TAXPROOF

INTRODUCTION TO TAXPROOF

Essence and Advantages

TRANSPARENCY & VISIBILITY

- User-friendly interface
- TaxPack adapts to complexity of the reporting entity (hiding of worksheets & zero-lines)
- Flexible help & TaxTrail functionality

REDUCED RISK OF ERROR

- Automatic roll forward of prior financial period data
- Categories selected historically are locked
- In case of changing opening positions the systems enforces reopening of prior period

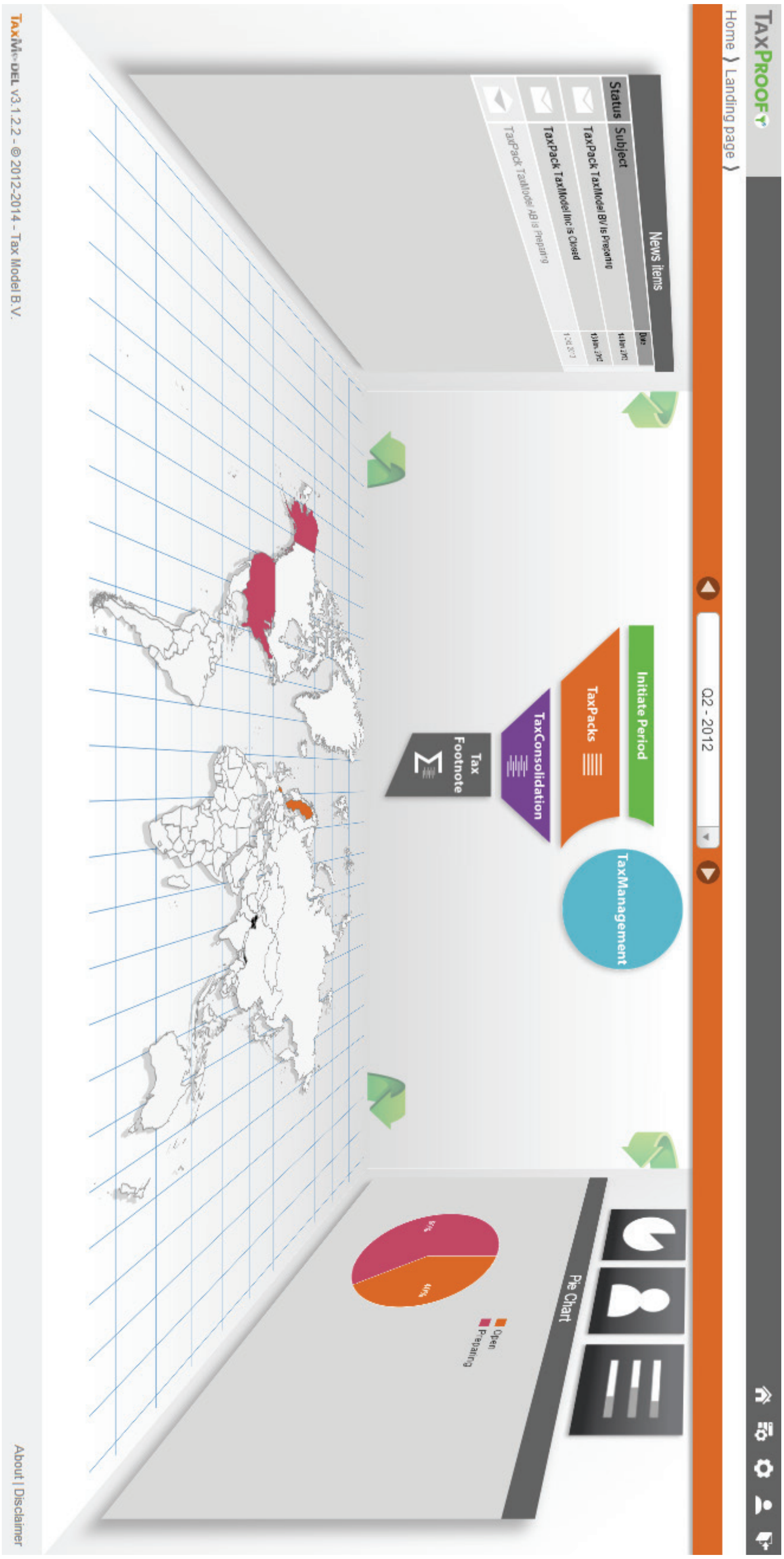
REPLACEMENT (INHERITED) ERROR PRONE / COMPLEX EXCEL

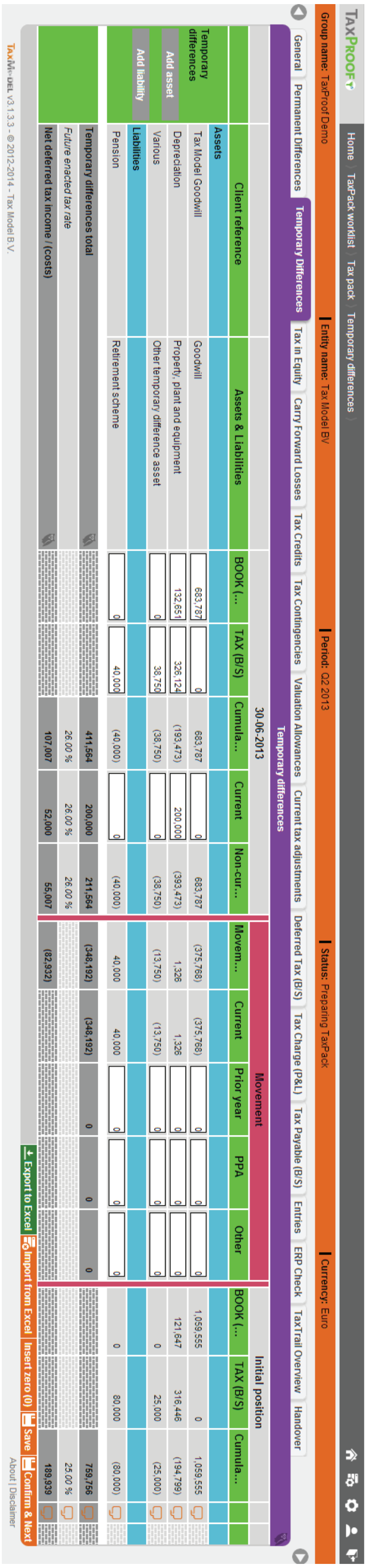
- Standardized KISS-based approach that can be understood by tax- and financial experts
- Automatic conversion of local FX into reporting FX
- Importing / exporting functionality
- Suitable for training purposes
- Easy reporting
- Knowledge management & better analyses
- Strong improvement of “feeling of control“
- Translate functionality (multilingual)
- Extensive audit trail functionality with possibility to upload different file types

