THE 9 THINGS YOU WANT FROM ETMS

ELECTRONIC TAX MANAGEMENT SOFTWARE

KONSISE

Introduction

Digital disruption and remote working have changed the workplace forever and ready or not, the tax function is rapidly becoming digital too. In the modern world where there is an application for just about everything, many teams have been using customised tools and software solutions for a number of years. Human Resources have payroll and HR systems, sales use Customer Relationship Management (CRM) systems, whilst finance have had accounting software for decades. It seems that everyone has their own tool, but the person responsible for an organisation's taxes hasn't been so lucky. That is until now.

There is a new software category that focuses on helping tax responsible professionals to plan, organise and submit their tax obligations all in a single platform. This software category is called Electronic Tax Management Software (ETMS).

With the management of company taxes involving many different tasks and deadlines, tax and finance teams are constantly juggling the collating, calculation, submission of filings, and timeous payment of taxes to their local revenue service. These professionals are expected to keep track of all the deadlines as well as store all filing related to ensure compliance with local revenue service regulations.

The process is cumbersome as it is, but it is compounded if there are several legal entities within the group of companies, or the company operates across various countries. The complexity keeps magnifying.

This ebook is a guide to help tax and finance managers understand what functionality should be available to you in an ETMS and what you should be demanding from your service provider.

Given that tax is a broad topic that varies depending on country or organisation, we have included a glossary at the end that covers some of the standard terms that have been used.

The 9 things an **ETMS** should offer you

01. Reflect your legal entity structure
02. Be a repository for all tax obligations
03. Creation and reminders of upcoming deadlines
04. Record all your draft and final working documents
05. Manage your filings up to the final submission
06. Provide management tracking of every filing
07. Manage the audits/queries/verifications from your revenue service
08. Secure data within the organisation based on permissions
09. Keep a permanent record of all your historic tax filings

01 Reflect your legal entity structure

It stands to reason that any tax obligation in an organisation belongs to a legal entity, whether that's a company, partnership, trust or some other juristic entity. That means the software needs to facilitate the capture of each entity's characteristics that define the obligations.

In capturing the organisation's legal entity structure, the following characteristics should be captured as parameters in the software:

Ref no.	Functionality Name	Functionality Description
1A	The jurisdiction	The country in which the entity is formed (any country in the world)
1B	Entity type	The type of juristic entity such as a company, partnership, trust etc.
1C	Entity registration number	The country in which the entity is formed (any country in the world)
1D	Entity address	The address of the entity
1E	Financial year end	The last day of each financial year of the company
1F	Tax registrations	The tax obligations in one or more jurisdictions, to file a tax return for a tax type of the entity which is covered more specifically in section 2

The software should not be limited to a set of supported countries; it should allow users to capture all and any country to provide a single base for the organisation. With all the parameters relevant to each and every entity in the organisation, whether a single country or an global conglomerate, the software should now have a base on which to capture all of the tax obligations for each of the entities that are housed within the software.

02 Be a repository for all tax obligations

The organisation's legal structure now being complete, the tax filing obligations of each of the entities must be contained within the software. Each entity may have numerous tax obligations in any number of countries, since an entity could be required to register for a tax filing in a country even without the formation of a full juristic entity within that country. Such tax filings should include, as a minimum, the following tax types:

- Corporate tax (national/state/local)
- Employees tax (PAYE/PAYG/other)
- Indirect tax (VAT/GST)
- Customs and excise
- Withholding tax
- Provisional tax

The ETMS should also allow configurability to create tax types and tax filings that may be unique to a specific industry or business.

