

Extracts from -
Tax Intelligence: The Seven Habitual Tax
Mistakes Made By Companies



7 Habitual tax mistakes companies make

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from Risk to Opportunity



TAX RISK MANAGEMENT
SERVICES



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Foreword

These extracts from the TRM Seven Steps Special Report are based on more than 500 lectures presented to many multi-national corporations (MNEs) and smaller businesses (SMEs) looking to minimize one of the largest financial risks facing them: Tax!

We hope that these notes and extracts will demonstrate how important it is to be proactive. Tax is always and will always remain a large expense for any successful business.

States will always look to their most successful taxpayers to collect 80% of the tax from the 20% most successful taxpayers. It makes commercial sense. The balance of tax officials' time will most probably be spent chasing after tax criminals, those who are blatant tax evaders and offenders.

Tax authorities around the world want to know that their cash flow from taxpayers is stable. A good estimate is that about 20% of all taxpayers are those whom they rely on the most. If these 20% of taxpayers have devised a TRM™ process to ensure ongoing transparency and compliance through a self-audit process, the costs of collection and the costs of compliance are equally reduced, with an accurate result.

Disputes that may emerge will be limited to differences of opinion and interpretation where taxpayers have embarked on proactive tax planning, as opposed to arguing about unknown tax pitfalls.

Now it is for you to read on and open the door to a unique and invaluable proactive tax risk management system we've developed – TRM™ – which will effectively handle one of the biggest financial risks in your business.

Please note that this document contains just a fraction of the material available but it will provide you with a brief overview of the seven major steps of the TRM™ process.

Please note that these principles are universal. As a result we do not refer to SARS (as in South Africa), nor to HMRC (the UK) or IRS as in the USA, but have adopted the generic title 'Receiver' to cater for all tax authorities everywhere.

May this whet your appetite and give you an idea as to how to be proactive in your tax dealings and keep your business under the radar screen.

Be assured that the comfort in doing so is immense! Should you wish to read the whole book - "Tax Intelligence" it is available on Amazon.com.

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Before We Start





What Is Tax Risk Management?

TRM™ is a uniquely successful process that relieves business of much of the trauma and difficulties that we all face through tax exposure. The originators of TRM™ recognise the substantial tax risk and seek to avert it. Many businesses are not on top of their tax risks.

The TRM™ process was designed by Prof. Dr. Daniel N. Erasmus to prevent tax problems and negative interactions with the tax authorities through a planned, disciplined series of actions that ensure a company's tax affairs are in order and well-documented. TRM™ reduces exposure to time-consuming and expensive audits that can result in extensive absorption of resources, and a substantial risk of penalties, even criminal sanctions. Above all, the process is pro-active rather than reactive.

What Are The Seven TRM™ Steps?

TRM™ can be summarised in seven steps and it is useful to check your own company's tax compliance and processes against these.

Step 1

Taxpayers tend to be reactive to tax problems and tax risks. This will translate into additional tax exposure through the imposition of tax penalties and interest and lead to poor relationships with the Receiver. Proactive tax risk management will eliminate the additional tax exposure, improve Receiver relationships, and place control of the tax risk management process back in the hands of the business, and not the Receiver. This then translates into a golden opportunity to develop an ongoing tax planning process, to keep tax exposures under control, and in a proactive manner. Refer to chapter 1.



Step 2

Tax compliance departments in businesses try to cover their tax risk without outside professional assistance, except on a reactive basis. This contributes to step 1 – tax risk management becomes reactive. By creating a tax team that participates pro actively in the TRM™ process, the business is able to expand its tax risk cover from 40% to 100%. Refer to chapter 2.

Step 3

Most businesses do not have a road map of how and where they are going with their tax risk management TRM™, other than blindly ensuring that they are “fully tax compliant”. Without a properly formulated TRM™ strategy in place, the goals and objectives, and the manner of executing a TRM™ process so as to minimize tax risk, cannot be achieved properly. An extensive and fully maintained TRM™ strategy is what is required, with all potential tax risks summarized to be dealt with through defence files in the Tax Risk Matrix. Refer to chapter 3.

