TAXING THE HARD TO TAX, HIGH NETWORTH INDIVIDUALS & THE INFORMAL SECTOR

WATAF TRAINING - (ONLINE WEBINAR) NOVEMBER 03 TO 06, 2020

HARD TO TAX AREAS - LAYOUT

RISK	Developing Risk Profiles Identifying High Net Worth Individuals (HINM's)
HNI'S	Identifying indicators of HNI's Assessing information requirements,
INFO NEEDS	Identifying targets for compliance action
INTELLIGENCE	Matching legacy data to identify HNI's Develop intelligence models to capture HNI's
AUDIT PLANS	Developing effective audit plans

RISK

RISK

Risk is the chance or probability that our organisation (and its processes) will not meet her expectations if it is exposed to a **hazard (non compliance)** .

RISK ANALYSIS

DEFINITION

Risk analysis is a technique used to identify and assess factors that may jeopardize the success of a project or achieving a goal

A **risk assessment** is the combined effort of: identifying and analysing potential events that may negatively impact individuals, assets, and/or the environment; and making judgments

TYPES OF RISK

Business Risk,

Non-Business Risk, and

Financial Risk

RISK-BASED APPROACH

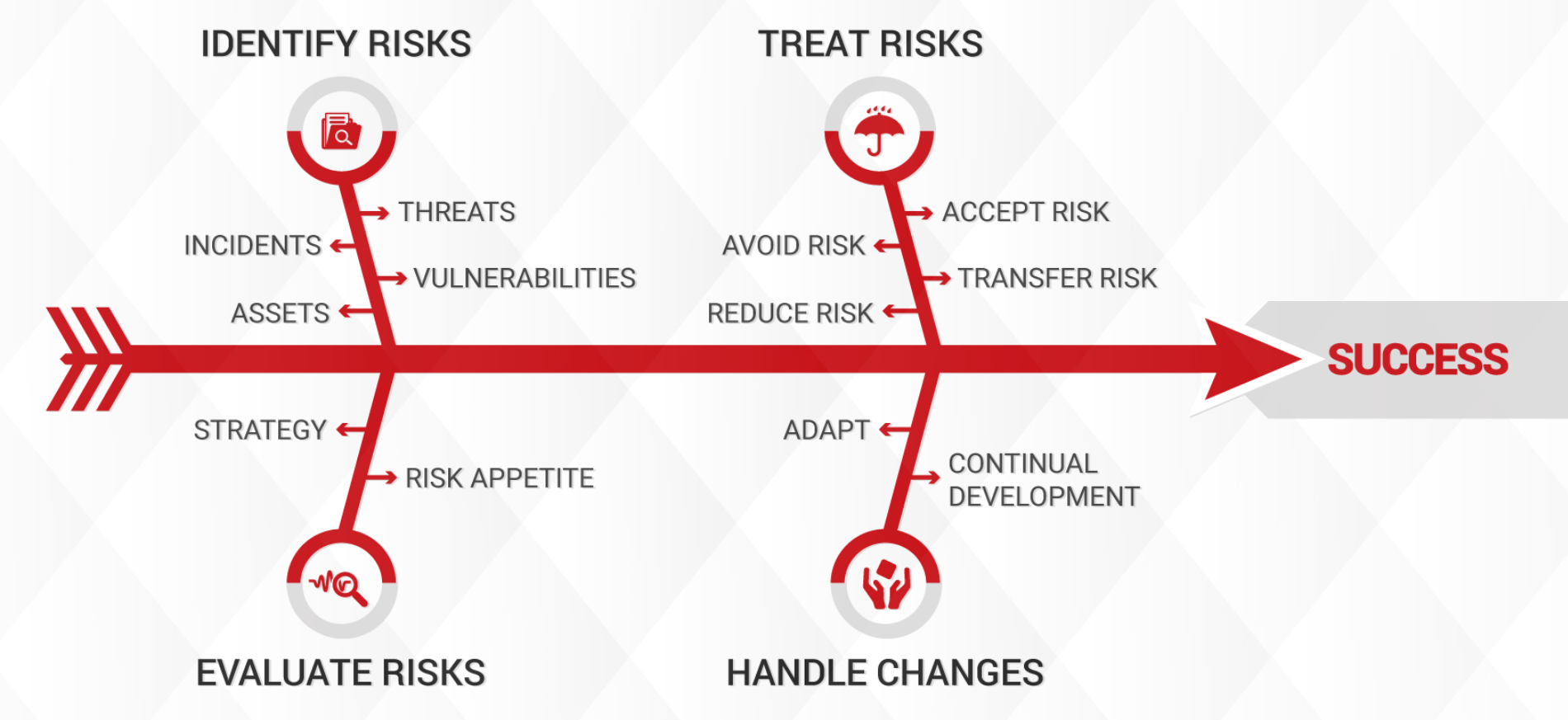
Financial Importance

Moderate Borderline	High Acute	**Very High** **Critical**
Low Compliant	Moderate Borderline	High Acute
Extremely Low Very Compliant	Low Compliant	Moderate Borderline

Non - Compliance

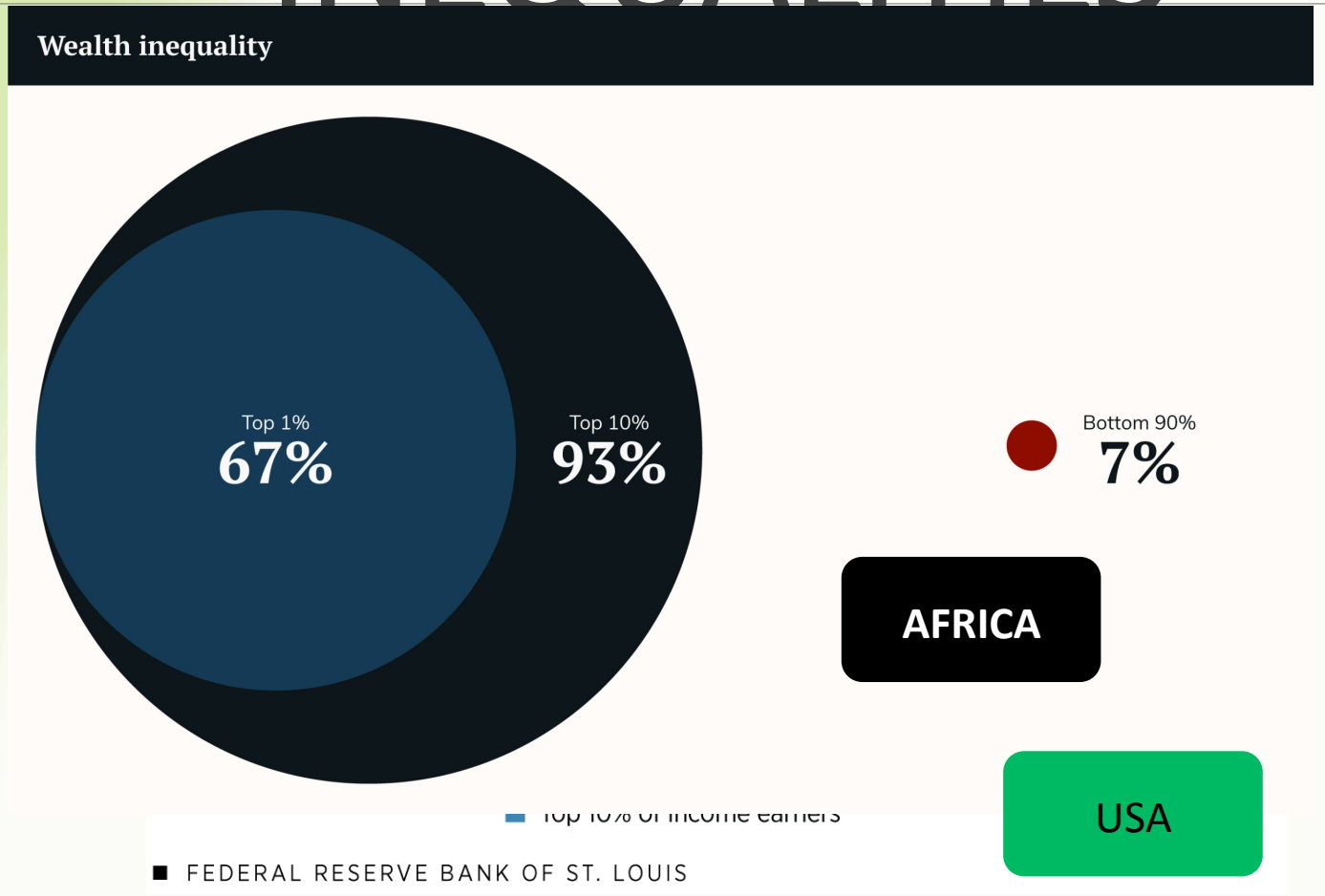
- Identify the highest compliance risks to your organization; and
- Prioritise them for controls, policies, and procedures.
- Reduce to acceptable levels, attend to lower level risks.