When capturing a tax filing against an entity, the following characteristics should be captured as parameters in the software:

Ref no.	Functionality Name	Functionality Description
2A	Jurisdiction	The country in which the tax filing is registered (any country in the world)
2B	Tax type	The type of tax that will require filing (corporate/employee/consumption etc.). This is a category in order to allow for groupings by category
2C	Filing type	The Revenue Service's official name of the tax filing
2D	Tax reference number	The tax filing specific reference number assigned by the revenue service in that country
2E	Filing frequency	The frequency with which the filing is required (monthly/quarterly/annual etc.)
2F	Filing period	The period for which the tax filing refers
2G	Filing deadline	The date, following the financial period, on which the filing is due
2H	Payment deadline	The date, following the financial period, on which the payment for the filing is due
2I	Reminder configurations	The number of prior days from the filing date or payment date that a reminder is required –refer to section 3
2J	Weekend adjustments	Set how the deadlines for payments and filings is affected by weekends
2K	Responsibility assignments	Assign who is responsible for preparing and reviewing the tax filing which will also facilitate correct viewing permissions in the software

The software should now have enough information to create all the future tax filings the various entities are required to manage, prepare, and submit. It should know which tax types, in which country and on which dates, all the organisation's obligations are due.

03 Creation & reminders of upcoming deadlines

The software now contains all the entities whose tax obligations require management, as well as all the tax filing registrations for those respective entities. The next thing the software should perform is the automated creation of the period-specific tax filings, being each entity's tax obligations in each period. With the creation of a period-specific tax filing, the software should automatically create a deadline for the tax filing and a deadline for the payment of the tax filing, to the country's revenue service.

When creating the tax filings, the following characteristics should be captured as parameters in the software:

Ref no.	Functionality Name	Functionality Description
3A	Automatic tax filing creation	Based on the information captured for the entity and tax filing, automatically create the period-specific tax filing, and insert this into the commencement of the workflow
3B	Tax filing creation configuration	Configure the parameters of the tax filing creation, so each filing has all the relevant properties necessary for completion
3C	Reminder configuration	Set the period prior to the deadlines (filing and payment) that notifications of reminders are required
3D	Reminder email configuration	Set emails to be individual (an email prior to each deadline) or combined (an email containing multiple reminders)

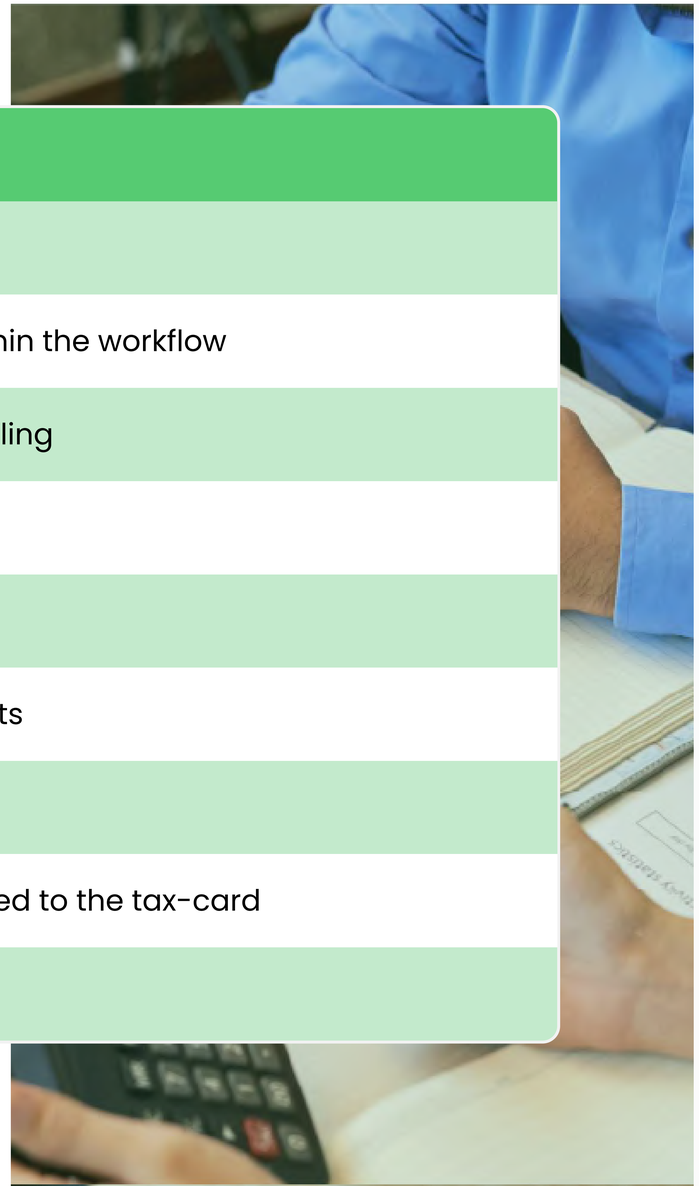
The result of the above functionality is that the software should display all the upcoming tax filing obligations of all the entities that have been captured, ready for the responsible person to manage through the tax filing process