Step 4

Insular tax compliance from an ivory tower (not getting into the trenches and your hands dirty to see where the real tax risks are) can only mean that tax compliance is probably at its lowest, despite attempts to ensure the opposite by businesses. All key stakeholders must be involved, from the CEO, Business Owner (BO)/ CFO (business owner/ chief financial officer), the board and the audit committee, the accountant to the legal team and tax advisors. Managers are often left on their own and expected to remain on top of tax compliance, law and regulatory changes, and the management of a complex series of relationships throughout the organization in order to get to the “tax truth” in many transactions, financial accounting, and operation areas. Their ability to be totally transparent, so as to limit ongoing exposure to the Receiver’s deficiency assessments, is stifled by their lack of authority to access all key areas of the business and outside advice in areas that go beyond technical tax issues. Allowing transparency and connectivity into the mix turns the insular tax compliance problem around. Refer to chapter 4.

Step 5

Lack of facts, and more facts often leads to bad tax compliance and unnecessary mistakes that could have been avoided. Getting to the bottom of the facts takes time and effort and is the most important starting point in any TRM™ strategy implementation. Thereafter the technical expertise can be applied properly. Various business transactions illustrate this point time and time again, as businesses continuously fail to check the facts, check the advice, and then check the facts again. Refer to chapter 5.



Step 6

Financial accounting supplies the numbers on which tax compliance is based. Simply relying on these numbers, as is usually the case with most managers and accountants, is not enough. Internal checking or audit procedures must be expanded to self-audit and checking the higher tax risk areas in a business, in order to self-expose any mistakes and non-compliance before the Receiver does. This plays back into proactive tax risk management and the avoidance of unexpected and additional tax charges that may be crippling, if driven by the Receiver. Refer to chapter 6.

Step 7

Lack of communication between the accountant, or the manager responsible for tax, and the rest of the business, and merely processing numbers to compile tax returns, is the reason why tax compliance in most businesses covers only 40% of the total tax risk in those businesses. The other 60% tax risk is hidden and can be exposed only through a systematic process of people-to-people communication, and not just through processing numbers. The one must verify the other. This calls for new communication systems to be implemented in the business to circumvent and put an end to the bad habit of limited people communication. Refer to chapter 7.

Chapter 1

Don't Be Reactive: Be Proactive





Being proactive with tax risk management TRM™ requires decisive steps to be taken by the Business Owner/Chief Financial Officer, with the tax manager. The steps include forming a tax team under the leadership of the legal team to ensure legal privilege, plotting a TRM™ strategy, and then determining what the on- and off-the-radar screen issues are. The aim of the process is to eliminate the tax risks before they become disputes, obtaining resolution through the Receiver's representative sign-off, moving toward a soft outcome solution to any TRM™ issues. With the completion of the TRM™ process, the taxpayer's ability to tax plan into the future increases proportionately.

Proactive Tax Risk Management TRM™ Checklist

- Commit to go beyond basic tax compliance.
- Get the buy-in of the Business Owner (BO), the CEO, the CFO (Chief Financial Officer), the board of directors, and the audit committee.
- Appoint a tax team or participate in the TaxRisk™ programme.
- Constitute a reporting structure to the audit committee or accountant in small businesses.
- Set a TRM™ strategy date.
- Communicate with a Receiver's representative, if required, under guidance from the tax team, or the accountant.
- Determine the on-the-radar screen tax issues.
- Meet with the Receiver's representative.
- Agree with the Receiver's representative that the Tax Query Questionnaire from the company to the Receiver (TQQ) will be answered, that letters of finding will be issued, and that soft outcomes will be sought.
- Set regular meeting dates with the Receiver's representative.
- Determine the off-the-radar screen tax issues.
- Gather all relevant facts.
- Analyze all the facts.
- Get specialist technical advice and opinion sign-off.
- Determine the best path to resolving the issue, including a soft outcomes resolution through a Receiver's representative sign-off.

Chapter 2

Not On Your Own: Create A Tax Team





The receiver is one of the biggest partners of a business each year. It is mysterious that people do not invest more into allowing themselves to understand and deal with this silent partner more effectively and efficiently.

By creating an environment within a business that assesses tax risk, every other part of the business is potentially enriched through the new transparent processes that are implemented, with the participation of a number of key persons working together. It is logical that businesses invest in creating a tax team as this ends up saving them from significant tax exposure into the future.

Empowering the tax team with the support and the easy flow of communication within the business is also vital. The tax team must become a vital cog of the business and be made up of people empowered with knowledge, not only of the law, but knowledge of what exactly is going on within the business through the implementation of an effective and efficient TRM™ process. An efficient communication process must also be implemented in the business.

The Tax Team

The typical tax team consists of the following:

- Business Owner/Chief Financial Officer
- Tax manager
- Accounting tax advisors and other outside tax advisors
- The legal team, as leaders of the tax team to ensure legal privilege

Please note that in the case of a small business, the entire tax team is offered through the TaxRisk™ programme, at no additional cost. Details are available.