RISK ASSESSMENT METHODOLOGY

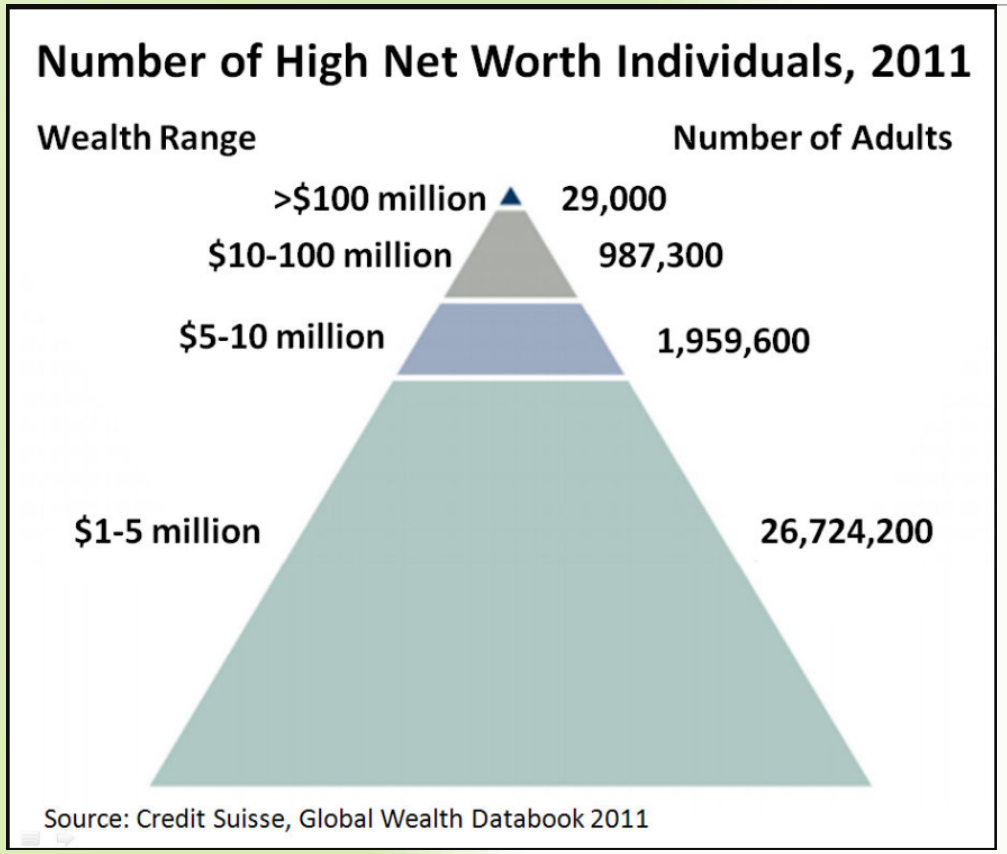


HIGH NET WORTH INDIVIDUALS

INCOME INEQUALITIES



High-Net-Worth Individual (HNWI)



