Discover the value in your Employment Tax Data

Employment Tax Data Analytics

kpmg.com/au/taxdataanalytics

Insights today, value tomorrow

Using data analytics, organisations now have the opportunity to transform tax data into valuable insights. Imagine gaining the ability to interpret the enormous volumes of transactional data captured in your business systems, finding overpaid and under-claimed tax and uncovering hidden business opportunities.

By accessing relevant tax data in a user friendly way, you can maintain control of your tax processes, identifying risks and leveraging opportunities.

Stop struggling with your tax data. Start winning with it.

KPMG is helping organisations delve into their tax data, revealing both untapped opportunities and hidden risks. Early detection of such opportunities and risks can lead to financial return and support the tax function to become a key value add resource at the centre of business decision making.

KPMG's **Employment Tax Data Analytics** allows businesses to gain quantitative insights and visibility on the status of their employment tax obligations.

Employment Tax Data Analytics is just one of a suite of tax data analytics tools offered by KPMG across corporate, customs, and indirect taxes.

How is data analytics disrupting the management of employment taxes?

Increased compliance activity by the Australian Taxation Office (ATO) and state tax authorities is drawing attention to the complex area of employment taxes. Revenue authorities are constantly evolving their audit and compliance validation methodologies in line with the Government's Digital Transformation Agenda. Data analytics and IT system reviews are leading to increased identification of errors in tax data. Organisations must act now to ensure their employment tax compliance is up to standard to avoid costly interactions with revenue authorities.

KPMG's Employment Tax Data Analytics is designed to make this simple.

Our approach combines sophisticated data analysis with explorative testing to uncover potential compliance risks and financial opportunities. Coupled with the vast experience and deep insights of KPMG's tax professionals, Employment Tax Data Analytics can help instil consistent, transparent procedures and controls and could uncover potential tax savings.

Questions to ask about your employment tax data:

- Have you contributed the correct amount of Superannuation Guarantee on behalf of workers?

- Has payroll tax been accurately calculated and lodged in each state and territory?

- Have you identified and captured all expenses that are relevant for the Fringe Benefits Tax return?

- Have you correctly determined whether workers are employees or contractors and applied the correct tax treatment?

- Have you correctly calculated wages for Workers Compensation Insurance purposes?

- Have you considered all the employment tax implications of making termination payments?

- Have you applied all available employment tax exemptions and concessions?

- Could you reduce the risk of an audit by revenue authorities and provide greater assurance to the board and shareholders?

How does tax data analytics work?

1 KPMG's data specialists work with your team to extract data from business systems.

2 KPMG's data specialists cleanse, reconcile and load the data using KPMG's proprietary data analytics tools.

3 KPMG undertake exception testing, benchmarking and trending to report results, detect anomalies and visualise data.

Focused on outcomes

Drawing on advanced data analytics technology and the expertise of KPMG's tax professionals, KPMG's Employment Tax Data Analytics is focused on identifying inefficiencies across business system and manual processes. It helps you to:

Gain control and visibility of your employment tax
Obtain fact-driven insight into the level of employment tax compliance on an easy-to-use interactive dashboard.

Increase efficiency
Identify and report errors and inefficiencies while highlighting opportunities to improve processes and procedures.

Improve risk management
Examine the integrity of master data, with deep insights into human resources and payroll processes and the associated employment tax risks.

Transform data into value
Find potential refund opportunities and benchmark your organisation against others within your industry.

Focus on your core business
Reduction in compliance effort may allow redeployment of tax staff to value-add planning, process optimisation and tax leakage prevention.

What insights can Employment Tax Data Analytics provide?

Superannuation Guarantee (SG)
Identify risks of underpayments or overpayments of SG by analysing payroll code configuration of 'ordinary time earnings'.

Opportunity to consider superannuation cost savings by identifying contributions in excess of compulsory levels.

PAYG Withholding (PAYGW)
Identify risks of underpayments or overpayments of PAYGW by analysing payroll code configuration.

Test PAYGW on employment termination payments including genuine redundancies and other termination scenarios.

Fringe Benefits Tax (FBT)
Test validity of manual data capturing for fringe benefits such as entertainment, subscriptions, taxi travel and study reimbursements.

Payroll Tax (PRT)
Verify that payroll tax has been calculated on the appropriate taxable wage items in each Australian state and territory.

Workers Compensation (WC)
Verify that WC wages have been calculated on the appropriate remuneration items in each Australian state and territory.