Clearly, the various participants in the tax team need to be carefully defined.



The Critical Importance Of The Legal Team

The legal team must have experience in the tax risk management TRM™ process that is being embarked upon by the business, involving a multi-skilled group of participants who must play different roles in the review of the on-the-radar screen and off-the-radar screen tax issues. The legal team function will be fully covered in the TaxRisk™ programme offered to the small business through its accounting firm.

The legal team must also be tasked with the responsibility of holding all sensitive information flowing from the tax team tax risk management process so that this sensitive tax information can be reviewed and analyzed before the outcomes are discussed with the other members of the tax team, the audit committee, and finally the board.

It is ultimately the decision of the board then what to do with the outcome that flows from this sensitive information in the hands of the legal team, subject to legal privilege.

They will be involved in collating, requesting, and distributing any technical opinions sought from outside tax advisors to ensure the legal privilege at all times over these opinions. Where necessary, they will attach any supporting documentation which has been obtained by an analysis of the facts surrounding or giving rise to these opinions being sought, which supporting facts, as attached to these opinions, will also fall under this legal privilege. This will ensure that the information will form part of the opinions, subject to the legal privilege, and will tie down all loose ends that may create problems for the business going forward, being tied down in a structured and logical sequence and format.

Chapter 3

Direction? Compile A TRM™ Strategy





Any business goal that is set without a carefully thought out and planned strategy will often end in failure. It is a common problem in many businesses that the people involved in tax compliance, other than in the area of traditional tax compliance, don't know what to do when they encounter a problem. As a result, a tax team should be assembled to create cohesion and communication in the process of devising a set tax risk management TRM™ strategy.

It is simple enough to devise a strategy that will provide the direction. However, there is no quick remedy; a proper process must be put in place. It is of critical importance to this process that any information divulged in this process be subject to legal privilege.

The basic strategy is for the organization to undergo a SWOT (strengths, weaknesses, opportunities, and threats) analysis from a tax point of view. Focus primarily on the weaknesses and threats; this is the area where the majority of your liability will lie. Two broad types of issues must be identified: those on-the-radar screen and those off-the-radar screen. These risks that are on-the-radar screen are those that are known to the organization as well as the IRS.

They are issues that are ongoing and that have some history behind them. However, a strategy of how to deal with these problems must be established, and a strategy must be developed in order to limit the risk of these problem areas. For instance, a tax manager may be aware that the Receiver has raised a significant assessment in respect of outstanding VAT. It may be apparent that there is real risk of a liability; and in an effort to clear the problem as quickly as possible the taxpayer pays the full amount of the assessment, including interest and penalties, without looking at other aspects of the assessment raised by the IRS, such as the procedure employed by the Receiver in raising the assessment, or entering into negotiations to reduce the amount of interest and penalties.

