

How to handle complex disputes – an introduction to case studies

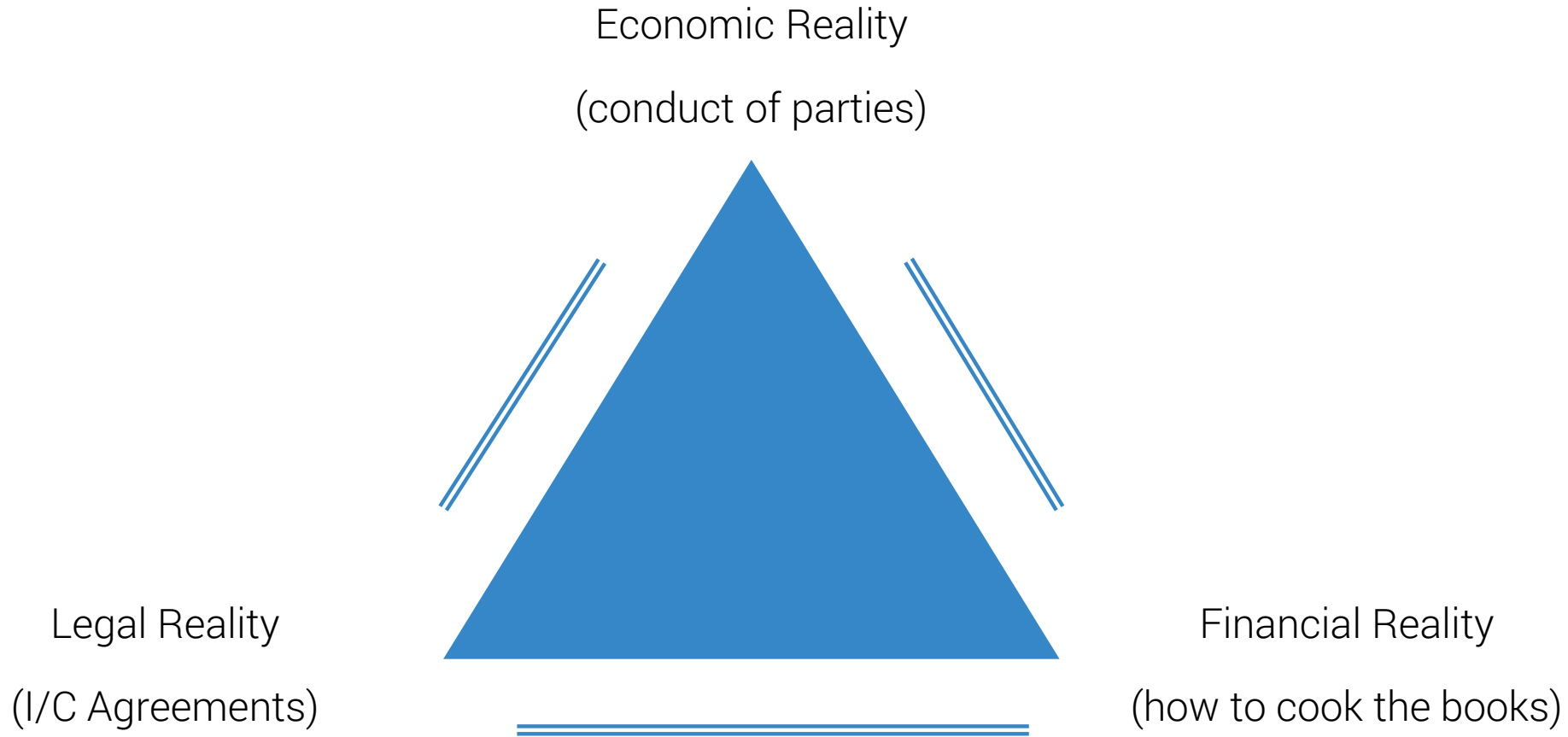
Speakers:
Daniel Erasmus

Panellists:
Steef Huibregtse, Maarten Kooper

- **TRM – Tax Intelligence**
 - Don't be reactive; be proactive
 - Create a tax team
 - Compile a TRM strategy
 - Become more transparent
 - More facts resolve tax risks
 - Internal audits
 - Communication

- **Dispute resolution**
 - Admin law principles & PhD
 - Procedural compliance through audits – SARS judgment
 - The trial

A balancing act between three realities



What is the approach to evidence?


Risk	Person on payroll	Management roles and responsibilities performed to mitigate risks	Effect of risk on P&L	Quantification of risk	Conclusion on risks/risk management
1. Quality risk	Logistics manager	<ul style="list-style-type: none"> • QC reporting. • Appointment of 3rd party surveyor. • Payment of inspection fees. • Quality of claim's reporting. 	<ul style="list-style-type: none"> • Part of spoiled material is written off. • Quality claims and penalty settled with end users. 	Quality claims amounts (currency)	Quality claims from clients are significant despite risk management of claims.
2. Bad debt risk	CFO and Finance Manager	<ul style="list-style-type: none"> • Debtor control. • Financing of inventory. • Managing relations with banks. • Managing letters of credit with customers. • Credit insurance coverage. 	<ul style="list-style-type: none"> • Customers' payment is X days. • Failure of buyer to pay. • Failure of buyer to pay through dispute. • Legal action in process with costs. 	Exposure amounts – N% of total sales	X% of sales were covered by Letters of credit, Y% was sold "cash against documents" and Z% of sales were covered by a credit insurance. Accordingly, in average N% were not covered.

Data drives evidence

Barclays CbCR



Country Snapshot 2019

Country*	Commentary	Audited		Unaudited		Audited		Unaudited		Audited	
		Turnover Em	Profit/ (loss) before tax Em	Total tax paid/ (refunded) Em	Cor- poration tax paid/ (refunded) Em	Social Security paid Em	VAT paid Em	Bank levy paid Em	Other taxes paid Em	Public subsidies received Em	Average number of employees
 United Kingdom	<p>We are one of the largest banks in the UK, with operations spanning all business lines. We have been consistently ranked as one of the top four largest UK taxpayers in the last six years.</p> <p>Various factors mean that the profit we report as being earned in the UK differs from the profits on which we are subject to UK corporation tax. In particular, being a UK-headquartered bank, the profit figure includes dividends received from overseas subsidiaries, which are not taxed in the UK as they have already been taxed in the jurisdiction in which those profits were earned.</p> <p>In 2019, we paid no UK corporation tax. This reflected contributions of £1,231m made to our main UK pension fund and the offset of tax losses brought forward from prior years, as well as overpayments in respect of a number of prior years. In the UK, a contribution to a company pension fund attracts tax relief when the payment is made and, when large contributions are made, this can cause taxable profits to vary significantly from one period to another.</p> <p>The bank levy we paid in 2019 was also reduced as a result of taking into account overpayments made in prior years.</p>	13,717	1,367	1,305	–	412	605	218	70	–	48,241



Steef Huibregtse: s.huibregtse@tpa-global.com

Daniel Erasmus: daniel.n.erasmus@me.com

Maarten Kooper: Maarten.Koper@pumaenergy.com