



Financial services digital tax considerations

#FutureOfTax



With you today



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financial services**

02

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regulation**

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Panel discussion

The future of financial services: 30 voices on 2030

We asked 30 industry leaders – insiders, outsiders and challengers – to predict what the FS industry might look like in 2030. Whilst their views varied, they had very clear visions of the future, which span the six pillars we envisage dramatic change to.



A different kind of FS
CEO in 2030



Business models
predictions for 2030



The future financial
services customer



Data is the new
currency



Financial services
regulation and trust



How FS functions
will operate

Digital finance

Fintech disruption has driven seismic change across all markets:



Insurance

Disruptive forces:

- Digital labour
- Claims efficiencies
- Underwriting tools
- Big data



Capital markets

Disruptive forces:

- Peer to peer lending
- Blockchain
- RegTech



Banking + Payments

Disruptive forces:

- Open banking
- Blockchain
- Fraud prevention



Asset management

Disruptive forces:

- Data and analytics
- AI
- Machine learning



The changing world

“ As we exploit the potential of data and innovation, regulation will need to adapt. ”

Colin Bell
Group Head of Financial
Crime Risk HSBC

#KPMG30Voices



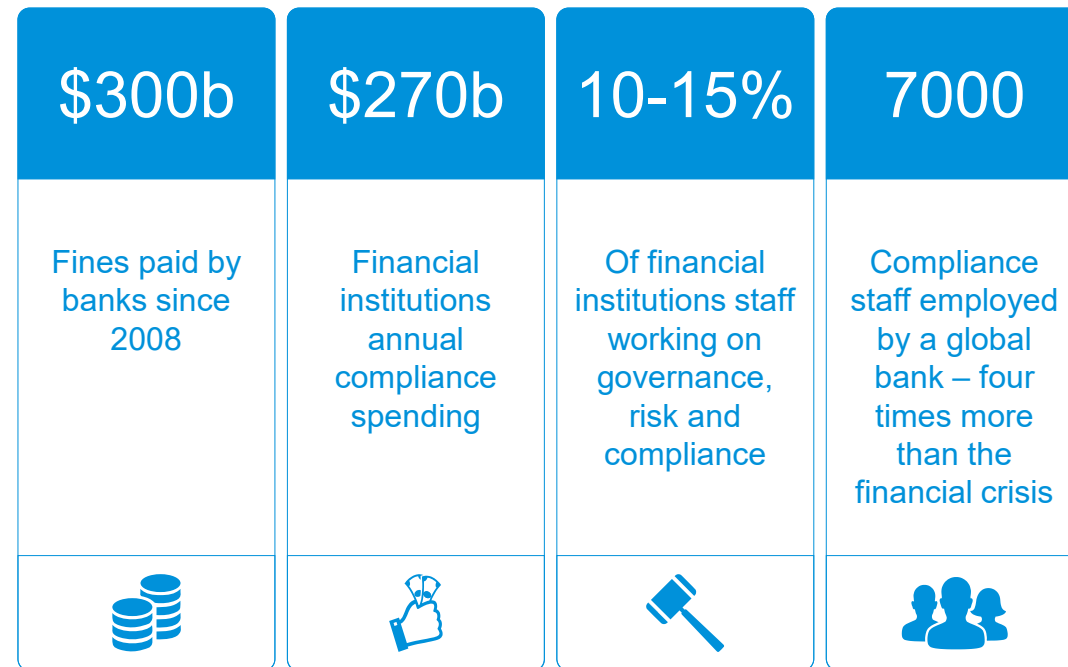
Digitalisation of regulation



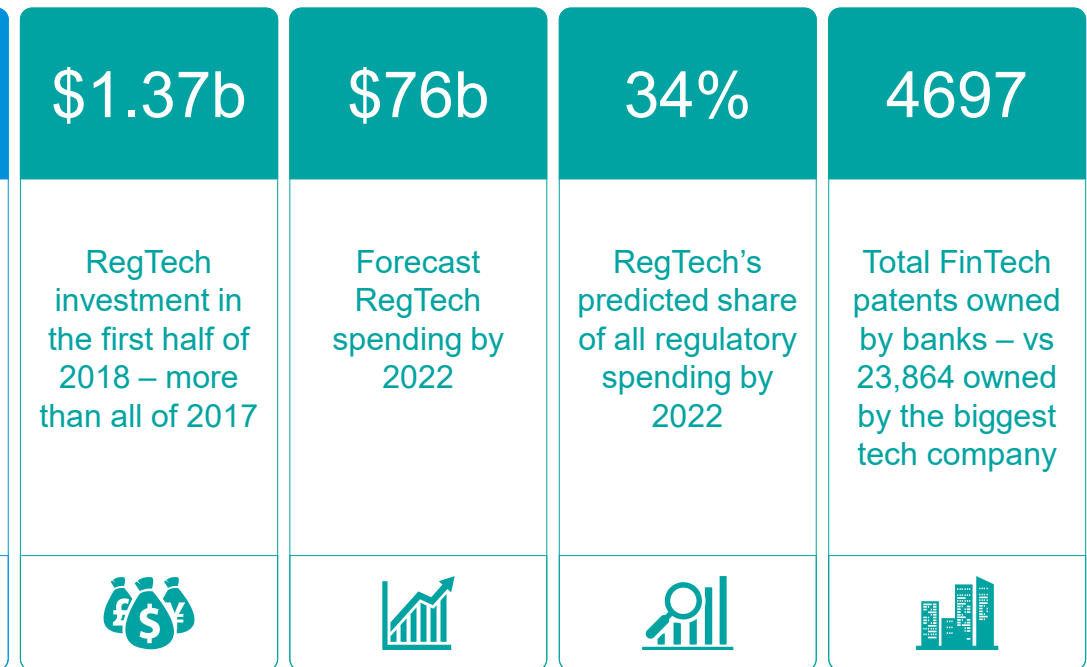
A sector under pressure

Several signals show how complicated and costly it is for a bank to be fully compliant with the regulatory framework

High level compliance concerns



Use of RegTech



Regulators respond

Regulators are trying to push the current environment to a more standardised one, where topics such as Machine Learning and Data Analytics are required to manage new and complex issues arising in data management.