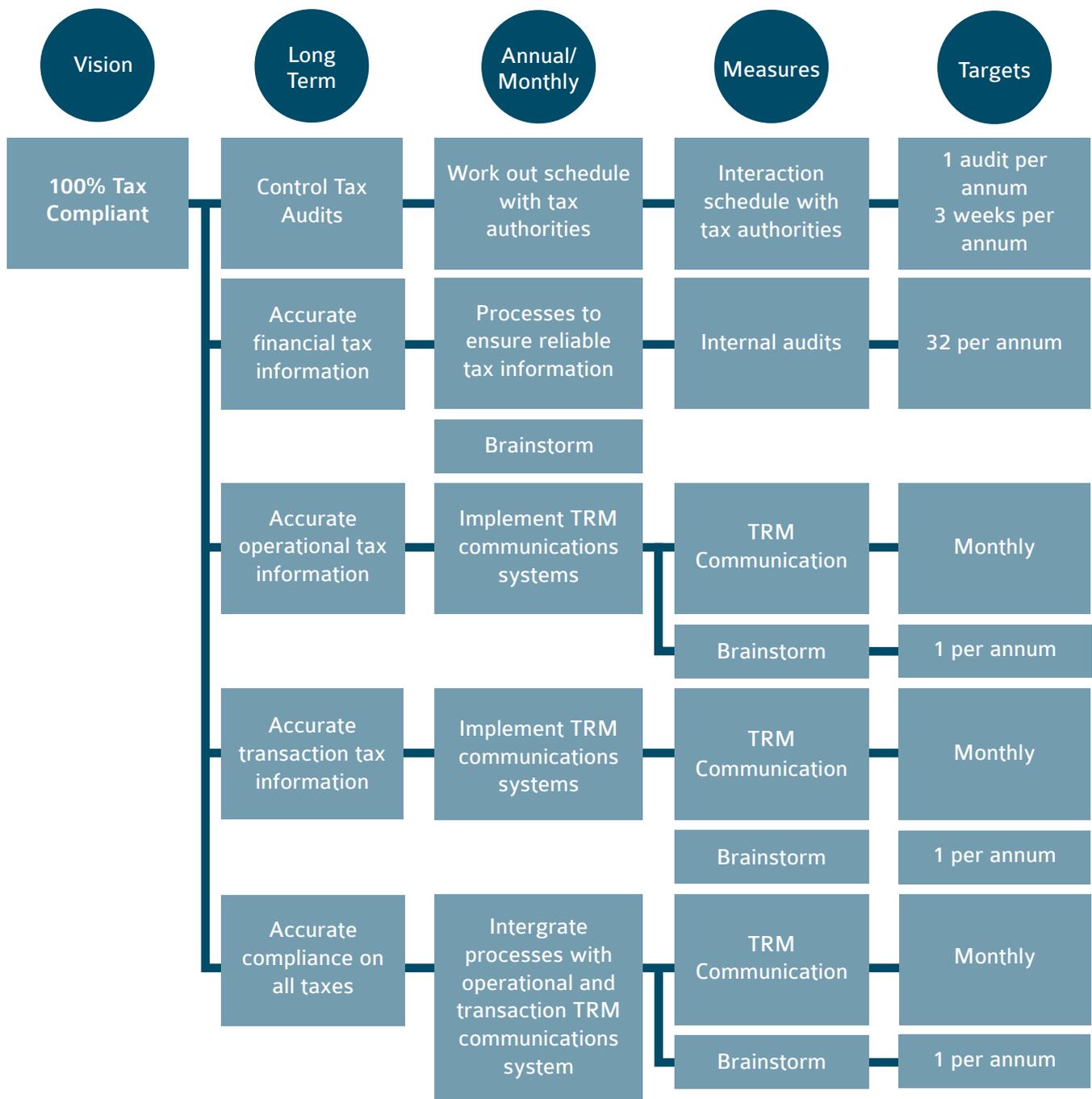
The off-the-radar screen risks are the risks of which the business is aware and has noted but has not done anything to remedy. That is to say that the Receiver has no clue of the existence of these tax risks. The strategy in this instance must be clear and effective. All the risks must be identified and prioritized. Bear in mind that once the business has started dealing with these various risks, it is important that the Receiver be involved at an appropriate point of time in the future to minimize the cost of compliance through a carefully implemented plan of self-disclosure to them, averting penalties and some interest. If no disclosure to them is required, the matters are simply filed away, where accessible, with all the facts and opinions intact.

Don't forget the strengths and opportunities that have been identified. On the positive side of tax risk management a business can look at its effective tax rate in comparison with other similar businesses and determine whether it is paying more or less tax in its country of origin or abroad.

If the tax paid is significantly higher then something needs to be done! Start by scrutinizing the expenditure and allowance for assets to ensure that you can take advantage of any benefits allowed by legislation.

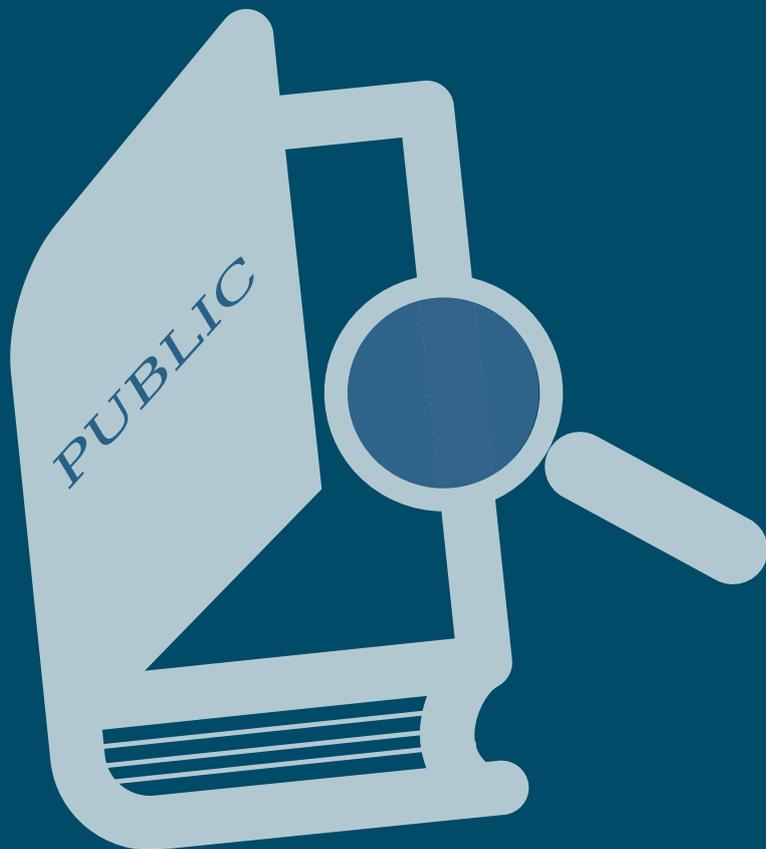
Here's The Overall 'Big Picture' TRM™ Strategy In Diagrammatic Form:

The overall big picture TRM™ strategy is illustrated diagrammatically as follows:



Chapter 4

Insular? Become More Transparent





The following table is an extract from a survey conducted by www.taxrisk.co.za over a period of two years and demonstrates the fact that the function of tax compliance within businesses is very insular and lacks the requisite interaction with other key persons in the business.

No documented tax strategy	78%
No regular monthly communication between tax compliance officer and heads of transactions	50%
No regular monthly communication between tax compliance officer and heads of operation	60%
Does the board discuss tax strategy and tax planning: mostly never or don't know	70%

The tax compliance officer is usually from an accounting background and compiles his or her information based on the financial information he or she receives from other people. The problem with this is that the tax compliance officer is not always in the position to communicate with the authors of this information so as to get to the "tax truth." A system must be created which allows the easy flow of information to the tax compliance officer of more information based on the "raw facts."

Tax compliance must be broadened to include a wider TRM™ process, where the interaction with the Receiver is more carefully planned. Tax mistakes should be identified and self-disclosed long before the Receiver decides to perform an audit. If there is any interaction with the Receiver, ensure their full compliance with the laws and regulations that govern them, to ensure that they go about their business in a fair, reasonable, transparent, unbiased, and accountable manner.

All these words are pregnant with meaning and must be carefully applied by taxpayers against the Receiver in dealing with the technical merits of any Receiver audit or investigation. Often members of the tax team will be able to give guidance on technical, procedural, strategic and tactical aspects of any interaction with the Receiver.

By remaining insular in the approach to tax risk and tax compliance, the businesses will only cause long-term financial distress which could have been avoided by employing some of the principles mentioned in this special report.



What The Big Boys Say

- ☑ One of the larger accounting firms in the USA have given the following advice to businesses, as reported in Yahoo! Finance: “Corporations understand that new financial and tax requirements promise to change the way companies manage everything from Operations to IT,” explains Mark Weinberg, America’s Vice Chair for Tax Services at Ernst & Young LLP. “We counsel tax directors to focus on ten key steps that will help them plan the way they manage tax risk and thereby affect the risk profile of the enterprise . . .
- ☑ Become aware of regulatory changes. In addition to keeping up with changes, it is important to know what approach peers are taking - in your industry and in your region. Gather information about emerging practices to help form policy within your own company. Organize this knowledge so it can be deciphered easily and used to create future plans.
- ☑ List all prominent stakeholders. From audit committees to operational department heads, stakeholders in tax risk will have their own agendas and issues. Start with a list of those who will directly affect or be directly affected by tax risk management. Then review how you relate to each, planning for optimal communication and co-operation.
- ☑ Confirm your understanding of the overall enterprise-wide risk management systems. Talk to the Chief Risk Officer if there is one. Read risk documents. Reach out to Operations, IT, Finance and Treasury, regulatory/compliance and transactions departments, all of which have risk issues and profiles. Review strategic documents: tax strategy, risk strategy and overall business strategy. Consider how they align and make appropriate adjustments to the tax strategy if necessary.
- ☑ With every new calendar year, it makes sense to review and adjust tax department objectives. This year, Tax Directors are finding it particularly useful to make sure that department objectives reflect all changing demands - both external and within the organization.
- ☑ Initially, each Tax Director should look at all statutory compliance requirements such as SOX 404 in the USA, and create a list of to do’s for proper documentation and testing. In addition, best practices will go beyond the such work to incorporate other elements of risk, such as compliance and operations. While these directly address financial reporting, other areas may indeed be the sources of risk.
- ☑ Sit down with the Business Owner/Chief Financial Officer before the quarter closes to discuss challenges, opportunities and objectives. This may seem obvious, but it is critical if your new direction for the next tax year is to be in line with expectations. With proper direction, all tax activity in the next tax year will stay on focus.