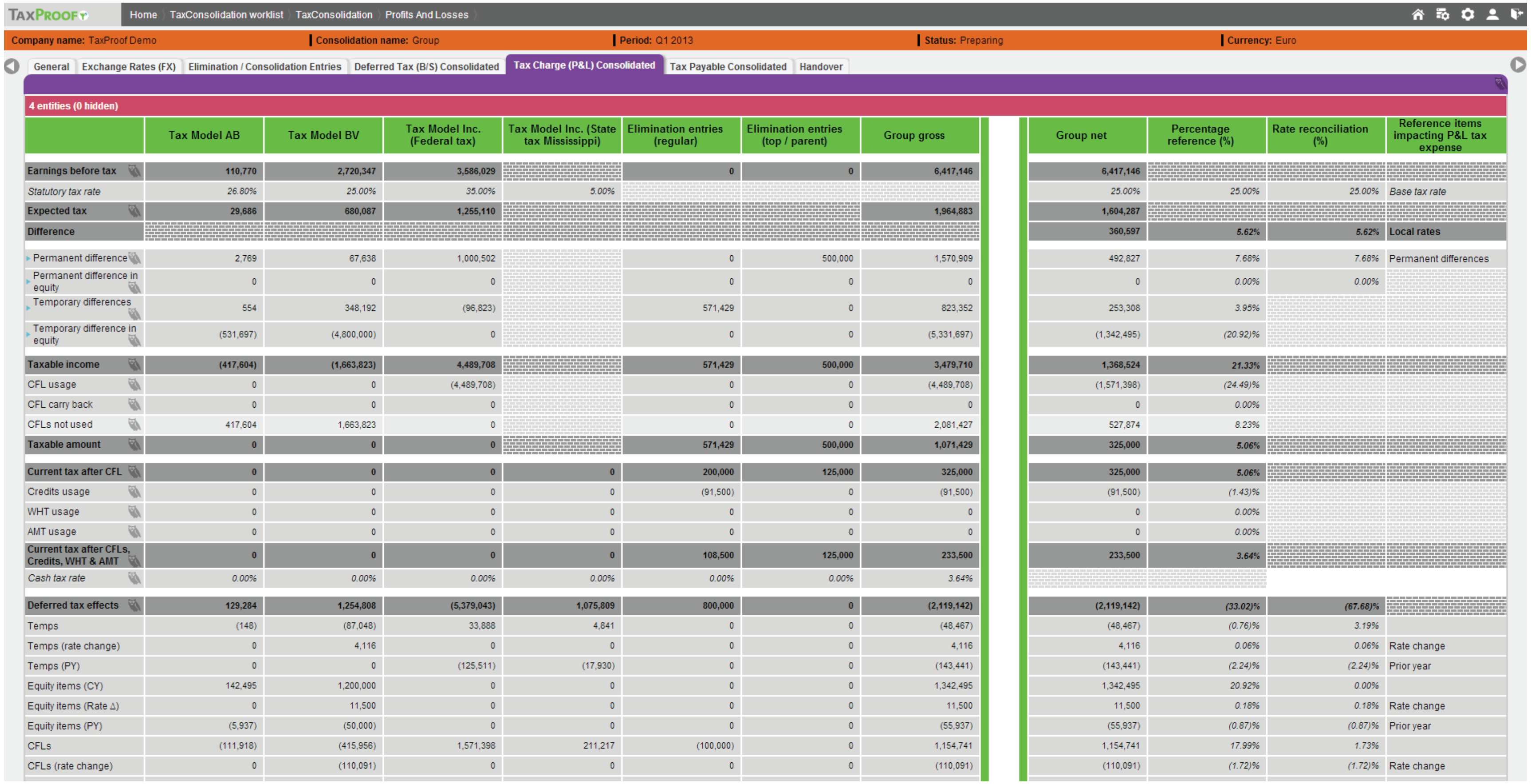
TIME SAVING TO FOCUS ON TAX DATA ANALYSIS

- Automatic roll forward of data, FX conversion and (sub-) consolidation
- Automatic TaxFootnote for financial management
- Build in possibility to communicate (between Preparers and Reviewers) and TaxTrail all related data