- **The VHNWI classification**—very high-net-worth individual—at least $5 million.
- **Ultra-high-**net-worth individuals (UHNWI) at least $30 million,

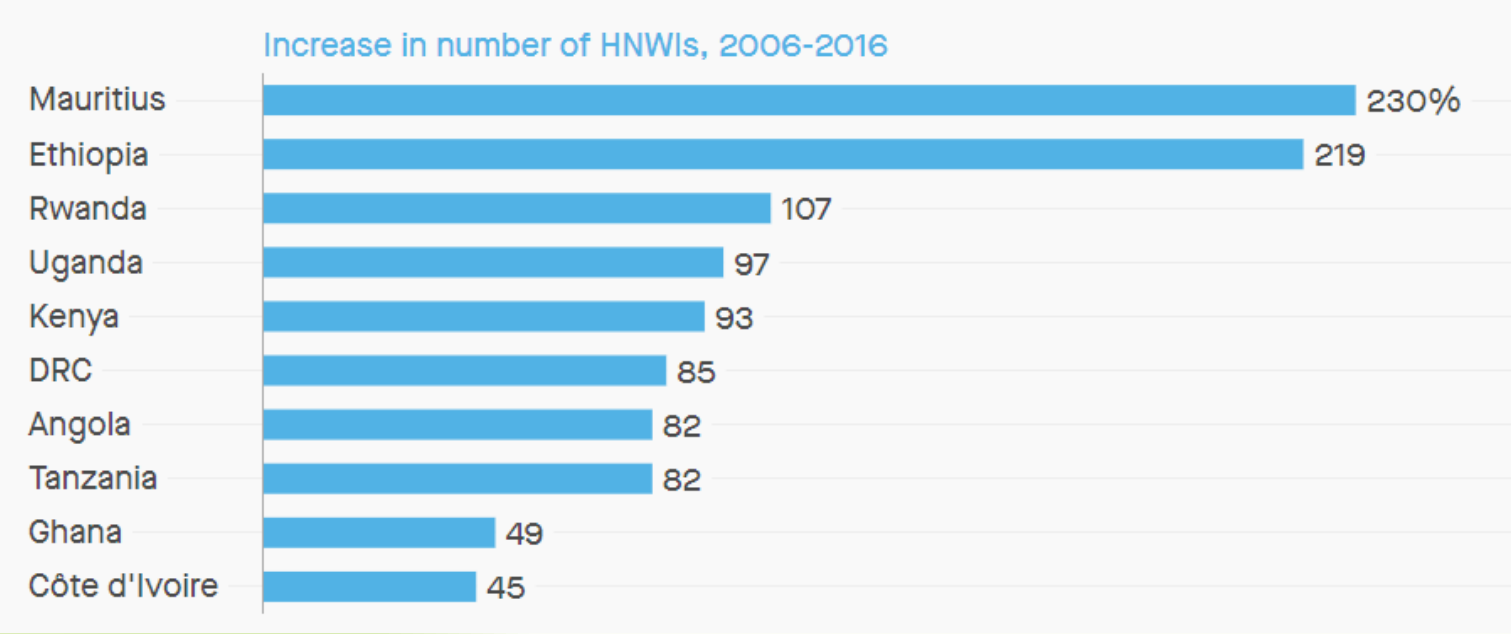
Excl. personal assets & property e.g. primary residence, collectibles and consumer durables.

