



Discover the value in your General Ledger Data

General Ledger Investigator



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, identify risks and leverage 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 **General Ledger Investigator** (GL Investigator) allows businesses to gain quantitative insights and visibility over the data captured within the business sub-system and general ledger (GL).

GL Investigator is just one of a suite of tax data analytics tools offered by KPMG across customs, employment, indirect and corporate taxes.

How is data analytics disrupting the general ledger tax review process?

Traditionally many organisations devote valuable resources to manually checking transactional data that forms the basis of their tax compliance work papers. Tax personnel use varying methods to perform such reviews. Typically this line item analysis involves the use of heavily customised and complex excel documents, random sampling, and applying high materiality thresholds. Given the volume of work required to prepare and validate tax returns, the ability to review and gain comfort over the veracity and integrity of the underlying transactional data is often limited by time and resource capacity constraints.

Today, tax functions are increasingly seeking ways to automate their recurring tax return review processes and free up valuable resources to focus on business strategy and key value-adding tasks.

KPMG's GL Investigator enables tax managers to automate the review of data underpinning the tax return by analysing the general ledger or sub-systems with customised testing focused on your organisations business issues.

GL investigator is designed to help you quickly and accurately identify tax deductible and non-deductible expenditure and other tax relevant transactions that may have been incorrectly classified.

Questions to ask about transactional data reviews:

- How long does the tax function spend manually reviewing general ledger and sub-systems to ensure correct tax postings?
- When did I last have the ability to interrogate large volumes of transactional data with customised and business specific tax testing?
- Am I confident in the accuracy of system configuration for coding and posting to tax sensitive accounts?
- Do the controls I have in place over my tax data processes demonstrate good governance in line with the ATO's expectations?
- Have tax deductible expenses been booked to non-deductible accounts?

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, the GL Investigator is focused on identifying insufficiencies across business systems and manual processes. It helps you to:



Gain control and visibility of your transactional data

Review large volumes of general ledger and sub-system data with testing that is customised to your business.



Increase efficiency

Reduces the burden on in-house resources from performing manual general ledger reviews by visualising your data in an easy to use manner.



Improve risk management

Identify incorrect tax postings to non-deductible accounts to identify operational control issues not in line with internal processes.



Transform data into value

Sophisticated data analytics techniques reduce the number of false positives and ensure a deep dive review is targeted to key areas of focus.



Focus on your core business

Gain unprecedented insight into your general ledger and sub-system data.



Case study

A KPMG client was upgrading from a legacy IT system and had not historically tax sensitised a number of key accounts such as entertainment, repairs and maintenance and legal. KPMG supported the client in analysing the general ledger and sub-system data to assist with accurately tax sensitising the system upgrade.

KPMG identified over 25,000 records across these expenses, which had been booked to non-deductible accounts. Given the volume of transactions, the organisation did not historically have the ability to uncover these hidden deductible expenses.

KPMG was able to assist the client with tax sensitising the new system and putting in place data controls and governance to ensure that the instances of incorrect postings were limited in the future.

What insights can GL Investigator provide?

Review tax sensitised accounts

Analyse expenditure previously treated as non-deductible.

Identify any expenses which can be claimed for tax purposes.

Capitalised items deductible for tax

Find capitalised items which can be immediately deductible for tax, such as repair and maintenance expenditure.

Detect expenditure which may be capital in nature

To identify expenditure which may be capital in nature for tax, such as legal expenses and outgoings for fixed assets, but was classified as immediately deductible.

Oversight over the entire general ledger transactions

Data driven testing over the entire population of data now replaces complex excel, random sampling and materiality limits to identify incorrect tax classification.

Oversight of business behaviours

Uncover operational control weaknesses which may be more prevalent in certain business units or with certain projects and transactions that give rise to more errors.

Governance

Test controls in place for tax coding and posting to demonstrate good governance in line with the ATO's expectations.