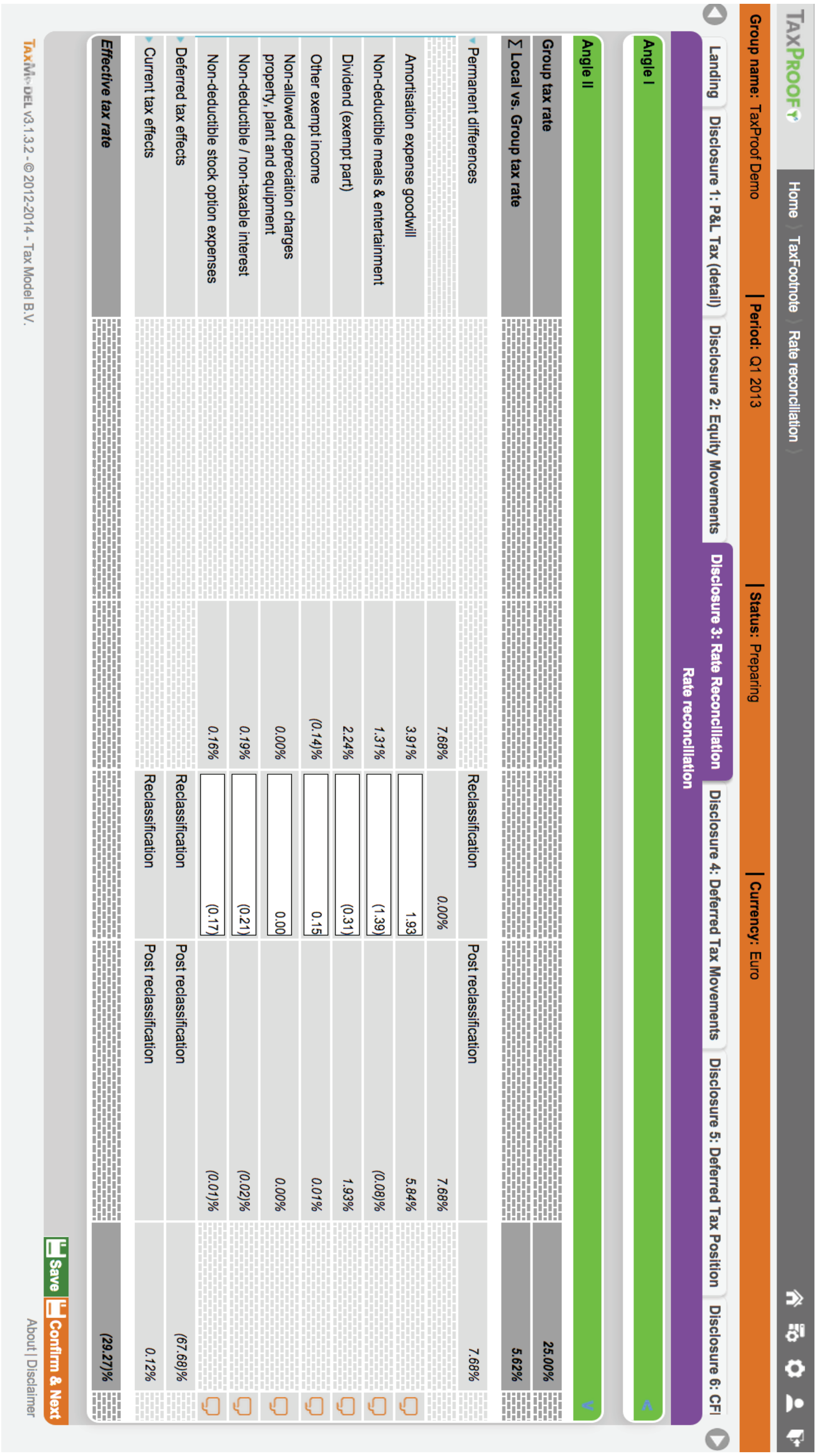
Screenshots







	Tax Model AB	Tax Model BV	Tax Model Inc. (Federal tax)	Tax Model Inc. (State tax Mississippi)	Elimination entries (regular)	Elimination entries (top / parent)	Group gross	Group net	Percentage reference (%)	Rate reconciliation (%)	Reference items impacting P&L tax expense
Earnings before tax	110,770	2,720,347	3,586,029		0	0	6,417,146	6,417,146			
Statutory tax rate	26.80%	25.00%	35.00%	5.00%				25.00%	25.00%	25.00%	*Base tax rate*
Expected tax	29,686	680,087	1,255,110				1,964,883	1,604,287			
Difference								360,597	5.62%	5.62%	Local rates
Permanent difference	2,769	67,638	1,000,502		0	500,000	1,570,909	492,827	7.68%	7.68%	Permanent differences
Permanent difference in equity	0	0	0		0	0	0	0	0.00%	0.00%	
Temporary differences	554	348,192	(96,823)		571,429	0	823,352	253,308	3.95%		
Temporary difference in equity	(531,697)	(4,800,000)	0		0	0	(5,331,697)	(1,342,495)	(20.92)%		
Taxable income	(417,604)	(1,663,823)	4,489,708		571,429	500,000	3,479,710	1,368,524	21.33%		
CFL usage	0	0	(4,489,708)		0	0	(4,489,708)	(1,571,398)	(24.49)%		
CFL carry back	0	0	0		0	0	0	0	0.00%		
CFLs not used	417,604	1,663,823	0		0	0	2,081,427	527,874	8.23%		
Taxable amount	0	0	0		571,429	500,000	1,071,429	325,000	5.06%		
Current tax after CFL	0	0	0	0	200,000	125,000	325,000	325,000	5.06%		
Credits usage	0	0	0	0	(91,500)	0	(91,500)	(91,500)	(1.43)%		
WHT usage	0	0	0	0	0	0	0	0	0.00%		
AMT usage	0	0	0	0	0	0	0	0	0.00%		
Current tax after CFLs, Credits, WHT & AMT	0	0	0	0	108,500	125,000	233,500	233,500	3.64%		
Cash tax rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.64%				
Deferred tax effects	129,284	1,254,808	(5,379,043)	1,075,809	800,000	0	(2,119,142)	(2,119,142)	(33.02)%	(67.68)%	
Temps	(148)	(87,048)	33,888	4,841	0	0	(48,467)	(48,467)	(0.76)%	3.19%	
Temps (rate change)	0	4,116	0	0	0	0	4,116	4,116	0.06%	0.06%	Rate change
Temps (PY)	0	0	(125,511)	(17,930)	0	0	(143,441)	(143,441)	(2.24)%	(2.24)%	Prior year
Equity items (CY)	142,495	1,200,000	0	0	0	0	1,342,495	1,342,495	20.92%	0.00%	
Equity items (Rate Δ)	0	11,500	0	0	0	0	11,500	11,500	0.18%	0.18%	Rate change
Equity items (PY)	(5,937)	(50,000)	0	0	0	0	(55,937)	(55,937)	(0.87)%	(0.87)%	Prior year
CFLs	(111,918)	(415,956)	1,571,398	211,217	(100,000)	0	1,154,741	1,154,741	17.99%	1.73%	
CFLs (rate change)	0	(110,091)	0	0	0	0	(110,091)	(110,091)	(1.72)%	(1.72)%	Rate change