Changing face of regulation

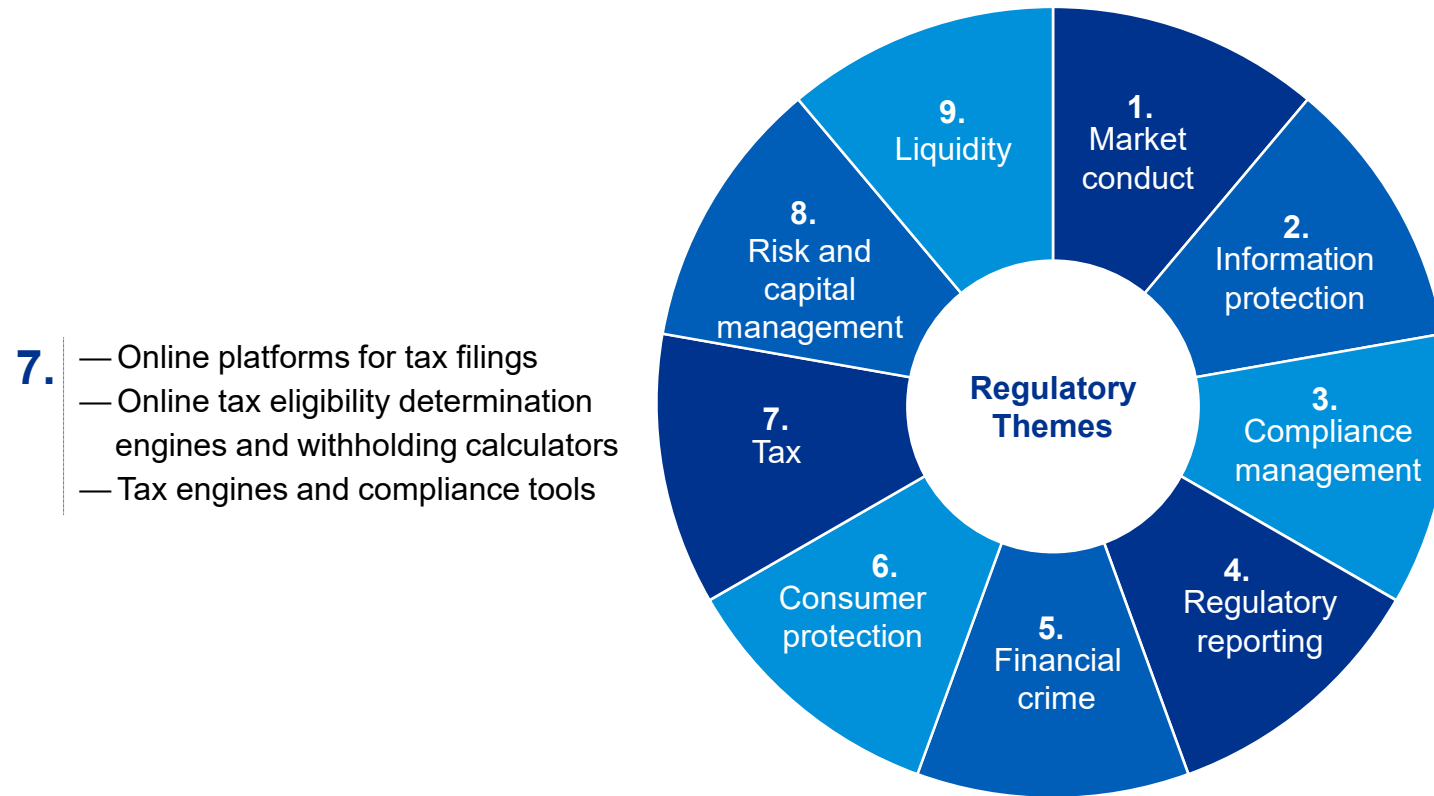


“ There’s a huge shift from a large enterprise regulation to activity-based regulation ”

Sopnendu Mohanty
Chief FinTech Officer
Monetary Authority of Singapore

Overview of RegTech categories

Key regulatory themes have emerged from the sheer volume of regulations that have been implemented over the past years. Each theme comprises of a set of similar and related regulatory global requirements.

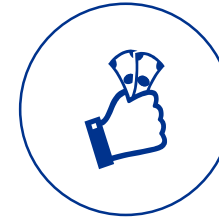


Digitalisation of tax



Data analytics and the death of the tax return

- Real-time reporting
- Transparency
- Data sharing



The battle for taxing rights

- BEPS
- Digital Nexus



The battle to combat fraud

- ESS, split-payments, Joint and Several Liability
- Generalised Reverse Charge Mechanism
- Increasing customer tax burden

Making it personal

Making tax digital for individuals

Critical success factors ^(a):



Accurate
withholdings
at source



Compatible
legislative
framework



Automated and
minimal
interactions with
taxpayers



Large scale
information
processing



High degree of
automation
among
information
suppliers



High integrity
taxpayer
identifiers

Note: (a) OECD - Using Third Party Information Reports to Assist Taxpayers Meet their Return Filing Obligations— Country Experiences With the Use of Pre-populated Personal Tax Returns – March 2006



Digitalisation of the back office



Digitalisation of the back office

Customer experience transformation