04 Manage your tax filings, up to the final submission

The software now contains all the legal entities and tax filing obligations, and it automatically creates the tax filing for the required periods. The point of capturing all this information into the software is enabling users to manage each tax filing from creation through to submission at the country's revenue service. The software should create a tax-card, which represents a single tax obligation in a single period, for users to follow and capture their normal processes.

This tax-card should have the following characteristics as parameters in the software:

Ref no.	Functionality Name	Functionality Description
4A	Create the filing	The tax filing is created as shown in
4B	Filing status	The tax filing status will show the stage that the filing is within the workflow
4C	Timeline	Every change in status, note added or timeline for the tax filing
4D	Timeline	Show each activity on the tax-card in order of time/date
4E	Filing workflow	Display all filing on a workflow
4F	Notes	Capture the steps in the process and associated comments
4G	Attachments	Upload electronic versions of files related to the tax-card
4H	Comments and chatter	Capture comments and conversation between users related to the tax-card
4I	Payment/refund Amount	The amount due to, or refundable by, the revenue service



05 Record all your draft & final working documents & notes

The software is now creating the tax-cards, each of which represents an entity specific tax obligation in a specific period, and users are working with the tax-card daily. The normal financial processes performed by the responsible party in the organisation will continue, and the software should offer the ability to capture all the steps and associated documents against the tax-card.

You should expect the following characteristics as parameters in the software:

Ref no.	Functionality Name	Functionality Description
5A	Upload attachments	Drag and drop or navigate
5B	Describe attachments	Annex the document with details for easy future reference
5C	File workflow	Categorise working paper, final document and Annual Financial Statements
5D	Category and version control	Draft, interim and final
5E	Capture notes	Capture any communication between multiple users
5F	Timeline	Show each attachment on the tax-card in order of time/date uploaded
5G	Contextualise	Contextualising against specific tax filings or a revenue service request

In the event that a user with the correct permissions wishes to find the relevant documents pertaining to specific tax filings, the software should ensure these are always available and contextualised by the specific tax filing and its properties, such as the entity, tax obligation and period-specific tax filing.

06 Provide management tracking of every filing

The software has now enabled the organisation to manage all of its tax filings in every country, through a workflow from creation to submission, the software should further provide the management in the organisation the ability to view all tax filings related to all companies and in all countries in a single report or view. The report view should be highly configurable, to cater for the individualised perspective each organisation regarding progress or status, as well as have the ability to slice and dice the data for consumption by the user(s).

This tax-card should have the following characteristics as parameters in the software:

Ref no.	Functionality Name	Functionality Description
6A	Configure progress indicators	Define the measurement of progress in a filing through configuration of percentage intervals, colors, and number of days to deadline
6B	Configure status indicators	Define the measurement of progress in a finding through configuration of the status wording, percentage intervals, colors and number of days to deadline
6C	Filter all the filings	By filing period, country, company, status, filing deadline, payment deadline and tax type
6D	Track the status	Track the filings using the configured parameters of the status field
6E	Track the progress	Track the filings using the configured parameters of the progress fields
6F	Payment/refund amounts	See how much money is due for payment or refund and sum these figures where required for cashflow purposes

Management, who often leave the timeous submission of tax filings to accountants or financial managers, should now have a level of assurance over the status of tax filings in a single view.