Contractors
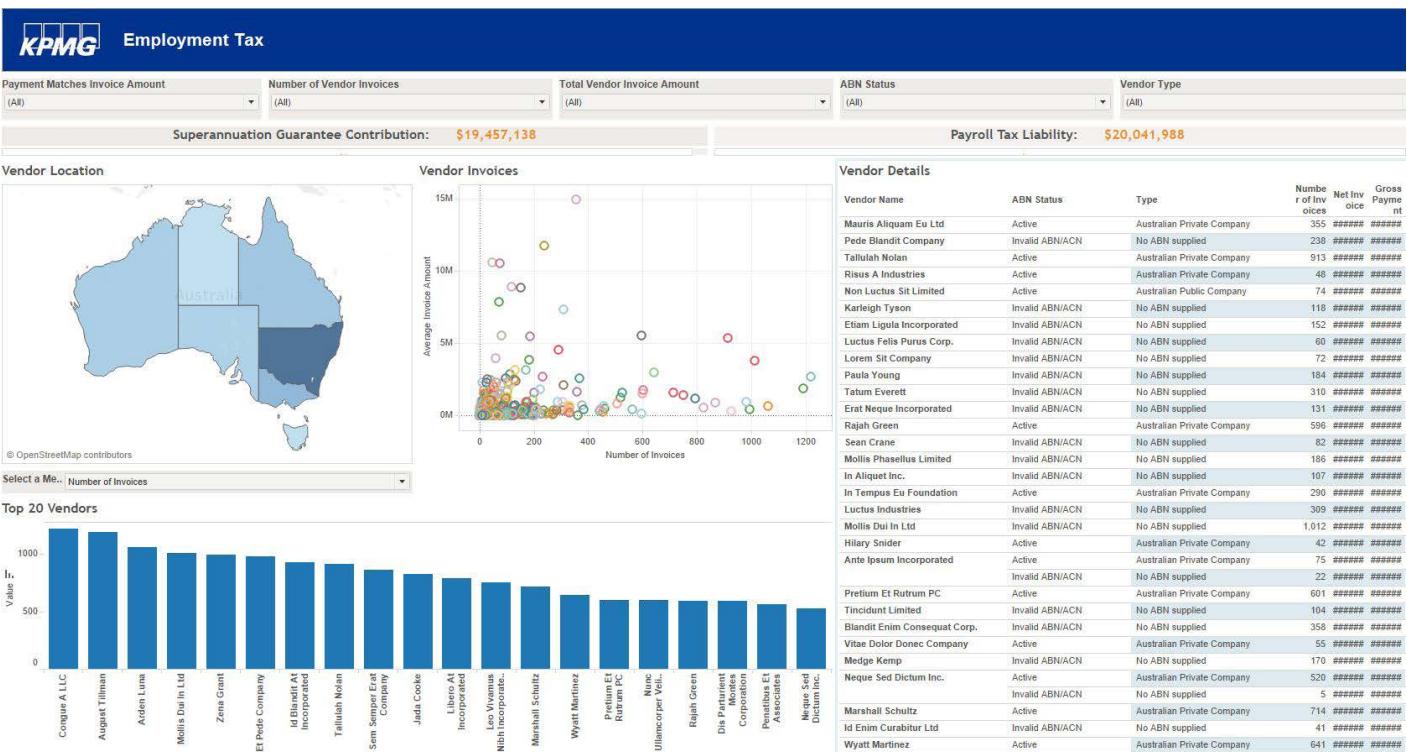Identify contractor payments which are at high risk of employment tax shortfalls.

Identify vendors that may be considered common law employees.

Case study

An organsiation was selected for a payroll tax reporting review by the Office of State Revenue (OSR). The organisation engaged KPMG to review historical payroll tax calculations to identify, disclose, and rectify any errors or omissions upfront. The testing identified anomalies in the setup of pay codes in the business system. In addition payments to a number of contractors had not been flagged as liable for payroll tax, which resulted in a small underpayment in respect of these vendors. KPMG's data driven methodology was accepted by the OSR as evidence of rectification and compliance. KPMG supported the client in dealing with the OSR including obtaining the overall refund.

KPMG's Employment Tax Data Analytics uses market leading visualisation software allowing you to interrogate your data, validate exceptions and identify opportunities in a clear and concise manner. An example of a data driven insight is set out in our visualisation tool below:

Note: sample data set only.

Contact us

For more information on how KPMG's suite of Tax Data Analytics tools can help discover the value in your tax data, please contact your KPMG Tax Advisor.

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