



# Fixed asset transformation services

## Streamlining tax processes by leveraging technology



### Transforming insight into impact

Fixed asset intensive companies often spend inordinate amounts of time and effort capturing, validating, reconciling, and reporting fixed assets and related depreciation data.

That's because manual processes are the norm, especially when financial statement (book) and tax fixed asset accounting functions are segregated or unaligned; Enterprise Resource Planning (ERP) system capabilities tend to be limited for tax fixed assets, especially as compared to dedicated third-party software systems; and resource and data constraints also contribute to inefficiencies.

KPMG's Tax Ignition practice can help your company improve fixed asset processes that affect tax results. We can work with you to help identify and close technology and resource gaps, identify causes of inaccuracies and errors, and make recommendations for process improvements. These services may include:

- Establishing a software system for accurate calculation of tax depreciation
- Enhancing the data collection, validation, and reconciliation process for fixed asset information
- Improving data flows, communications, and handoffs between accounting (or fixed assets group) and the tax department
- Analyzing the overall tax fixed asset process including risk identification and related controls
- Analyzing historical tax depreciation methods and lives
- Fixed asset outsourcing

We also assist with design and implementation such as:

- Assistance with third-party software selection or analysis of existing fixed asset system
- Configuration and setup of fixed asset software or ERP fixed asset module
- Migration of historical tax fixed-asset data to a new tax depreciation software

#### Our approach

Our experience has shown that a leading practice in fixed asset accounting is having an integrated process for both book and tax transactional activity. Our professionals are adept at evaluating the end-to-end fixed asset process and identifying root causes of problem areas. We assist with the development of overall process improvement and technology enhancements that are practical and sustainable in the company's environment. We work with a number of systems and applications including SAP, PeopleSoft, Oracle, BNA, FAS by Sage Software, Power Plant, CCH, Thomson, and CorpTax.

## Our approach in action

### Client challenge:

- Multiple ERP systems that store book fixed asset data, which results in a decentralized tax fixed asset process
- Multiple methods of tracking fixed assets on a company and divisional basis for book and tax fixed asset transactions caused reconciliation and roll-forward issues

### Key design elements:

- Standardized processes to integrate book and tax fixed asset activity
- Ability to help implement a company-wide third-party tax fixed asset system, including documentation, controls, and training
- Contains a reconciliation process that provides an audit trail from data source to financial statement to tax return
- Capable of integrating tax fixed assets with tax return software

### Results:

- Standardized and streamlined approach for tracking fixed assets for tax purposes
- Centralized repository for all tax fixed asset data reconciled to the 10K and tax returns
- Reduced manual processes and increased accuracy with automated calculations

**Transforming insight into impact**—Our KPMG Ignition team offers pragmatic advice to help our clients enhance the overall performance of their tax department. We provide business value by improving our clients' risk management, business partnering, and tax planning execution by leveraging leading practices, improving resource management, implementing technology, and enhancing communication.

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