BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

The Seventh Theme Day Event

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Compliance Risk Management

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Part 01
CRM Guiding Principles

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CRM Guiding Principles

01 Development of an effective CRM program is a journey and takes time before all principles become fully operational

02 Some leading tax administrations have spent 4 to 5 years maturing their CRM program

03 The ultimate goal is not to find non-compliance, it is to prevent non-compliance

Part 02
Audit Risk Selection Matrix

Audit Risk Selection Matrix

01 Designated Committee

02 Selection criteria based on:
- Risk analysis
- Risk factors
- Weight per factor

03 Revised occasionally based on the monitoring and evaluation of the audit programs

Audit Risk Selection Matrix

Tax Committee Success
• Creating of a designated committee headed by First Deputy Chairman   • Establishing a Risk Analysis Methodology   • Drafting a Risk Analysis Manual   • Developing a Risk Analysis Matrix   • Preparing a Risk Based Audit Program

Applying Risk Based Audit with a Comprehensive Risk Matrix

Prior

**Cases selected based on experience
(Jan – Sept 2023)**

After

**Cases selected based on risk scoring
(Oct – April 2024)**

2,682 Selected for Audit

Tax Adjustments = 994 M

1,440 Selected for Audit

Tax Adjustments = 1336 M

Part 03

Audit Programming

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Audit Programming

01 Annual/Semi-Annual/Quarterly Audit Plans are prepared based on some factors

02 Factors include:
- Human Resources
- Audit Type (Comprehensive, Issue Oriented, Desk)
- Geographic Region

03 Analysis of Audit Plan outcome leads to calibration of Risk Matrix

Part 04
Automated Risk Based Refund System

Automated Risk Based Refund System

01 Specific Risk Refund Matrix

02 Automated Fast Track Refund for Low Risk

03 Semi-Automated Fast Track Refund for High Risk

Automated Risk Based Refund System

Tax Committee Success
• Shift from manual selection into automated risk based selection
• Low risk refund claims are treated automatically and refunded within specific committee safeguards
• In-Depth analysis would lead to either refund payment, rejection, or transfer to Audit