07 Manage the audits & queries from your revenue service

The software has now assisted the organisation to manage multiple tax filings through to submission at the country revenue service. The revenue service may, whether at random or in response to specifics in a tax filing, request further information from the organisation. A request from a country revenue service usually comes in the form of an audit, a review, or a verification. The software should enable the organisation to manage each revenue service request on an individual basis and guide the users through a workflow that results in the timely completion of the revenue service request. In the revenue service request workflow, the following characteristics should be available in the software:

This tax-card should have the following characteristics as parameters in the software:

The tax-card referred to in section 4 should have a section that shows and links all the revenue service requests specific to that tax filing, so the organisation and users are able to search for and update such revenue service requests in the correct context.

Ref no.	Functionality Name	Functionality Description
7A	Capture a request	The tax filing is created as shown in
7B	Request deadline	The tax filing status will show the stage that the filing is within the workflow
7C	Configurable request reminders	Every change in status, note added or timeline for the tax filing
7D	Request responsibilty	Show each activity on the tax-card in order of time/date
7E	Request attachments	Display all filing on a workflow
7F	Request comments and chatter	Capture the steps in the process and associated comments
7G	Request timeline	Upload electronic versions of files related to the tax-card
7H	Request workflow	Capture comments and conversation between users related to the tax-card
7I	Request notes	The amount due to, or refundable by, the revenue service

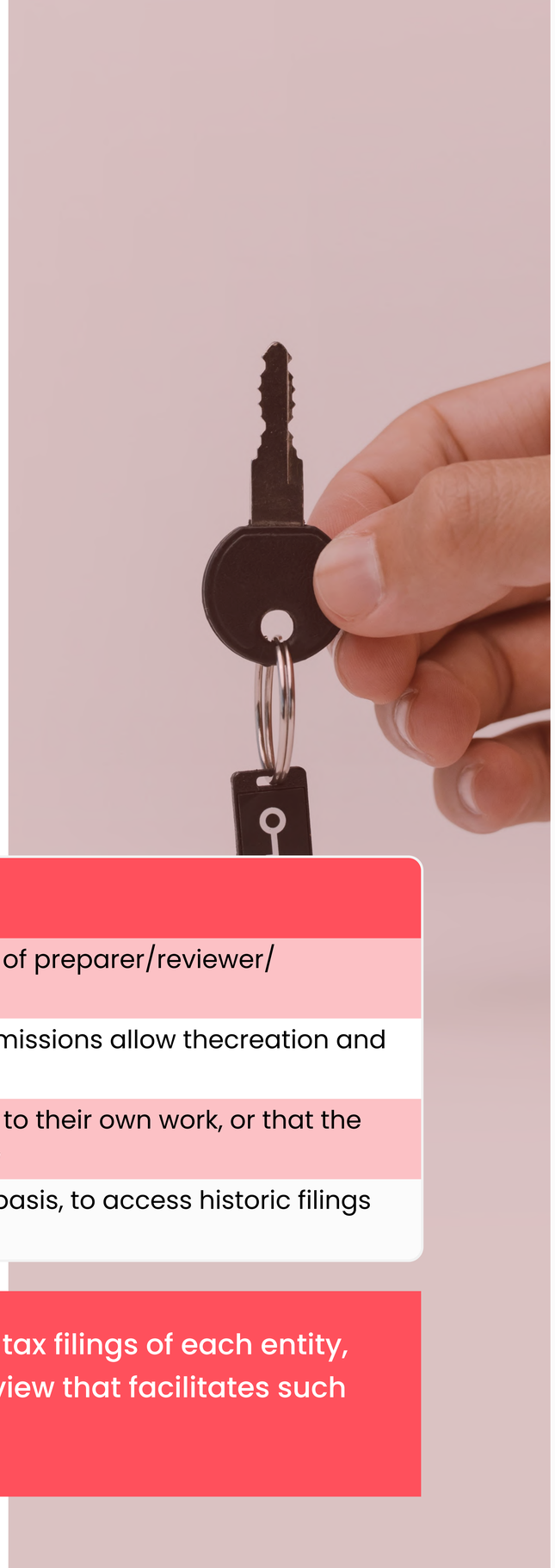
08 Secure data within the organisation based on permissions