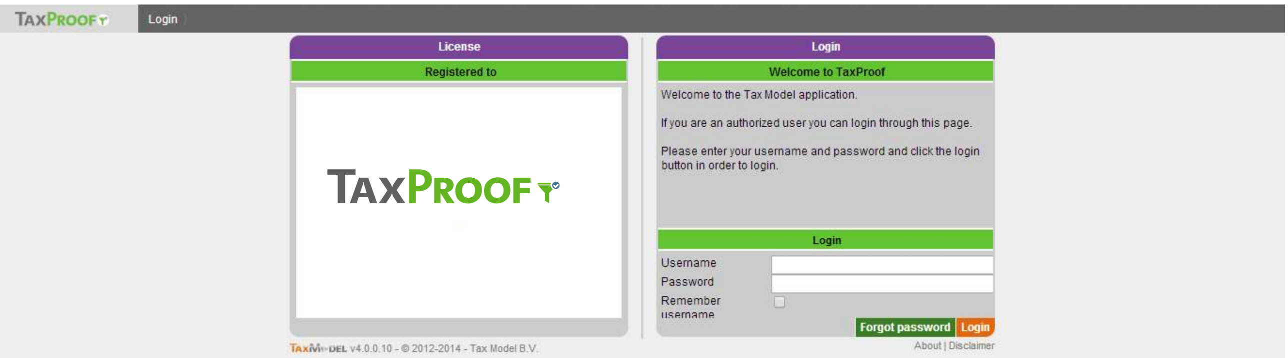

TAXPROOF
Home
TaxFootnote
Rate reconciliation
Group name: TaxProof Demo
Period: Q1 2013
Status: Preparing
Currency: Euro
Landing
Disclosure 1: P&L Tax (detail)
Disclosure 2: Equity Movements
Disclosure 3: Rate Reconciliation
Disclosure 4: Deferred Tax Movements
Disclosure 5: Deferred Tax Position
Disclosure 6: CFI
Rate reconciliation
Angle I
Angle II
Group tax rate
25.00%
Σ Local vs. Group tax rate
5.62%
Permanent differences
7.68%
Reclassification
0.00%
Post reclassification
7.68%
7.68%
Amortisation expense goodwill
3.91%
1.93
5.84%
Non-deductible meals & entertainment
1.31%
(1.39)
(0.08)%
Dividend (exempt part)
2.24%
(0.31)
1.93%
Other exempt income
(0.14)%
0.15
0.01%
Non-allowed depreciation charges property, plant and equipment
0.00%
0.00
0.00%
Non-deductible / non-taxable interest
0.19%
(0.21)
(0.02)%
Non-deductible stock option expenses
0.16%
(0.17)
(0.01)%
Deferred tax effects
Reclassification
Post reclassification
(67.68)%
Current tax effects
Reclassification
Post reclassification
0.12%
Effective tax rate
(29.27)%
Save
Confirm & Next
TAXMODEL v3.1.3.2 - © 2012-2014 - Tax Model B.V.
About | Disclaimer

Software Basics

The objective of this document is to provide a basic overview of the principal functionalities and concepts of TaxProof's TaxPack module. This material focuses on the core principles of TaxPack module and does not outline specific tax accounting issues.

LOGIN

1. Go to the TaxProof website using the supplied URL
2. The following screen will be displayed:



3. Fill in the supplied Username and Password
4. Click on the "Login" button
5. If the login was successful, the following screen will be displayed if you are a Reviewer:

6. If you are a Preparer a self-explanatory grid will be loaded in which you can select the relevant TaxPack, if this is the case you can go directly to Chapter Filing the TaxPack

OPENING THE TAXPACK

There are two types of TaxPack, the Initial TaxPack and the "regular" TaxPack. In the Initial TaxPack you will enter the closing balances of FY2013. This input is aimed at the end position of the prior period, so that it can be rolled forward to the first "regular" TaxPack.

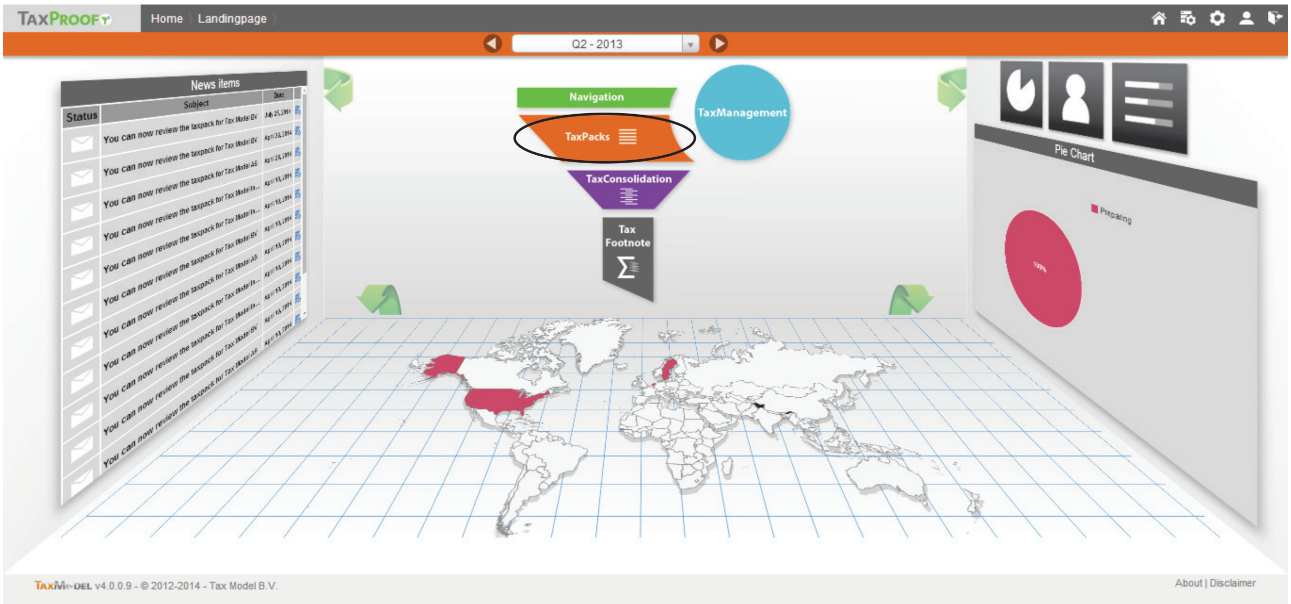
As stated Initial TaxPack you fill the closing balances amounts of FY2013, this means the Initial TaxPack will not contain exactly the same input fields. However the general flow is the same for both the Initial TaxPack as for the "regular" TaxPacks.