High-Net-Worth Individual (HNWI)

FORECAST: 10 YEAR GROWTH IN AFRICA'S WEALTHY			
CATEGORY	2013	2023	2013 - 2023 % GROWTH
UHNWI's	1,868	2,858	53%
Centa Millionaires	509	767	51%
Billionaires	25	38	52%

Ultra-High-Net-Worth Individuals (UHNWIs) – with more than US$30m or more in net assets - across the world has grown by 59% since 2003

High-Net-Worth Individual (HNWI)



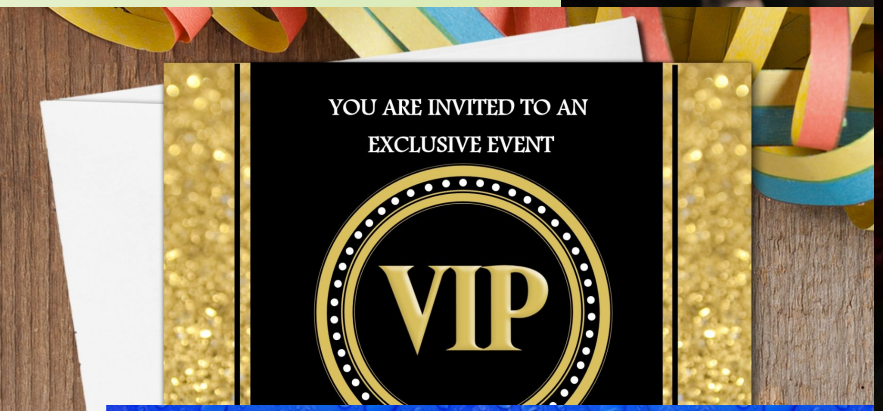
INCREASE BY TERRITORY

Africa : 130%.	Middle East: 116%
Asia: 89%	Europe: 44%

Nairobi will lead with a 78% Marrakesh (60%),

Johannesburg (41%) and

Cape Town (37%).


YOU ARE INVITED TO AN
EXCLUSIVE EVENT
VIP

SUNDAY 30TH FROM 12 PM
B-CLUB
B-CLUB KAMPALA
VVIP POOL PARTY
AT PEARL OF AFRICA HOTEL GA
Meet & Greet
DRESS CODE: BEACH WEAR, WHITE OR PINK
VVIP TABLE RESERVATONS
1Million
Max Group of 2
3Million
Max Group of 6
5Million
Max Group of 10
NYE PLATINUM PACKAGE CALL 0200 302 000
10 100 | +256 706 740 607 | 0200-302-000
ENTRANCE UGX 100,000
WWW.QUICKET.CO.UG
TICKETS SOLD AT MTN SERVICE CENTERS
ACACIA MALL, FOREST MALL LUGOGO, KAMPALA ROAD
BELL JAMZ
TIDAL
MTN
LIQUID GOLD
TALENT AFRICA
Purex
nbs

HYSEK
SWISS MADE

INFORMATION NEEDS

INFORMATION NEEDS

HIGH VALUE TRANSACTIONS

Financial Intelligence Reports
- Suspicious Transactions Reports
- Large Cash Transaction Reports

Stamp Duty reports
- MV Transfer
- Land Transfer
- Shares Transfer

OTHERS

Travel itineraries

Trend Analysis
- Similar profiles
- Calendar events
- Supply chains

Social Media (Facebook, flkr, Instagram….)

INFORMATION NEEDS

COMPLIANCE REPORTS

- Consistent Loss filing companies
- Customs Offences Reports and trend Analysis
- High value vehicles
- Tax Register
- Excise assessment reports

OTHERS

- National Budgets
- Census Reports
- GDP / GNP reports
- Transparency International reports
- Court Judgements (Bills of costs)
- Govt incentives / Tax Exemptions

INFORMATION NEEDS

REAL ESTATE

Utility Consumption

Construction material Distribution chains

VAT analysis (refund claims and credits)

