

Global Trade Regulatory services

The impact of COVID-19 on African countries resulted in unprecedented fiscal demands for governments already subjected to increased health, socio-political and economic risks.

The challenges of balancing economic recovery with effective revenue collection efforts leads to increased scrutiny of taxpayers in highly regulated industries e.g. oil and gas, mining, alcoholic beverages and tobacco.

Mounting fiscal pressures give rise to audits by revenue authorities, primarily focussing on false customs declarations, under-valuation of goods, incorrect treatment of royalties and licence fees, tariff classification and the utilisation of import and export permits by third parties.

Given the complexity of most regulated industries audits are conducted by revenue authorities with limited understanding of the taxpayers' specific ERP systems, the industry in which it operates as well as accurate scrutiny of publicly available data, usually generated by governmental institutions.

The latter results in massive assessments based on unscientific sampling of data and documentation of importers, exporters and third-party service providers such as clearing and freight forwarding agents. In addition, revenue authorities resort to unsubstantiated demands to raise forfeiture, attachments on property

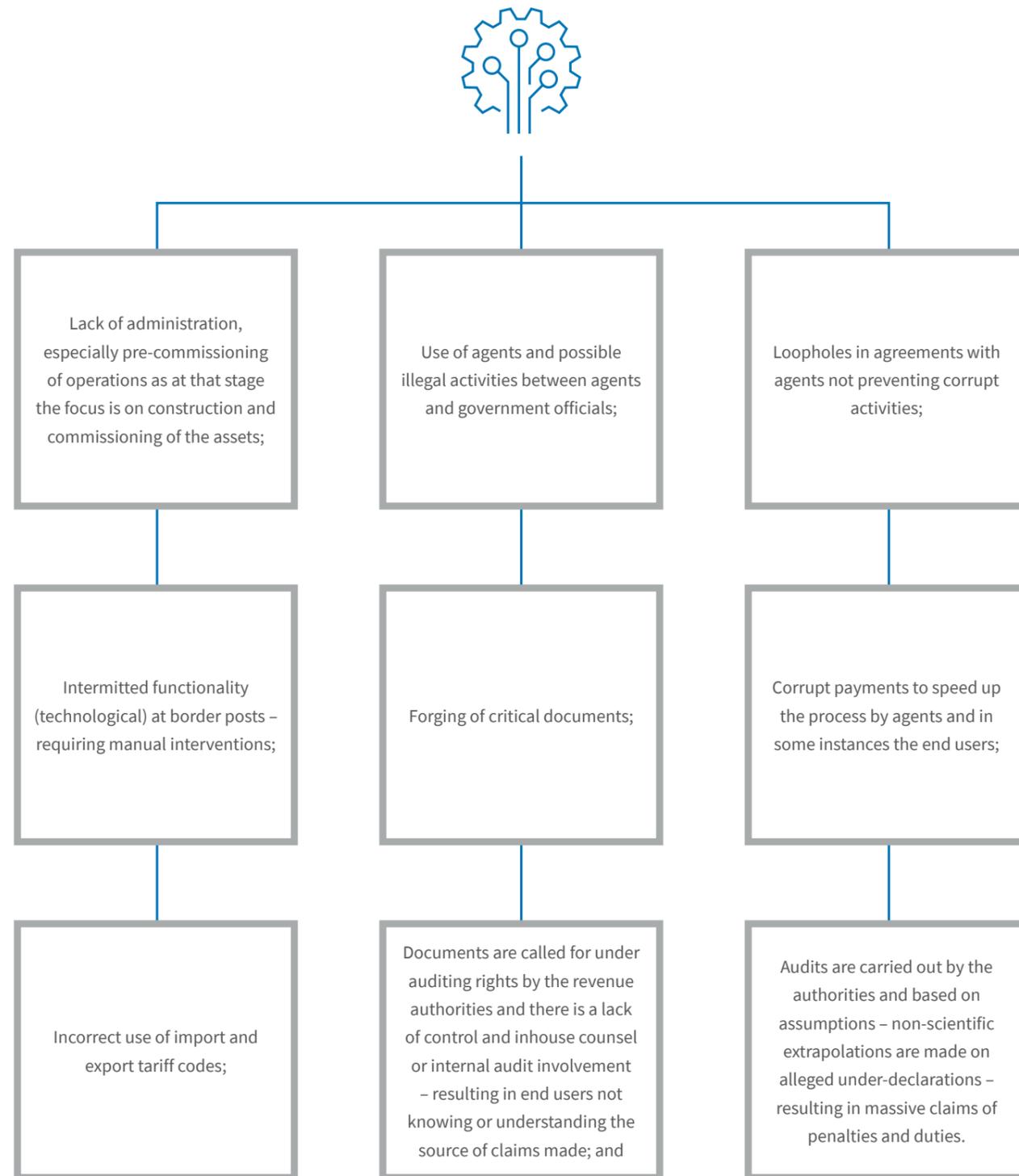
and bank accounts at financial institutions as well as termination of regulatory governed licences whilst subjecting taxpayers to lengthy litigious proceedings.