Hence the sequence for the period is:

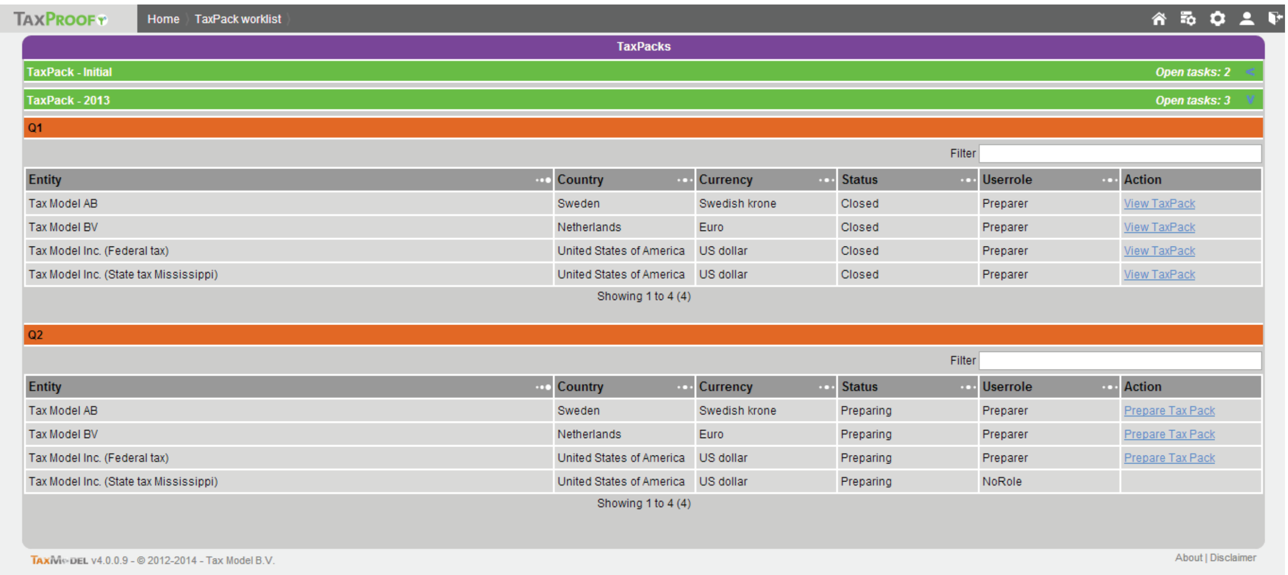
- Prepare Initial TaxPack;
- Review Initial TaxPack;
- After that, the first "regular" TaxPack will be available for preparation

With TaxPack we mean both the Initial TaxPack as well as the "regular" TaxPacks, unless explicitly specified otherwise.

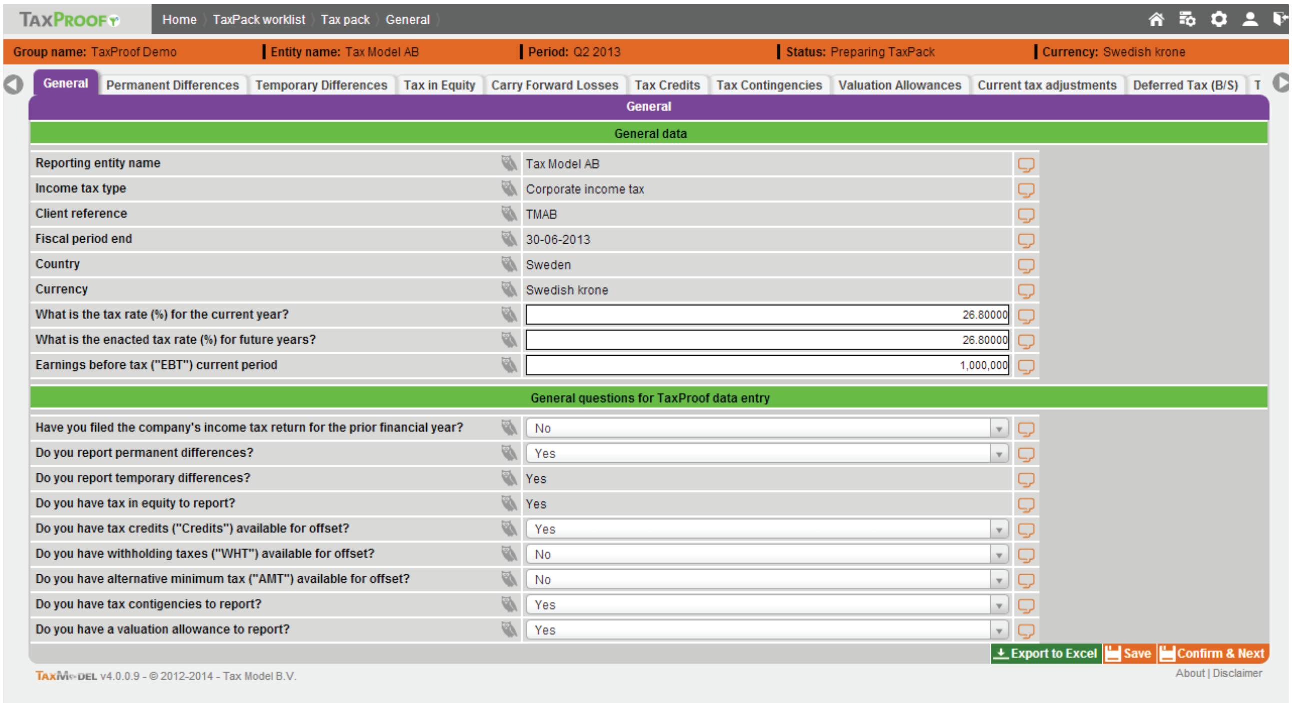
1. To open the TaxPack work list, click on the "TaxPack" part of the funnel, as indicated in the screenshot below:



2. The following screen will be shown, which shows the TaxPack work list. The TaxPack work list shows all TaxPacks relevant to you, including the status, currency and your role



3. To prepare the initial TaxPack, open the “TaxPack – Initial” accordion and click on the “Prepare TaxPack” link. In the Initial TaxPack you will enter the closing balances amounts of FY2012.
4. To prepare the FY2013 TaxPack, open the “TaxPack – 2013” accordion and click on the “Prepare TaxPack” link
5. When you enter the TaxPack, the following screen will be displayed:



FILLING THE TAXPACK

TaxPack conceptual framework
(both for Initial TaxPacks as “regular” TaxPacks)

User roles
The TaxPack module is divided in two parts, the Preparing part and the Reviewing part. The Preparing part is done by the Preparer. This means that users have separate roles in regard to the TaxPack: you are either a Preparer or a Reviewer of a TaxPack for a certain reporting entity. In principle, users are not allowed to fullfill both roles for one reporting entity.

