



GST Tax Intelligence Solution

Transforming data into value for our clients



2019

[kpmg.com/nz/tax](https://www.kpmg.com/nz/tax)

One of the major challenges when preparing GST returns and managing compliance is the integrity of the underlying data.



What is it?

GST data analysis is one of the services KPMG offers as part of its GST review process. By analysing transactional information from your subsidiary ledgers, we are able to identify opportunities, errors and exceptions using our analytical software tool.

What are the benefits of undertaking a KPMG GST data analysis review?

Errors can arise in core data emanating from the accounts payable and/or accounts receivable subsidiary ledgers; data that is relied on when preparing the GST returns.

If the underlying numbers that are relied on for GST returns are incorrect, your business may be missing out on under-claimed GST, or may have overpaid suppliers. Your business can be exposed to time and cost involved in correcting these errors as well as penalties and reputational damage with Inland Revenue.

Having the analysis performed will assist in providing evidence of due care and may mean your risk profile reduces, if a tax audit occurs. The review will also alert you to any issues that may need correction.

We will have an initial discussion with you to determine what the key risk areas are and how your accounts payable and/or receivable system processes work.

The KPMG data analysis can identify:

- Under and over recovery of GST;
- Cash flow opportunities;
- Irregularities and inconsistencies in data;
- Where system improvements could be made.

Once we have set up the analysis model, we can perform regular reviews as part of your internal tax audit procedures.

What tests are included in the KPMG data analysis review?

The tests cover a wide variety of areas. We can discuss with you the tests that may be useful to perform specific to your business to ensure you are legitimately maximising your input tax claim.

Examples of the types of tests we can produce:

Supplier/customer variance analysis – highlights inconsistent GST treatment for the same supplier/customer and estimates potential under or over recovery.

Supplier/customer origin analysis – compares GST rate applied to the expected GST rate based on the supplier/customer's country of origin and identifies anomalies.

GST rate analysis – shows transactions where GST differs from the standard rate and 0%.

GST default exception report – where relevant, we will report on transactions where the GST claimed differed from the GST default rate.

Duplicate tests – we will perform a variety of tests checking for duplicate transactions e.g. where suppliers may have been paid more than once for the same invoice, perhaps resulting from manual over-ride of internal systems controls.

Currency analysis – if relevant, we will prepare a summary of transactions by currency and identify whether GST has been claimed on foreign currency transactions.

Other data analytics tests

In addition to the GST testing set out above, our data analytics tools can undertake a wide range of other GST and non-GST tests of your choice. These include suspicious transactions testing and spend analysis.

What do I receive?

As well as the tests noted above, we will prepare a high level executive summary showing the key points, risks and recommendations based on the results of each test. We will discuss the results of the test with you when we meet.

Summary

A summary of the key steps in the KPMG GST data analysis process:

- We meet with you to discuss your systems and to understand what the key risk areas may be with your business. Typically we review a one year period, which may follow your financial year, but this can be suited to your requirements. We will also discuss with you the process and timeframe for data extraction;
- We obtain the data from you and our data specialists process it through our Tax Intelligence Solutions and prepare the results;
- Our specialist GST team will review the results, in light of what we have discussed with you, and highlight opportunities and areas of key concern;
- We will present the results to you, discussing our key findings and what the main issues were. We will suggest areas where improvements can be made and will incorporate that in our report;
- After you have reviewed the report, we can assist you with (where relevant):
 - Implementing system improvements;
 - Quantifying over or under claimed GST and submitting adjustments to and liaising with Inland Revenue;
 - Staff training.



Contacts

If you would like further information on how we can assist your organisation in undertaking a GST review, please contact the following indirect tax professionals:



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