New platforms/re-platforming



Outsourced/co-sourced models



Enhanced customer journey



Robo advisers



Paper to digital



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Digitalisation of the back office (cont.)

Financial transformation

Heads of Tax and VAT need to be ready to adapt their processes and systems AND their teams!

Implications



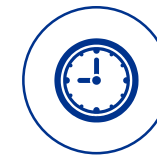
Shift away from multiple ERP and local team compliance



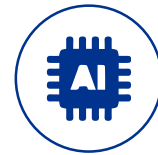
Ensuring information is entered correctly first time



Use of tax engines and increased automation



Review and correction in real-time



Shift to data analytics and AI throughout



Team with mix of data science and tax technical skills



Embed tax data capture into processes



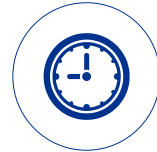
Robots doing tax returns?

Digital - tax predictions for the future

Five predictions



Less 'bespoke' sector-specific tax legislation



Real time customer tax reporting and withholding



Death or boom of innovation tax relief regimes?



Taxing robots?



Move away from place of residence taxation to consumption



Panel discussion

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Peter Dylewski
Director, FS Tax

Elizabeth Armstrong
Head of Tax,
Royal London Group

Michael Barnard
Head of Indirect Tax,
BlackRock



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Q&A





Thank you





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