- ☑ Become involved in communicating with the audit committee. Many audit committee meetings occur in February and March, making January the time to get yourself on the agenda to present the mission of the Tax Department on your own terms.
- ☑ Upgrade the definition of tax risk to incorporate the enterprise definition of risk. This is also a time to make sure “risk” includes the potential to lose out on opportunities, such as making the tax function perform more efficiently.
- ☑ Start early to review files of major transactions, which will need to be in audit-ready condition. An initial review of the file will help prepare you for any extra work required in that area.
- ☑ Look at the Tax Department operating model and make sure activities are robust enough to meet the demands of the next tax year, such a compliance or financial reporting. If not, this will need to be addressed as you move into the first quarter.

Chapter 5

More Facts Resolve Tax Risks





Taxpayers need to be in possession of the facts surrounding any transaction that a business is entering into. If the facts are not readily available, go and find them!

It is no misconception that the nature of transactions varies considerably from the time of inception until they are signed off and finalised. The opinion that is often obtained at the inception stage should always be used as a guiding factor. However, due to the intricacies of many transactions, the opinion obtained may only be relevant in part with respect to the end result.

Taking this into consideration, it is imperative to conduct a post legal and tax audit. This is primarily for the organization to take it upon itself to determine whether the opinions set out in the initial documentation still stand in the final drafts. Experts should be brought in at the beginning, middle, and end of such transactions.

All your bases must be covered in order to explain, should you have to, the nature of the transaction in the years to come. It is no mystery that some transactions may be investigated five to ten years down the line. Record keeping can often make or break a taxpayer's case when it comes to such investigations. This is why post-transaction audits must be carried out in order for you to track down and maintain records, thereby allowing you to be fully prepared should the Receiver come knocking on a taxpayer's door down the line.

Question Processes Internally And With The Receiver

To avoid some of the real tax risks that may flow from an audit conducted by the Receiver into various transactions, the following questions need to be asked:

- What tax strategy is in place to fully investigate, understand, and analyze the major transactions which the business has entered into over the past ten years?
- Has this been discussed at audit committee or board level in any detail so that the audit committee members and the board members are clearly aware of the potential risks that face the business?
- Ask the Receiver how many transactions of a similar nature are currently the subject of an investigation by them.



Of course, the problem with major historical transactions is that the potential tax liability will often not be as small as \$3m. Bring that to the attention of the audit committee, and to the board, and again a huge amount of pressure will be applied to find a way of getting around to a settlement and negotiation table with the Receiver to try and settle the revised tax amount, as opposed to trying to live with the liability on a balance sheet, and go forward into the formal dispute stages.

The question must then be asked, "How strong are the business's negotiation abilities to do this successfully?" Will the business have prepared itself to be in the best possible situation to negotiate the absolutely best settlement for itself? What complicates matters even more is that many large transactions have been driven by a variety of financial institutions which have their own agendas. They will also approach any Receiver investigation in such a manner to protect their own interests first.

The Receiver Query

- ☑ Make sure that no generic marketing brochures, presentations, or proposals are furnished. All relevant documentation should be tailor-made to the specific transaction.
- ☑ Ensure that all correspondence pertains specifically to the final structure implemented.
- ☑ Ensure that only final versions of the agreements, addendums, and side letters are provided.
- ☑ Any verbal understandings must be given by the role players and preferably recorded in affidavits.

Chapter 6

Internal Audits Fix Financial Accounting Problems





Many businesses put their blind faith in reactive reporting by their auditors or accountants and expect that their tax manager through the route of normal tax compliance will resolve all tax risks. In the difficult regulatory environment that taxpayers operate in, this is not a prudent tax risk management TRM™ strategy. Businesses need to have their own internal control and check mechanisms.

The tax team that has been formed will also assist in performing internal audits associated with tax risk management TRM™. They must be privy to all information, subject to legal privilege, in order to identify, analyze, and solve tax risks effectively, such as accounting provisions, for instance.

The tax team, with internal audit, must be placed in a position to gain more information and impose controls and checks on a regular basis, and not only when the outside accountants conduct an audit.

Internal Auditors Revisited

Historically, the presence of internal auditors in any business has made a significant contribution towards deterring the incidence of fraud in that business. Internal auditors should play a pivotal role in the TRM™ process by providing the much-needed support and expertise to continuously monitor the controls that are in place in order to pick up on any emerging tax risks. They are also skilled and experienced in identifying potential risk issues and have the know-how to properly investigate these risk issues.

