

# InsightGuard: Unveiling tax fraud vulnerabilities



# Tax fraud risks prevailing in industry

Organisations today are increasingly grappling with tax fraud, which can lead to significant financial losses, legal troubles, and reputational damage. These fraudulent activities can jeopardise the long-term viability of any organisation.

Some of the key fraud risks in tax, regulatory & financial reporting are highlighted below



## Procurement from shell companies or phantom transactions:

- Claiming incorrect GST input tax credit by obtaining fake/inflated documents
- Circular trading to misuse export incentives
- Procurement from related parties of employees



## Tax evasion:

- Undervaluation of goods to evade customs duty/GST
- Misclassification of goods to evade customs duty
- Fraudulent ITC refunds under GST
- Engaging in cash transactions to avoid detection



## Transfer pricing abuse:

Undertaking transactions with related parties without substance or not at arm's length



## Manipulation with income and false deductions:

Underreport income or overstate deductions to reduce taxable income, often through falsifying financial records or omitting sources of income



## Non-compliance with financial and regulatory requirements:

- Failure to convene meetings, falsification of minutes of meetings, inadequate disclosures;
- Providing incorrect details to authorities for unlawful benefits

## Impact of frauds

Duties, interest and penalties

Cancellation of registrations, blacklisting and imprisonment

Potential loss of asset

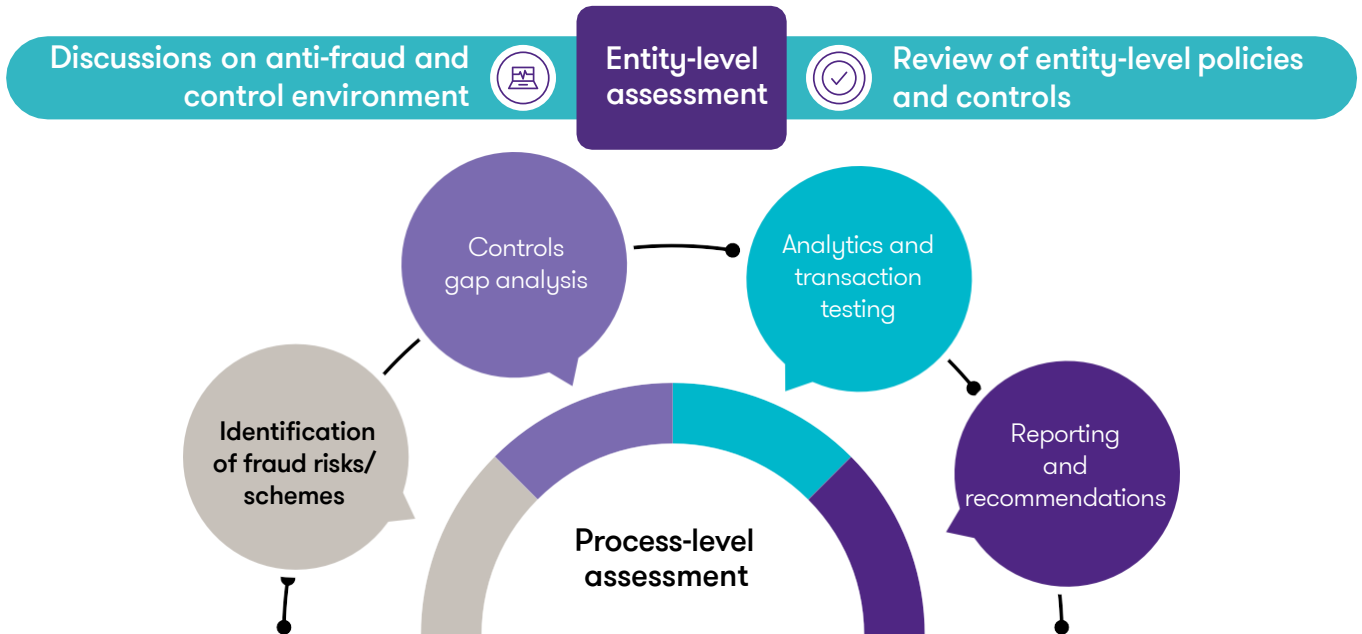
Loss of credibility

High legal burden

Long lasting impact

# Fraud risk assessment: Our strategic approach

Complex regulations, numerous transactions, and potential malfeasance are major reasons for organisational vulnerability. To mitigate these risks, organizations should prioritise comprehensive fraud risk assessments. These assessments are a collaborative solution by our forensic and tax subject matter experts, help identify and evaluate potential tax fraud risks and strengthening internal controls.



## Our approach helps you specifically answer the following

- Do we have the right level of oversight on tax and financial reporting related anti-fraud activities?
- What type of tax and financial reporting frauds can be perpetrated?
- How equipped are we in programmes and controls to address these frauds?
- How do we compare to leading practices on tax and financial reporting fraud risk management?



## Portfolio of services

- Pro-active tax risk assessment
- Dispute and representation with tax authorities (upto Tribunals)
- Tax and other regulatory compliance
- Vendor due-diligence
- Reactive tax investigations
- Financial reporting



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