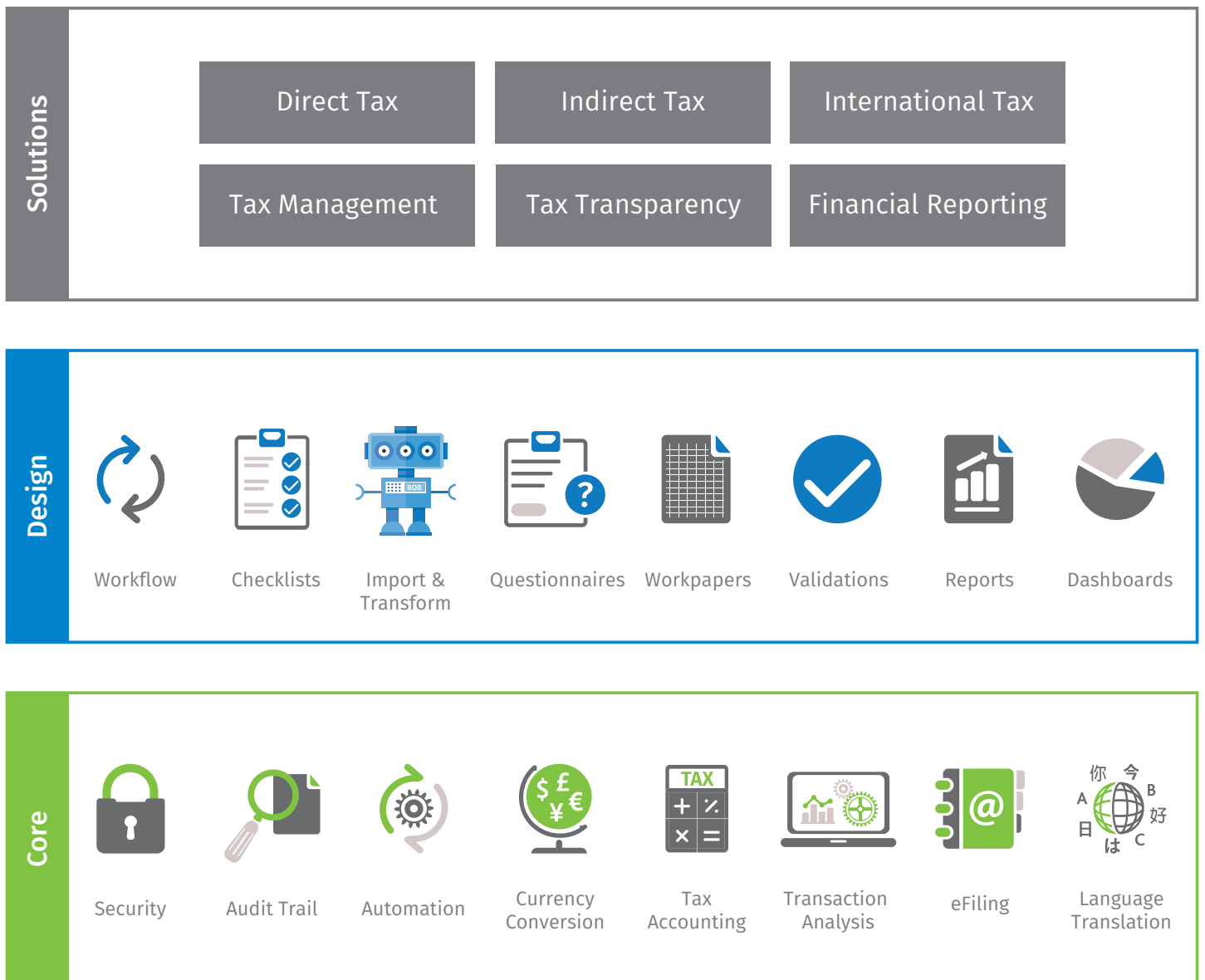
An efficient solution is required to help automate the requirements of the TTC, while also streamlining finance and tax operations, meeting dynamic regulatory requirements and delivering comprehensive group-wide visibility for key stakeholders.

CCH Integrator's Tax Transparency Module streamlines the collection and reconciliation of a business's effective tax rate (ETR) and its primary drivers, the taxes paid, and related party transactions. It establishes a comprehensive tax database and

audit trail, automates compliance reporting using pre-prepared templates and enhances oversight and governance of the end-to-end tax function to meet the TTC's requirements for medium and large businesses.

The solution also clarifies the key drivers impacting the effective tax rate and crystallises, in plain English, information required for a variety of purposes such as securing Government R&D tax incentives; recoupment of prior year losses; and to account for any foreign exchange fluctuations.

CCH Integrator™ Platform Overview



The platform – in detail

CCH Integrator is a cloud-based solution that brings all your financial and transaction data together in a single location – either on premise or hosted by us in the cloud. The insights available can be used to optimise the business, and coupled with the Tax Transparency Module largely automate the generation of compliant reports.

Having CCH Integrator provide a single source of corporate truth, supporting end-to-end auditable transparency, and providing accurate inputs for all reporting – to regulators, the ATO, the board, investors, and the general public. The single comprehensive and accurate repository reduces risk and supports good governance.

Besides a growing expectation that medium and larger businesses will participate in the voluntary TTC, multinational organisations face a growing raft of Country by Country Reporting requirements, and CCH Integrator provides the underlying data solution for the specially developed CbCR module that dovetails with the Tax Transparency Module.

System capability

Data related to profits and taxes paid can be automatically loaded to CCH Integrator from structured data sources such as general ledgers, management reporting systems and Excel spreadsheets. Separate workbooks are used for each underlying legal entity. Any additional data required can be collected via questionnaires and also integrated in the central repository.

This central repository of corporate truth can then be used for data analytics delivering dashboard updates and visual reports. These up-to-the-minute financial insights can be used to optimise operations while Tax Transparency report templates are automatically populated from the single online repository to streamline the process.

Key benefits

While the current TTC thresholds target medium and larger businesses, the rigour of improved tax transparency combined with a reliable platform that can be easily configured by tax and finance professionals, can offer year-on-year benefits to organisations of any scale while delivering the agility to respond rapidly to dynamic business conditions and shifting regulatory requirements.

New users of CCH Integrator can licence the Tax Transparency Module on a stand-alone basis or from the other CCH Integrator suite of modules. Existing users can licence the Tax Transparency module and leverage data from existing modules and data collections to automatically generate Tax Transparency reports using the specially developed templates.

To further streamline the reporting process a specially developed “starter pack” leveraging carefully designed templates reflecting emerging market best practice supports businesses as they begin to create Tax Transparency Reports, boosting the ease of use and effectiveness of the solution right from its initial deployment, including:

ETR reconciliation – an easy to use ETR data collection and calculation tool allowing the user to simply gather, consolidate and report on the data.

Related Party Dealings – a qualitative description of related party transactions which is ideally leveraged from the transfer pricing documentation.

Government payments – data collection, consolidation and dashboards to report on all taxes paid and government payments including:

- Petroleum Resource Rent Tax
- Royalties
- Excises
- Payroll taxes
- Stamp duties
- FBT

Community Contribution – captures payments to suppliers, employees, shareholders and investors

Social/Environmental Contribution – reflects voluntary company expenditure for social programs and environmental programs with net social benefit including employee donation matching and pro bono initiatives.

Call us to find out more

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Please visit www.cchintegrator.com for more information.