The Preparer will enter all relevant data in the TaxPack, when this is done the Preparer will hand-over the TaxPack to the Reviewer. When the TaxPack is handed over to the Reviewer, the Preparer can no longer change the data in the TaxPack. After the TaxPack is handed over to the Reviewer, the Reviewer will then review the TaxPack. The Reviewer will have two options, close the TaxPack or reject the TaxPack. When closing the TaxPack, the TaxPack will enter a read-only mode and the TaxPack data cannot be changed anymore by either the Preparer or Reviewer. If the Reviewer decides to reject the TaxPack, the Preparer regains access to the TaxPack and is able to change data in the TaxPack and when done adjusting the TaxPack will hand it over to the Reviewer again.

TaxPack sheet flow
The (initial) TaxPack uses a predefined sheet flow. As Preparer you can only progress to the next sheet after the current sheet is fully prepared. This also means that the Preparer has to progress through all the relevant sheets before the TaxPack can be handed over to the Reviewer.

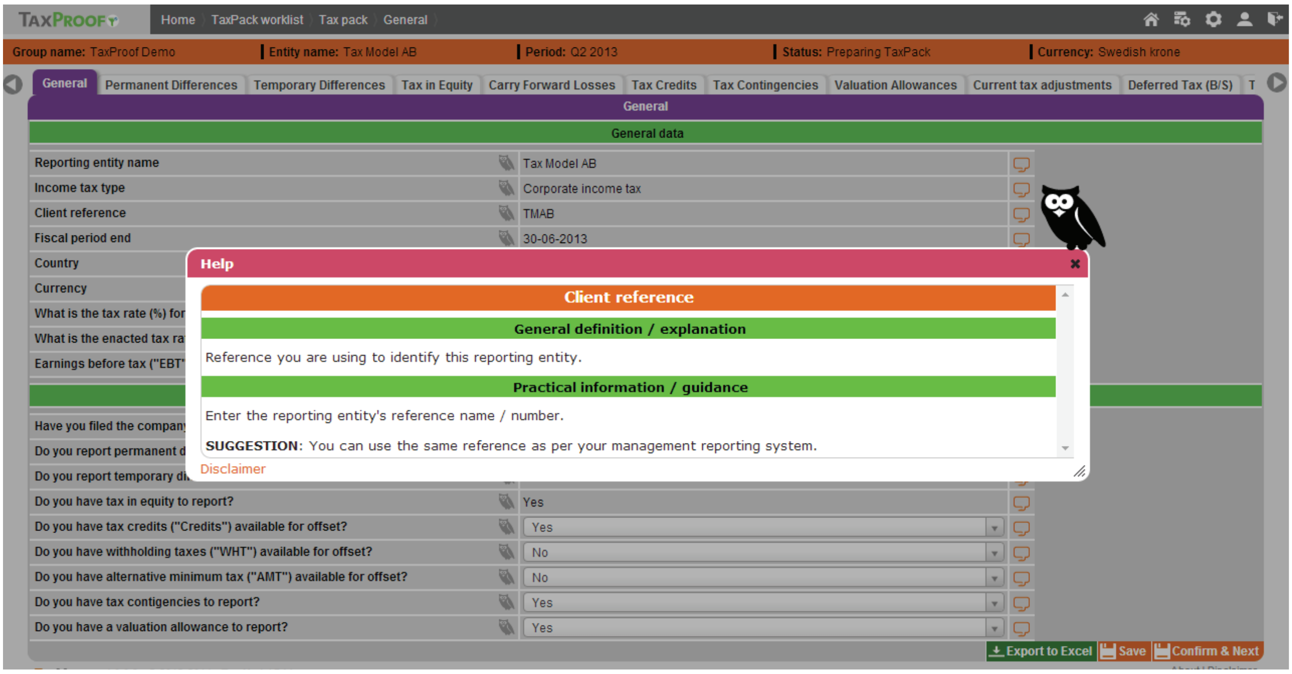
The Preparer can always go back to an earlier sheet, but then has to progress through the sheets thereaf-ter again, to ensure that data remains consistent. Data in later sheets in many instances is dependent on data in earlier sheets, hence it is enforced that is to be reassessed.

Help items
Throughout TaxProof various help items have been implemented to give extra information to the user concerning a topic.