The matters are complex and in almost all the instances involve cross-border and inter-continental transactions. Therefore, requiring in-depth experience and expertise on a global scale.

There are a variety of risks compliant taxpayers face under the circumstances and the risks can manifest itself in threatening the life and existence of the taxpayers being targeted, due to the magnitude of claims and market activity and transactions involved.

Often the matters are widely reported in the media for revenue authorities to illustrate attempts of fulfilling their mandates. Media exposure occurs often for the wrong reasons and based on taxpayers' confidential information, mostly regulated by the laws in the affected jurisdictions. Inaccurate reporting causes substantial reputational risks for compliant taxpayers, which is another aspect requiring careful management of stakeholders and strategic communications to the relevant parties.

The risks amplified by internal organisational risks such as:



Our team of Forensic Investigation, Global Trade & Excise and Strategic Communications professionals comprise chartered accountants, admitted attorneys, information technology specialists and communications specialists who regularly assists various clients to implement cross border trade related risk and governance solutions ranging from , ERP optimisation, advocacy work to ensure a company’s freedom to operate and internal audit controls to trade and supply chain data management.

Our approach and methodology have been utilised to formulate and substantiate submissions to revenue authority assessments, litigation and settlement procedures and dealing with conveying the difficult messages in the most appropriate and effective manner.

Our trade governance solution offering is client and country specific, ensuring an integrated approach to organisational and reputational risks within Africa and abroad.



Our team assisted multinational clients with:

- Developing outsourced Customs and Excise accounting solutions within the petroleum, alcoholic beverages and sugar tax industries;
- Enterprise Resource Planning optimisation to ensure all trade related triggers are properly documented, defined and compliant to legislation from source to general ledger level to simplify reporting internal and external reporting requirements to revenue authorities, trade regulatory bodies and enforcement agencies dealing with anti- bribery, sanctions, prohibited goods etc.
- Development of industry specific key controls to simplify the external audit process;
- Trade visibility and import and export data through data analyses services;
- Landed cost modelling though the FTI Africa Trade Portal;
- In country customs information, rates, levies, fees associated with trade in goods; - Preparation for Revenue Authority Modernisation initiatives such as preferred Trader Programmes;
- Trade and excise advocacy services, strategy and submissions to fiscal entities;
- Customs and excise training, development of KPIs and third-party service provider reviews; and
- Future proofing a business by modelling the risks it might face and developing a stakeholder and advocacy campaign to ensure the best possible outcomes



**Our approach
assists in
simplifying:**

- Management of large volumes of documents
- Lack of early filing and preserving of underlying support and control over evidence
- Quantification and/or confirmation of claims made by authentication and investigation of large volumes of transactions.
- Imbalance between government's right to claim on the strength of extrapolations and the end user to disprove or investigate by transaction.

“Current trends indicate that Customs and Excise duties and levies on regulated products will increasingly be scrutinised to identify opportunities for fiscal recovery given the increased risk for non-compliance, illicit trade and cost manipulation.”

This not only exposes the illicit trade and non-compliant taxpayers but also compliant taxpayers.

About FTI Consulting

FTI Consulting South Africa has offices in Cape Town, Stellenbosch and Johannesburg, which are home to our Forensic & Litigation Investigations, Economic & Financial Consulting, Business Transformation, Corporate Finance and Strategic Communications teams.

JOHAN VAN DER WALT

Senior Managing Director
FTI Consulting South Africa
+27 (0) 67 412 3077
johan.vandervalt@fticonsulting.com

ERASMUS THERON

Managing Director
FTI Consulting South Africa
+27 (0) 72 823 3993
erasmus.theron@fticonsulting.com

HELENA POTGIETER

Managing Director
FTI Consulting South Africa
+27 (0) 67 412 3076
helena.potgieter@fticonsulting.com

JEREMY MICHAELS

Managing Director
FTI Consulting South Africa
+27 (0) 82 772 1122
jeremy.michaels@fticonsulting.com

LENORE OOSTHUIZEN

Director
FTI Consulting South Africa
lenore.Oosthuizen@fticonsulting.com
+27 (0) 78 708 3144

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. For more information, visit www.fticonsulting.com and connect with us on Twitter (@FTIConsulting), Facebook and LinkedIn. www.fticonsulting.com.

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