# Tax Risk Management: From Risk to Opportunity

## Table of contents

**Foreword**

### Chapter 1: Introduction to Tax Risk Management

1. Introduction
2. Valuation of the tax position
3. Economic capital
4. Reporting of tax risks – Tax risk management from an accounting perspective
5. Reputational risk
6. Operational tax risk
7. Tactical tax risk management
8. Integrated tax risk management

### Chapter 2: Tax Control Framework

1. From risk management to opportunity management
2. Tax control framework: terms and definitions
   2.1. Building an effective, efficient and transparent tax function
   2.2. From risk to opportunity
   2.3. What is tax control?
   2.4. Overview of the building blocks
   2.5. Overview of the roles
   2.6. Stakeholders
3. Building the tax control framework
   3.1. Introduction
   3.2. Tax strategy
   3.3. Tax operations and risk
   3.4. Tax accounting and reporting
   3.5. Tax compliance: a global scope
   3.6. Automation
   3.7. Organization and resources
4. Culture
   4.1. How can sustainable compliance be achieved without losing flexibility and creativity?
   4.2. Alternatives to COSO
   4.3. Levers of control
5. How to get started
   5.1. Blueprint TCF
   5.2. Conclusion
Chapter 3: Tax Accounting

1. Introduction
2. Part I – Risk of incorrect reporting of income taxes in the financial statements
   2.1. Overview
   2.2. Complexity and pervasiveness equals risk
      2.2.1. IAS 12 and ASC 740 overview
      2.2.1.1. Recognition of deferred tax assets
      2.2.1.2. Special topics
      2.2.1.3. Interim reporting
   2.3. Consequences
2.4. Today’s tax department
   2.4.1. European headquarters – Scenario 1
   2.4.2. HQ income tax calculation and consolidation
   2.4.3. US subsidiary – Scenario 2
2.5. Risk mitigation
   2.5.1. Internal controls
   2.5.2. Standardization
   2.5.3. Personnel training
   2.5.4. Technology
   2.5.5. Interim period and year-end strategies (e.g. preliminary hard-close process)
   2.5.6. Outside resources
2.6. On the horizon
3. Part II – Accounting for income tax risks in the financial statements
   3.1. Overview
   3.2. A brief history
   3.3. Accounting for uncertain tax positions under US GAAP and IFRS – An overview
      3.3.1. Accounting for uncertain tax positions under ASC 740
      3.3.2. IAS 12 versus ASC 740 – Overview and key differences
      3.3.3. What does this mean?
   3.4. Accounting for non-income-based tax risks
4. Conclusion

Chapter 4: Tax Risk Management and Corporate Taxpayers – International Tax Administration Developments

1. Tax risk management: the different perspectives of tax authorities and corporate taxpayers
2. Economic and social developments
3. Background to tax-related risk management and approaches to regulation
   3.1. The growth of risk management
   3.2. Corporate governance
   3.3. Responsive regulation and enhanced cooperation – A compliance model
   3.4. Risk rating
3.5. Limitations of the risk rating approach

4. The OECD initiatives
   4.1. The Seoul Declaration and the study into the role of tax intermediaries
   4.2. Aggressive tax planning
   4.3. Tax risk management and risk rating
   4.4. Corporate governance
   4.5. International experience of the risk management approach
   4.6. Tax compliance and banks
   4.7. Difficulties with tax risk management by tax authorities

5. The European Union
   5.1. The Fiscalis Guide
   5.2. Tax risks arising for tax administrations and corporate taxpayers in the Member States

6. Conclusion

Chapters 5 – 16: Country surveys

Includes chapters on: Australia, Canada, China, France, Germany, Japan, Mexico, the Netherlands, Singapore, South Africa, the United Kingdom, the United States.

Where possible country coverage includes:

1. Introduction
2. Tax control framework
3. Impact on tax risk management of legislative and/or regulatory changes and public opinion
   3.1. Legislative and regulatory rules
   3.2. ATO’s compliance model
   3.3. Tax legislation
      3.3.1. Anti-avoidance mechanisms and associated risks
      3.3.2. Transfer pricing rules and associated risks
      3.3.3. Dividend imputation
   3.4. Commercial environment
4. Tax control framework in practice
   4.1. Common mechanisms of tax control frameworks
   4.2. Benefits of sound tax control frameworks
5. Approach of tax authorities
   5.1. Risk reviews and audits
6. Tax risk management in a global environment
   6.1. International arrangements entered into by Australian taxpayers
   6.2. Australian bilateral agreements on tax issues
   6.3. Implications for businesses operating internationally
7. Future developments and expected implications related to the changed approach to tax risk management
   7.1. Henry tax system review
   7.2. Tax reporting
Chapter 17: Tax Risk Management – Look before You Leap and Be in Control

1. Introduction
2. Historic background
3. Essentials with respect to tax control framework
4. Tax Accounting
5. International developments
6. Country perspectives
7. Concluding remarks