

Tax Health Check – an independent assessment of your company's tax position

Management and shareholders do not always have an independent, comprehensive view of the company's tax practices and the potential tax risks arising from them.

During a Tax Health Check, we review the company's tax position using the risk-based methodology applied in transaction tax due diligence, enabling material issues to be identified and addressed ahead of a tax audit, a shareholder decision or a transaction.

Why a Tax Health Check?

The Tax Health Check applies due diligence methodology for the benefit of the company and its shareholders: we tailor the scope and timing of the review to the client's objectives, and our findings provide a sound basis for informed decision-making by both management and shareholders. Identified risks can then be addressed ahead of a tax audit, financing or a transaction – for example by submitting a self-revision, completing missing documentation or adjusting internal processes.

This may reduce future tax and penalty exposure, strengthen shareholders' oversight and, in the event of a transaction, put the seller in a better-prepared position.

Who is it for?

The Tax Health Check is particularly recommended for companies:

- whose shareholders and/or management wish to obtain an independent, comprehensive view of the company's tax position,
- that expect a tax audit or wish to prepare proactively for one (e.g. before filing a large VAT refund claim),
- that are facing a change of ownership, the entry of an investor, financing or a restructuring,
- that have undergone significant change (e.g. growth, new business lines, international expansion, or a change in accounting provider, ERP system or finance leadership),
- that seek a periodic or ad hoc external assessment of their tax compliance and related internal processes.

What do we review?

We tailor the scope of the review to the company's activities and risk profile. Potential areas include:

- **Corporate income tax:** tax base adjustments, tax incentives, utilisation of tax losses and group-level tax matters.

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- **Transfer pricing:** arm's length pricing and documentation of related-party transactions, and alignment between intercompany agreements and actual conduct.
- **VAT:** input VAT deduction, invoicing, reverse-charge and cross-border transactions, and data reporting obligations.
- **Employer taxes and social security contributions:** treatment of salaries, benefits and expense reimbursements, employment and other working relationships and cross-border work.
- **Local business tax:** tax base deductions and apportionment of the tax base among municipalities.
- **Tax administration:** compliance with tax return filing, notification and payment obligations, reconciliation of the tax account held with the tax authorities, review of previous tax audits and internal tax processes.
- **Further areas on request:** transfer and other duties, sector-specific special taxes, environmental product fee, extended producer responsibility (EPR), customs and excise duties, and international tax matters (e.g. permanent establishment risk, withholding taxes, Pillar Two global minimum tax).

Beyond identifying risks, we also map out untapped tax incentives and other potential tax savings.

How do we work?

Each Tax Health Check follows the structured approach that has proven effective in our transaction due diligence work:

1. Together with the client, we agree the scope of the review, covering the relevant taxes and periods, materiality thresholds and key risk areas.
2. We issue a targeted information request list and collect documentation via a virtual data room.
3. We analyse tax returns, general ledger data, contracts and supporting documentation, and hold discussions with the managers responsible for tax matters.
4. We assess and, where possible, quantify the risks identified, and prioritise our findings by severity.
5. We present our findings and recommendations to management at a closing meeting.

Depending on the client's needs, the review can be performed as an in-depth, document-based analysis or in a streamlined format based on a questionnaire and management interviews.

What does management receive?

We deliver a concise, executive summary-style report that outlines the company's key tax characteristics, assesses the material tax risks identified – with a risk rating and, where possible, quantification – and sets out our recommendations for addressing them.
On request, we can also support the implementation of our recommendations by preparing or reviewing self-revisions and missing records (such as transfer pricing documentation), providing recommendations for enhancing tax processes and providing assistance during tax authority proceedings.
Should you have any questions or wish to discuss how a Tax Health Check could be tailored to your company, our experts would be pleased to assist.

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