The software now contains all the relevant data regarding the entire organisation's entities and tax obligations, together with data pertaining to multiple tax filings that have been submitted to various revenue services. Many organisation mandate that users only have a view of the data relevant to the organisation in which they work or for which they are responsible. The software will therefore require the functionality to differentiate between various users based on the entities (and the tax obligations thereof) and restrict the access that some users have to data the organisation decides they should not see.

In capturing the user permission options, the following characteristics should be available in the software:

Ref no.	Functionality Name	Functionality Description
8A	Role assignment	On each tax filing, assign users roles from the options of preparer/reviewer/ oversight
8B	Administrator	Assign a user who is an administrator and whose permissions allow thecreation and editing of companies and tax filings
8C	Permission view	Users should only be able to see the filings that relate to their own work, or that the organisation wants the user to have the rights to view
8D	External audit	An external auditor(s) has the ability, on a read-only basis, to access historic filings relevant to the specific audit)

External auditors normally need access to the tax filings of each entity, and the software should provide a read-only view that facilitates such access.

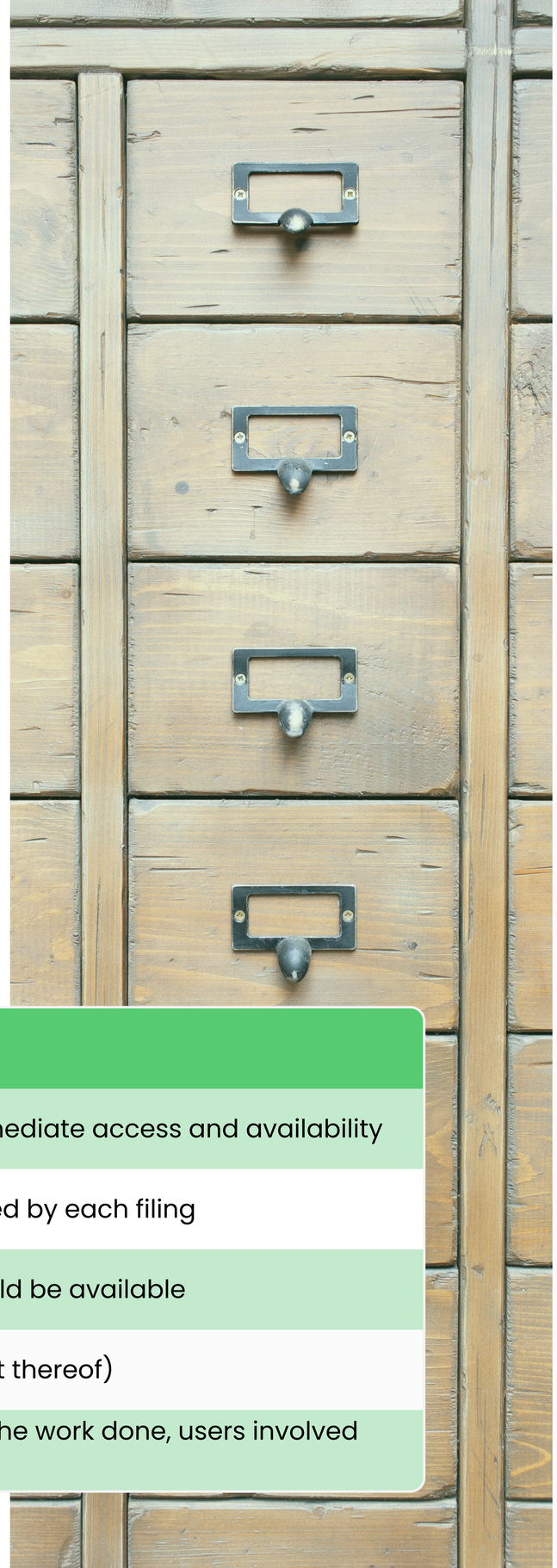


09 Keep a permanent record of all your historic tax filings

The software has now captured all the relevant company and tax obligation data, as well as the individual tax filing per entity and per country. Every activity has been captured as notes in the software, and all the working files and final documents have been contextually added to the relevant tax filing. There are multiple scenarios in which access to any or all of this information may be required, often years later. The most critical requirement stems from tax legislation that affords revenue services five or more years after the submission to re-open tax filings and raise further requests or issues. This and many further reasons that may not currently be considered, necessitate the storage of all the tax activities of the organisation.

The functionality in regard to the historic tax filing capabilities in the software should include:

Ref no.	Functionality Name	Functionality Description
9A	Filing availability	Every filing should be kept within the software for immediate access and availability
9B	Working paper availability	Every working-paper or draft document contextualised by each filing
9C	Request availability	Every revenue service request for every tax filing should be available
9D	Final AFS availability	For each corporate tax (or country specific equivalent thereof)
9E	Timeline	To allow users to quickly familiarise themselves with the work done, users involved and steps performed



Glossary

AFS	Annual Financial Statements
Attachment	**Electronic versions of files uploaded to the software**