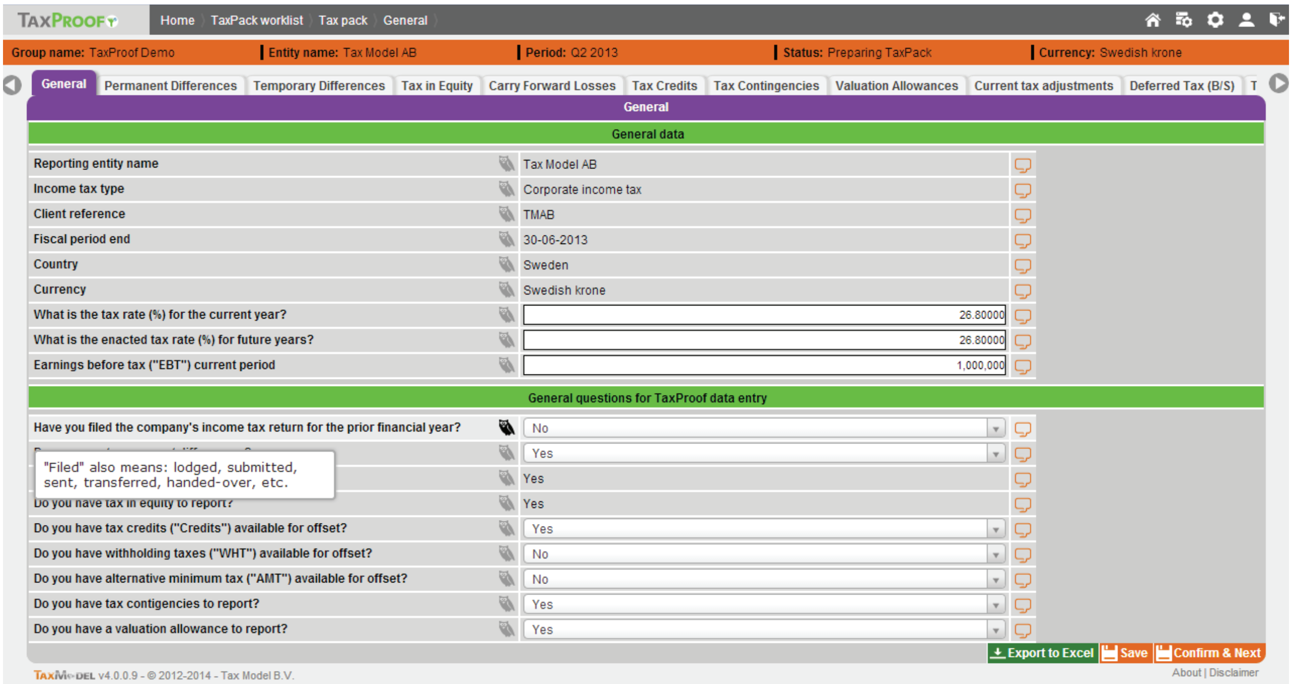
These help items are called “owls” and are indicated with an owl ( ) sign. An owl can contain the fol-lowing help items:

- Hover help: Shown when hovering over the owl or the line on which the owl is placed
- Practical help: Shown when left clicking on the owl or the line on which the owl is placed
- Formal definition: Shown when left clicking on the owl or the line on which the owl is placed
- Page help: Shown when left clicking on the owl or the line on which the owl is placed.

The following screen shows an example of the help functionality:



The following screen shows an example of the hover help functionality:

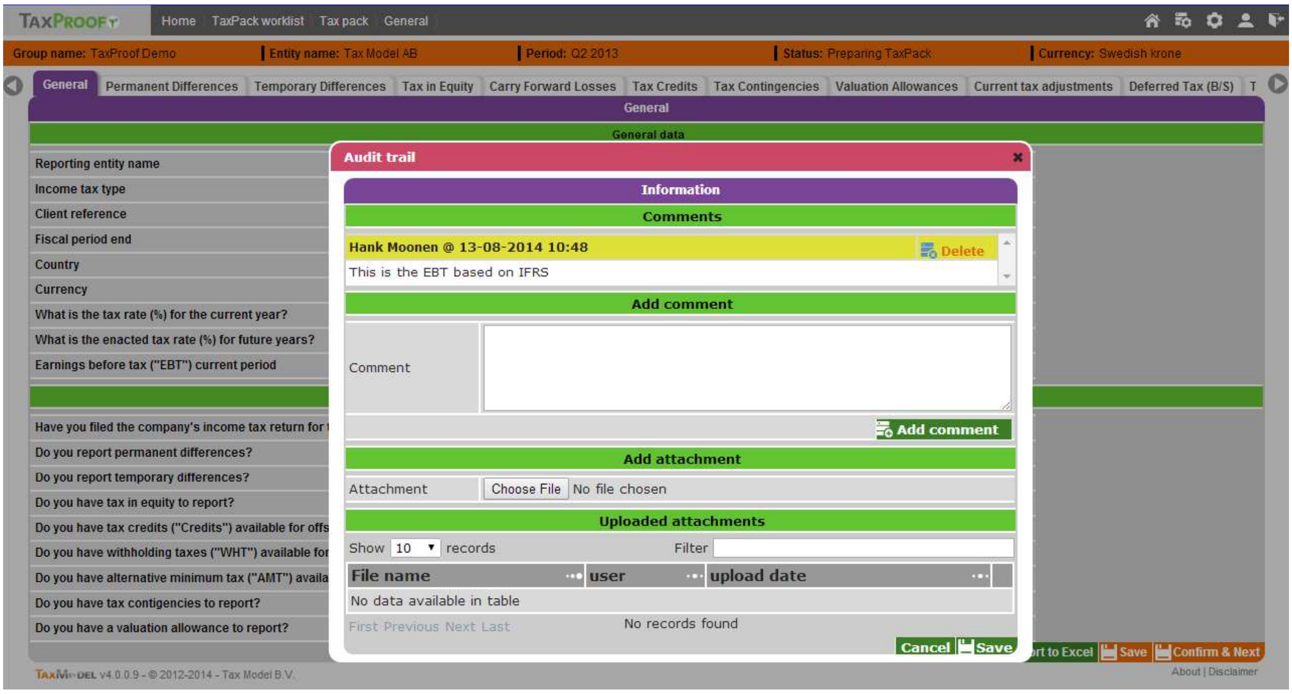


TaxTrail

At the end of each line in the TaxPack, a TaxTrail icon (when empty and when filled) is shown.

