

The tax blueprint

Tax risks and tax planning

Viktor Bucher / July 2017

Tax risks

Surveys of the last years show that tax risks are one of the top priorities of corporate governance for most companies in Switzerland and the rest of Europe.

Through the developments in the OECD and the EU, this perception will rather increase than decrease.

Therefore, the active «management» of these risks is necessary and important.

The «tax risk management» for Switzerland has been defined as follows:



Tax risks

„Risk management is a systematic and structured approach to link a company's position on (tax) risks to its strategy, to overcome uncertainties more efficiently, to minimize threats and to maximize chances.“



Tax risks

Before the risks can be managed – one must know or recognise them.

Therefore, the systematic registration of all tax relevant tax topics within the framework of tax-engineering constitute the starting point of tax risk management.

Tax (re-) engineering

Systematic assessment of the initial tax situation within the company.



Tax (re-) engineering

Assessment of the company as a whole

Tax (re-) engineering

- ▶ *Is the **company structure** being assessed regularly from a tax point of view? Are all possibilities being exploited?*
 - ▶ The structure in the proper sense of the word
 - ▶ Structural changes in the stricter sense (Conversions, mergers / divisions)
 - ▶ Structural changes in the broader sense; financing/loans; dividend payments
 - ▶ Changes in business circumstances and procedures
 - ▶ Business development / tax incentives
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Tax (re-) engineering

- ▶ *Is the **company organisation** being assessed regularly from a tax point of view? Are all possibilities being exploited?*
 - ▶ Declaration and annual financial statement
 - ▶ Organisation
 - ▶ Annual financial statement
 - ▶ Operational tax planning
 - ▶ Investments/accounts
 - ▶ Procurements within the group
 - ▶ Transfer pricing
 - ▶ Intellectual property rights
 - ▶ Services in kind in general
 - ▶ Services/benefits



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Tax (re-) engineering

The assessment in detail

Tax risks I

- ▶ Tax management
 - ▶ Tax strategy - Is there a tax strategy incorporated in the company?
 - ▶ Risk management – Is there a risk profile for tax question in the company?
 - ▶ Governance – Are there regulations regarding tax-governance?
 - ▶ Partnerships – For which tax questions is a tax expert being consulted?
 - ▶ Service management – Are the services of external experts being reviewed?
 - ▶ Tax planning
 - ▶ Assessment – Are there foundations laid out for systematic tax planning?
 - ▶ Implementation – Has the approved planning been implemented correctly?
 - ▶ Realisation – Is the implementation of the planning being checked/adjusted?
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Tax risks II

- ▶ Tax compliance and audits
 - ▶ Documentation – Are all tax documents available? Rulings etc.?
 - ▶ Audit management – Are the tax documents prepared for the audit?
- ▶ Tax-financial planning
 - ▶ Documentation of internal controls – Is the planning being documented?
 - ▶ Tax provisions – Are the tax provision calculations transparent/logical?
 - ▶ Disclosure – What is being shown to whom/are there rules?
 - ▶ Budgeting/forecasts – Are there variations for the tax planning/documentation?

Tax risks III

- ▶ Merger, acquisition and divestment
 - ▶ *Are transactions being fiscally accompanied early on?*
 - ▶ Structuring of the transactions
 - ▶ Due diligence
 - ▶ Negotiations with tax authorities
 - ▶ Post merger integration
 - ▶ Department organisation
 - ▶ *Are the tax assignments/teams organised properly?*
 - ▶ Resource- and process planning
 - ▶ Data, knowledge and technology
 - ▶ Oversight
 - ▶ Employee management
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Tax (re-) engineering

The federal point of view regarding taxes



Tax matters

- ▶ Federal framework conditions
- ▶ *Do I know the legal/fiscal regulations that are important/crucial for the company?*
 - ▶ Legal form of the company
 - ▶ Tax status of a Swiss company
 - ▶ Tax status in the individual countries
 - ▶ Applicable double taxation agreements
 - ▶ Crackdown from foreign tax authorities (permanent establishments)



Tax matters

- ▶ Foundations of tax law
 - ▶ *Do I know the types of taxation that I have to consider as a company? Do I know what changes are planned for the individual types of taxation?*
 - ▶ Direct taxes
 - ▶ Withholding tax (anticipatory tax)
 - ▶ Commercial fee
 - ▶ VAT / sales tax
 - ▶ Customs
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From tax risks to tax opportunities

Traditionally, tax questions are being evaluated on a case to case basis without the consideration of other taxation types or historical developments. This often prevents a good solution in the interest of the overall picture.

The systematic registration of the tax situation does not only help to recognise the tax risks, the therefrom achieved overall picture also reveals opportunities for tax planning measures.

**We gladly help you with the registration
of your tax risks and tax opportunities.**



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