Comments	Conversations between users in the software
Configuration	**Changeable aspects of the software that do not require any specific changes in the code**
Entity	Legal entity such as a company, partnership, corporation, listed entity etc. and not a natural person/individual
ETMS	**Electronic Tax Management Software**
Filing deadline	The date on which a tax filing is required to be submitted to the revenue service of a specific country
Filing frequency	**The frequency with which an entity is required to file a tax filing with a revenue service**
Filing period	The period to which the tax filing relates, normally the dates between which transaction would have taken place
Jurisdiction	**The legal jurisdiction for the purpose of taxation, normally the same as the country**
Legal structure	The combined entities that make up the organisation using the software
Notes	**Capturing steps in the tax management process for future referencing**
Payment deadline	The date on which the payment for a tax filing is required to be submitted to the revenue service

Glossary

Period	The financial period to which a tax filing refers
Progress indicator	A measure of the progress using a percentage
Revenue service	A country specific tax collector or tax authority
Revenue service request	A post-filing communication from a revenue service notifying an entity of further information required
Role	A setting in the software assigning permission and views to an assigned user
Status indicator	A measure of the stage of a tax filing using a configurable label
Tax-card	An object in the software that relates to a period-specific tax filing for a specific company
Tax obligation	An obligation to file a tax return on behalf of an entity with a specified frequency
Tax registration	A registration to file a tax of a specified tax type in a specified country with a specified frequency
Tax type	The type of taxation registered, such as VAT, GST, corporate, employee, withholding etc.
Timeline	A view of the activities of a tax card in the software in chronological order
View	Ability to see specified parts of the software, based upon permission settings
Workflow	A sequence of procedures to process an object in the software
View	A document used to gather information related to a tax filing or other calculation or process

Final thoughts

Tax isn't going anywhere; the priority is to look for opportunities to make compliance easy. Far too many finance and tax professionals' activities revolve around manual, time-consuming work, such as data entry, data verification, and submission. Using electronic tax management software ensures that businesses optimise output and reduce the burden of tax compliance.

If you are looking to take your tax management to the next level, try Konsise. Konsise enables companies to manage their tax responsibilities, keep records, file tax returns and integrate with SARS from one secure, cloud-based platform.

We hope you found this guide useful. We'd love to hear your feedback. You can find us on LinkedIn or email us at info@konsise.com

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