



GLOBAL BENCHMARKING, RISK ASSESSMENT AND HEALTH CHECK

In the current dynamic business environment, organisations work seamlessly across geographies to deliver services. This involves putting in place a framework that complies with the regulations of the host country. Certain functions like payroll compliance and other corporate compliances require dedicated time, resources and a high level of competence.

For organisations with a mix of deputed and native employees, it is a challenge and risk to work across multiple geographies (and vendors) to ensure compliance and receive the benefits of employees on deputation.

In corporate compliances, organisations must take extra precautions for cross-border transactions. Furthermore, for indirect tax, companies should consider the implications of import and export of goods and services, and understand the conditions attached to the levy of taxes, availability of credits, etc. To ensure compliance, reduce risk and increase efficiency, companies need to have independent benchmarking of current policies against a best-in-class model that maps dynamic local statutory requirements with applicable laws for employees on deputation.

Risks due to non-compliance for Indian companies in overseas locations include:

- Employment law risk
- Unhappy employee population
- Regulatory compliance risk
- Prosecution risk
- Budgetary risk
- Business reputation risk

RISK ASSESSMENT AND HEALTH CHECK FRAMEWORK

Given this complex tax environment, SKP helps businesses formulate strategies and implement measures to meet compliance requirements and deadlines. Our measures stem from our structured Global Compliance Framework.

SKP's Global Compliance Framework



Meet with clients to understand the business structure

Apply the relevant country tax and social tax laws including compliances to the company

Conduct independent risk assessments

Vetting of compliance requirements and position matrix by in-country specialists from Nexia International, a leading worldwide network of independent accounting and consulting firms with 600 offices in over 100 countries

Finalise the positions and remediation plans in case of deviations

OUR SERVICES

Payroll Health Check Coverage

- Understand employee deputation structure, salary structure, etc.
- Discuss the taxability of all pay components, including ESOPs to globally mobile employees – ‘As is’ process vs position as per the law
- Applicability of Social Security contributions considering the Social Security Agreement, if any
- Prepare the position matrix and compliance tracker for tax and social security
- Identify the planning opportunities for any exemptions, concessions available in case of cross-border deputations, etc.
- Review payroll returns for timeliness and accuracy on a sample basis

Corporate Tax Return Health Check Coverage

- Revenue model adopted i.e. cost plus
- Validate deductions/exemptions claimed
- Transfer pricing policy
- Identify revenue leakages, if any
- Check if proper documentation is maintained
- Review corporate tax returns for timeliness and accuracy on a sample basis

GST/VAT Health Check Coverage

- Verify whether registration certificate(s) obtained are appropriate or not
- Review of positions adopted with respect to charge of GST/VAT including verification of sample invoices, bills register, GST/VAT accounts, contracts, etc.
- Verify the rates applied and computations
- Identify revenue leakages, if any
- Identify the risk exposure, if any, due to non-charging of GST/VAT
- Verify the positions adopted with respect to the eligibility to avail input tax credit
- Check if proper documentation is maintained
- Review GST/VAT returns for timeliness and accuracy on a sample basis

Withholding Compliance Health Check Coverage

- Understand the withholding requirements
- Validate the positions adopted for withholding
- Validate policy for cross-border withholding
- Check if proper documentation is maintained
- Review withholding returns for timeliness of payments and reporting on a sample basis

OUR SELECT EXPERIENCE

- Certain elements of salary/allowances paid to employees relocating to South Africa could have been claimed as non-taxable, subject to certain limits and conditions. These were being taxed in the hands of the employees by the erstwhile service provider. This resulted in an overall higher payout by the client to the employees. SKP identified historical errors and prepared revised workings of tax calculations for employees on deputation in line with the local law of South Africa, incorporated it into the cumulative calculations and effected these changes in subsequent months' payroll returns.
- SKP helped its clients claim input credit for GST on employee reimbursements and avoid tax leakage.
- SKP studied the applicable tax reporting in various countries with respect of ESOP taxation and helped its client regularise the withholding as well as reporting of the ESOP benefit.
- For employees deputed to the UK for a period of up to two years on temporary assignments, SKP identified the possibility of claiming scale rate dispensation towards stay expenses, subsistence (food) expenses, local conveyance expenses and other incidental expenses during their stay in the UK. This brought in legitimate tax and NIC savings to the company (the employees were equalised for Tax and NI in UK) as these expenses are treated as non-taxable payments to employees.

ABOUT US

SKP is a long established and rapidly growing professional services group located in seven major cities across India. We specialise in providing sound business and tax guidance and accounting services to international companies that are currently conducting or initiating business in India as well as those expanding overseas. We serve over 1,200 active clients including multinationals, companies listed on exchanges, privately held and family-owned businesses from more than 45 countries.

From consulting on entry strategies to implementing business set-up and M&A transactional support, the SKP team assists clients with assurance, domestic and international tax, transfer pricing, corporate services, and finance and accounting outsourcing matters, all under one roof. Our team is dedicated to ensuring clients receive continuity of support, right across the business lifecycle.



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