There are numerous risk issues in any business that require ongoing monitoring, identifying, and investigating. It is also essential that there is proper interface between the internal auditors and the tax team, with a line of communication open to the Business Owner/Chief Financial Officer and the audit committee, if need be. The entire interactive process with the internal auditors can also be enhanced by implementing some of the following measures:

- ☑ Regular meetings should be scheduled with the tax team to report on and get instructions on various areas of concern to perform internal tax audits.
- ☑ Work closely with the legal team and external tax advisors, collaborating and exchanging information such as findings, reports, and research.
- ☑ Report at the end of each process to the tax team.



- ☑ Ensure that the Business Owner/Chief Financial Officer, with board backing, emphasizes the significant role of internal audits to uncover areas of tax risk in the business, with the appropriate budget and the cooperation of all concerned in the business.
- ☑ Assess the tax risk and the control put in place and their impact of the financial reporting process, evaluating the qualities of the controls and the reporting process.
- ☑ Monitor compliance by the business sectors with the TRM™ strategy devised by the tax team.

Chapter 7

Communication To Eliminate Tax Risk





Communication is vital to the entire tax risk management TRM™ process. Effective communication channels must be opened up and maintained on a regular basis, especially with the operations divisions of a business where there is often the least amount of transparent communication with the tax manager. Internal meetings between the various departments and the tax team must be encouraged on a more regular basis where all potential risk areas must be divulged to the tax team. Informal communication channels must also be present and allow all the various departments within a business access to the tax team should they need it.

Effective interaction and sharing of information with a person within the Receiver must also be seen as important. Creating and maintaining an effective and amicable relationship allows you to have one foot in the door at the Receiver.

Effective communication will allow the business to be well prepared when the Receiver is to conduct tax compliance audits from time to time.

The Communication Questions

The questions put to the operations divisions in the business that will require regular review, as part of the TRM™ strategy, will include the following:

- Do you know which perks or fringe benefits are subject to VAT?
- Have you accounted for VAT on any perks or fringe benefits?
- Have you exported any goods or services?
- Have you imported any software over the Internet and accounted for the VAT ?
- Are your export documents 100% compliant with the tax regulations? Have you actually checked? Where are the documents kept?
- How accurate are your invoices for claiming VAT input tax credits? Have you double-checked that the supplier vendor VAT numbers are correct?
- Have you paid any reimbursements to employees over the last period?
- Have you created, transferred balances, or created any accounting provisions? What are they?
- Have you accounted for any doubtful or bad debt write-offs?
- Do you meet regularly with your Business Owner/Chief Financial Officer or tax manager to discuss any potential tax risks?
- Have you created, exercised, or disposed of any options?
- Do you have any low-cost assets that could be written off for tax purposes in the current year of assessment?