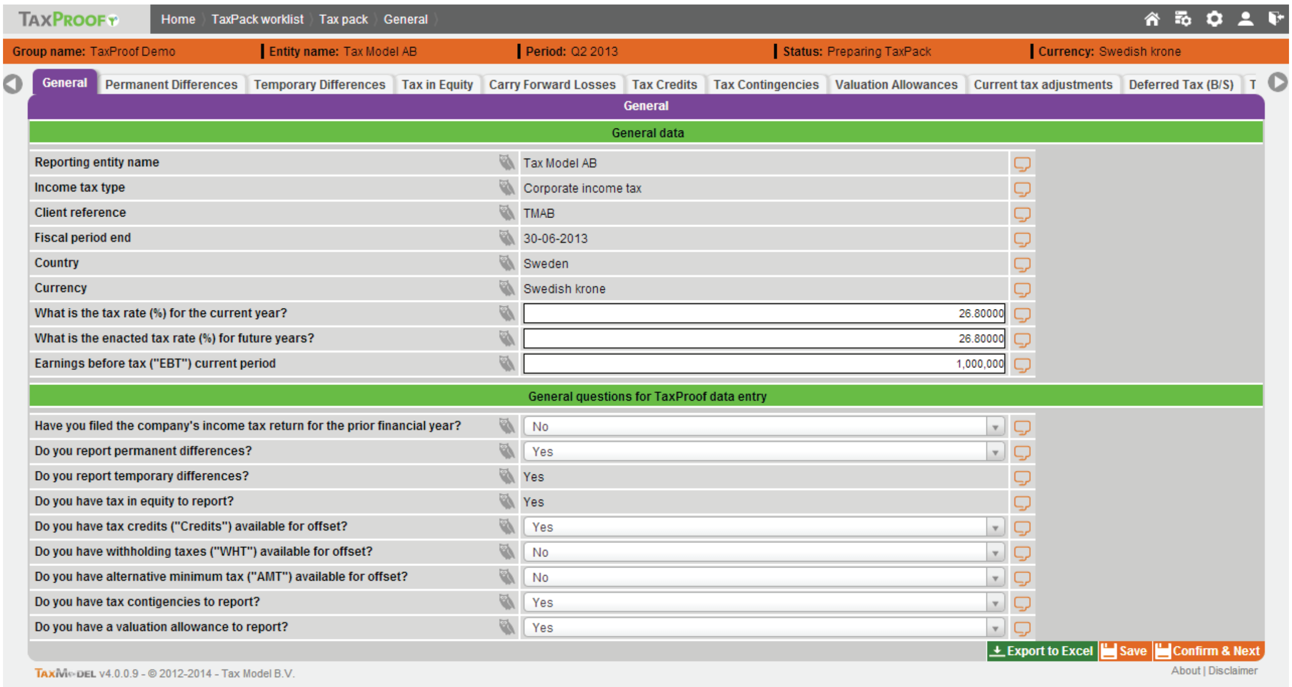
By clicking on the TaxTrail icon, you have the possibility to enter relevant remarks or upload any file(s) you want. The comments and files added to the TaxTrail are used to create a better understanding of the entered data, both for the Preparer and the Reviewer. The Preparer is encouraged to insert relevant evidencing and comments. This is both for the benefit of head office (and preventing follow up questions), but also that evidencing is maintained in a structured way, and remains readily available connected tot he data it relates to.

The following screen shows an example of the TaxTrail functionality:



GENERAL SHEET

The general sheet is used to collect general data used in the TaxPack. The screenshot below shows the General sheet.



General Data

In the upper part of the screen the following data that is already defined in the system is shown:

- Reporting entity name
- Income tax type
- Client Reference
- Financial year end
- Country
- Currency

The Preparer can manually enter the:

- Relevant current year tax rate
- Future enacted tax rate
- Earnings before tax

Please note that Initial TaxPacks do not contain the earnings before tax line.

General questions for TaxProof data entry

The lower part of the screen contains nine questions. The answer to these questions determine which work sheets will have to be prepared by the Preparer for the reporting entity. If the answer to a question is "Yes", the relevant sheet will have to be prepared. If the answer is "No", the sheet linked to that question will not be shown. This approach is geared towards efficiently showing the Preparer only the data gathering sheets that are relevant for him of her.

The Preparer can go back to the General sheet at any time during the Preparation phase to change the answers to the questions.

Certain sheets, such the "Carry forward losses", "Deferred tax (B/S)", "P&L Tax charge" and "Entries" sheet, will all always be shown, regardless of the questions. In case you are preparing an initial TaxPack, only the "Carry forward losses" and "P&L Tax charge" sheet will always be shown.

Various sheets

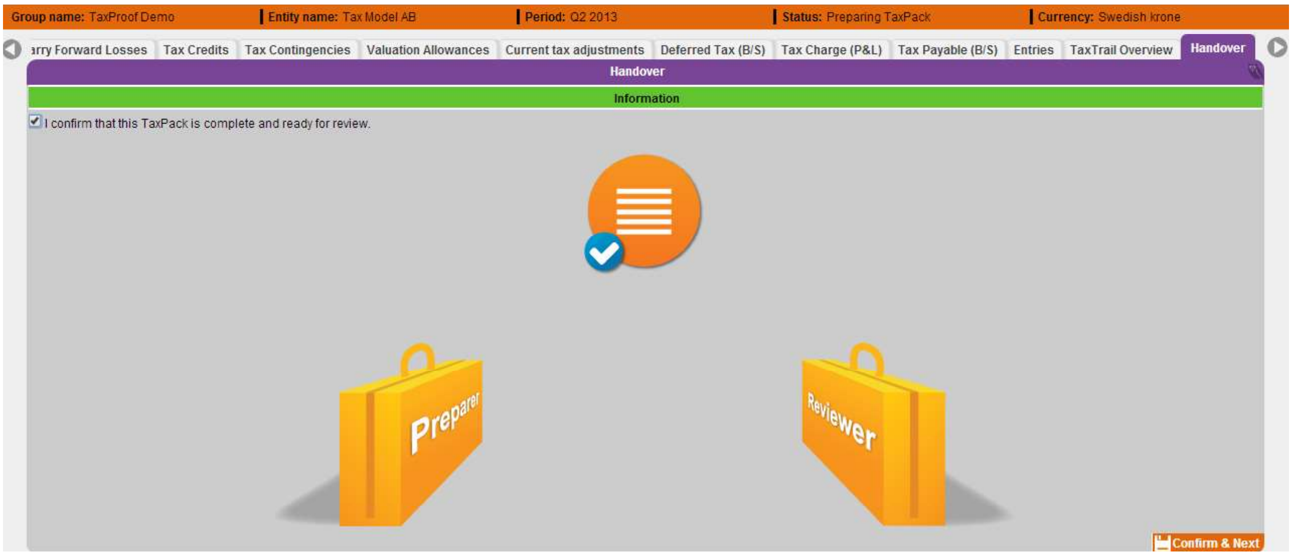
Have been discussed in the webinar, via a walk-through.

HANDOVER SHEET

The Handover sheet is used to handover the TaxPack from the Preparer to the Reviewer.

When all the relevant data has been entered into the TaxPack, the Preparer can check the box, indicating that all the data is entered and click "Confirm and Next".

The TaxPack is now handed over to the Reviewer, as shown in the screenshot below.



TAXMODEL

www.tax-model.com