KPMG's GL Investigator 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:

TEST COMPANY

Repairs and Maintenance Expense Accounts

Analytical test

LVP Assets
Identifies all line items with a value of greater than \$300 and less than \$1,000 with "old", "epsilon", "well", "grand", "dorian" in the GL description.

Expensed Assets
All line items with a value of greater than \$1,000 with "old", "epsilon", "well", "grand", "dorian" in the GL description.

| ASSET VALUE BY COMPANY | |
|------------------------|--------------|
| 3300 - DEF Ltd | \$17,123,822 |
| 9044 - ABC Ltd | \$12,303,406 |
| 1046 - GYC Ltd | \$1,532,011 |
| 6046 - DLA Ltd | \$121,945 |

| LVP ASSETS | | EXPENSED ASSETS | |
|------------------|--------------|------------------|--------------|
| 10.3% | 99.57% | 2.36% | 97.64% |
| % of Total Value | 0.03% | % of Total Value | 2.36% |
| Amount (CC) | \$8,228 | Amount (CC) | \$733,453 |
| Lines | 15 | Lines | 11 |
| Nr of documents | 15 | Nr of documents | 11 |
| Total Value | \$31,081,182 | Total Value | \$31,081,182 |

PROPORTION OF TOTAL VALUE

KEYWORD SEARCH TERMS

| TRANSACTION DETAIL | | | | | | | | Amount Debit | Amount Credit |
|--------------------|-------------|--------------------|---------------------------------|--------------------|-----------------|-------------------|-------------|--------------|---------------|
| Company | Document Nr | Document Type Full | GL Account Full | Entry User Full | Document Text | Item Text | | | |
| 1046 - GYC Ltd | 3570100003 | Z1 - Z custom type | 0060250064 - Account 0060250064 | 14AUA - User 14AUA | | old leather shoes | \$5,113.3 | \$0.0 | |
| 3300 - DEF Ltd | 1230100222 | Z1 - Z custom type | 0002540000 - Account 0002540000 | 01AUN - User 01AUN | | grand piano | \$1,160.5 | \$0.0 | |
| | 1850100216 | Z1 - Z custom type | 0002850000 - Account 0002850000 | 01AUN - User 01AUN | Epsilon Nov13-9 | | \$1,224.2 | \$0.0 | |
| | 3180100246 | Z1 - Z custom type | 0002540000 - Account 0002540000 | LJBLU - User LJBLU | Dorian repairs | | \$0.0 | -\$147,306.0 | |
| | 3510100241 | Z1 - Z custom type | 0002540000 - Account 0002540000 | LJBLU - User LJBLU | Dorian repairs | | \$147,306.0 | \$0.0 | |
| | 4520100197 | Z1 - Z custom type | 0002540000 - Account 0002540000 | LJBLU - User LJBLU | Dorian repairs | | \$208,250.0 | \$0.0 | |
| | 5560100200 | Z1 - Z custom type | 0002540000 - Account 0002540000 | LJBLU - User LJBLU | Dorian repairs | | \$0.0 | -\$208,250.0 | |
| 6046 - DLA Ltd | 2150100002 | Z1 - Z custom type | 0060250064 - Account 0060250064 | 03NZP - User 03NZP | | old laptop | \$10,819.5 | \$0.0 | |
| 9044 - ABC Ltd | 4490100057 | Z1 - Z custom type | 0060290064 - Account 0060290064 | 0LR3C - User 0LR3C | Epsilon Nov13-9 | | \$0.0 | -\$1,704.5 | |
| | 6561200000 | Z1 - Z custom type | 0060290064 - Account 0060290064 | 71157 - User 71157 | Dorian repairs | | \$1,102.6 | \$0.0 | |
| | 7471200000 | Z1 - Z custom type | 0060290064 - Account 0060290064 | 71157 - User 71157 | Dorian repairs | | \$1,216.4 | \$0.0 | |

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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