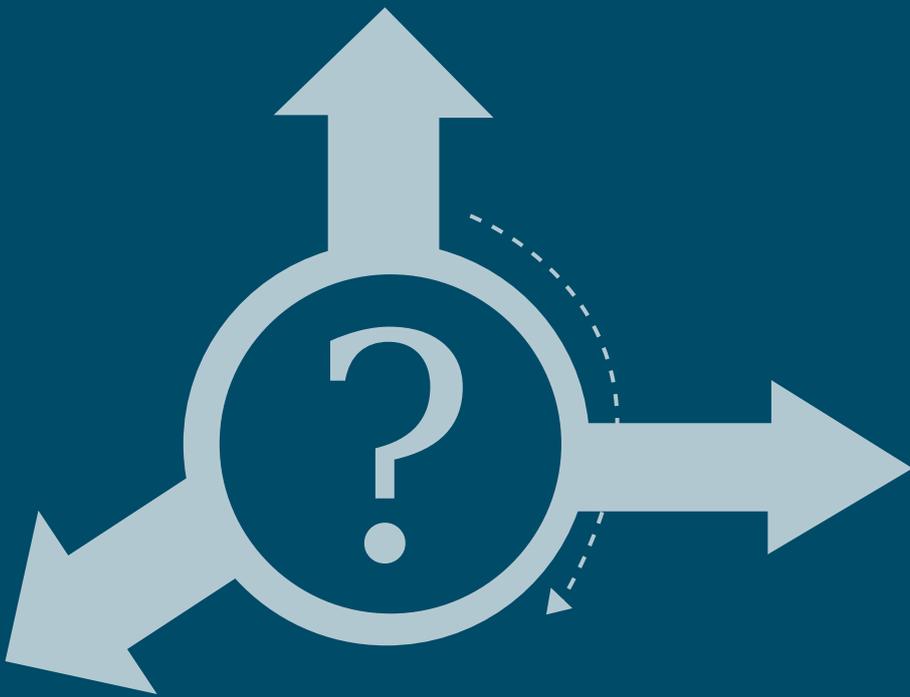


- Have you acquired or disposed of any assets, or do you intend to do so in the next quarter?
- Will any of the above disposals or acquisitions require any permission or registration with a federal or government department?
- Have you conducted an internal audit, including a review of tax risk areas, in the last twelve months?
- Do you have any outstanding Receiver inquiries?
- Have you done an Innermetrix® profile in the last six months?

These questions should also be put to the transactions and financial accounting sectors of the business from time to time, to answer and review the answers given by the operations managers. In this manner, consistency in the business toward tax triggers in the business can be constantly monitored. Results should also be analyzed by the tax team and reported to the audit committee from time to time. This type of detail will not be necessary for small businesses that have entered the TaxRisk™ programme.

Chapter 8

TRM™ Steps To Take





TRM™ Step 1

Proactive

Make the decision to take control of tax risk in your business. The advantage is that if the Receiver ever pays a visit to your business you will have little to worry about.

TRM™ Step 2

TaxRisk™ Gives You A Full Tax Team At A Fraction Of The Cost

Much of this special report has been dedicated to the process of creating a tax team to fully represent your tax interests. To hire a tax manager, a legal team, or even use you own accountants to compile a tax review will cost you a fortune.

On the other hand, when you sign up for the TaxRisk™ programme which costs you a fraction of this, any problems with the Receiver are taken care of at no extra cost.

Go to the website to sign up. <http://www.taxrisk.co.za/>.

TRM™ Step 3

The Tax Risk Matrix Gives You Clarity

Once you have signed up with TaxRisk™, you will be expected to complete the detailed Tax Risk Matrix with your accountant. This should be updated every three months.

It will also pay you to read the Tax Risk™ Policies and Procedures Special Report at by emailing daniel@TaxRiskManagement.com.

TRM™ Step 4

Ensure Transparency

It's essential that you communicate with your accountant every three months using the Tax Risk Matrix to keep information about tax risks up to date. You cannot expect him or her to be on top of all these.

For the Tax Risk Review Template email daniel@TaxRiskManagement.com.



TRM™
Step 5

You'll Need To Gather Facts

At the same time as you complete the Tax Risk Matrix you'll be expected to question all key personnel in your business and complete a TRM™ Tax Review report.

TRM™
Step 6

Fix Accounting

You will need to look at any historical accounting problems to see if they could give rise to any tax risks. You will need to particularly look at income and expense items on your monthly profit and loss statements. If you are in a country like, for instance, the USA, this could trigger sales and state tax.

TRM™
Step 7

Communication Is Essential

You will need to have monthly meetings with your accountant to ensure your Tax Risk Matrix is up to date. The moment you are contacted by the Receiver it's essential that you inform both your accountant and the taxrisk.co.za representative who will use their methodology to represent you immediately.



About The Author

Prof. Dr. Daniel N. Erasmus is an adjunct Professor of Law at Thomas Jefferson School of Law, San Diego, California. He was born in 1962, in Rhodesia, now Zimbabwe and qualified as an attorney of the high court of South Africa in 1987. From then on he specialized in tax, dealing with multi-national corporations in their planning, and then adversarial relationships with various tax authorities. He is also now qualified as an Enrolled Agent and a US Tax Court Practitioner in the US, entitled to appear in the tax court of all 50 states in the US.



He began practising for his own account in 1993 and founded the successful www.taxriskmanagement.com, today a multidisciplinary consulting firm, which assists its extensive client base, worldwide, in staying within the borders of the various complex tax laws but at the same time ensuring their exposure to tax is legitimately set to what the law prescribes as the minimum.

As adjunct Professor of Law at the Thomas Jefferson School of Law he teaches International Tax Planning, Tax Risk Management, Tax Controversy and International Law aspects of Taxation. He is the founding editor of the magazine TAX talk, hosted a weekly TV show called Tax Issues on a business satellite channel in Africa, and lectures extensively on tax risk management TRM™, structured finance, tax practice, transfer pricing, tax controversy, and other related topics, internationally. He has completed his PhD in constitutional law and tax.



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