HIGH VALUE VEHICLES

Imports Records

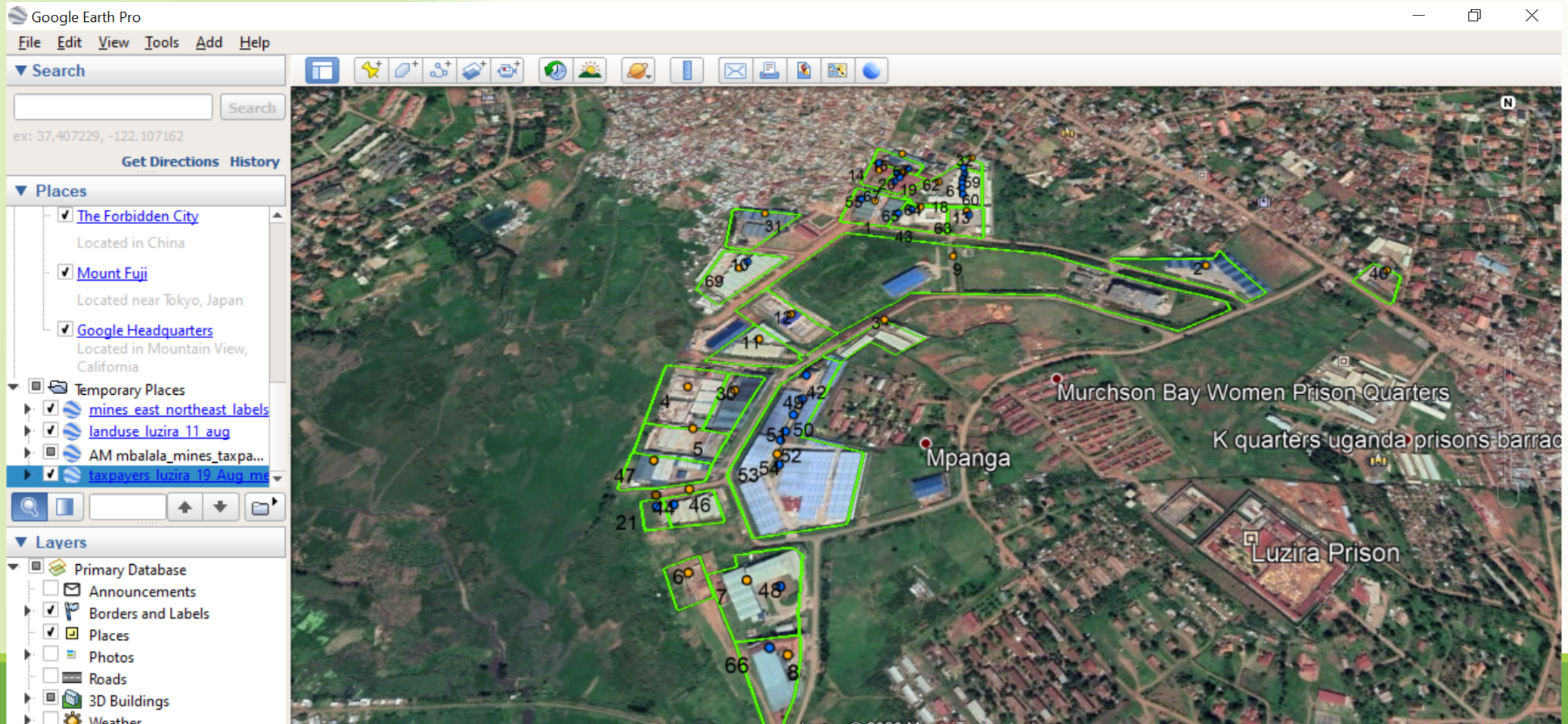
Motor Vehicle Register

Insurance databases

International Dealership data

Interpol

INFORMATION NEEDS
GOOGLE EARTH - FACTORIES



INFORMATION NEEDS
GOOGLE EARTH - FACTORIES

Google Earth Pro

File Edit View Tools Add Help

Search

Search

ex: 37.407229, -122.107162

Get Directions History

Places

Ocean

The Forbidden City

Located in China

Mount Fuji

Located near Tokyo, Japan

Google Headquarters

Located in Mountain View, California

Temporary Places

mines_east_northeast_labels

landuse_luzira_11_aug

AM mbalala_mines_taxpa...

Layers

Primary Database

Announcements

Borders and Labels

Places

Photos

Roads

3D Buildings

Weather

Gallery

More

Terrain

34find out owner - Nicontra or Drab

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Activate Windows
Go to Settings to activate Windows.

Google Earth

2005

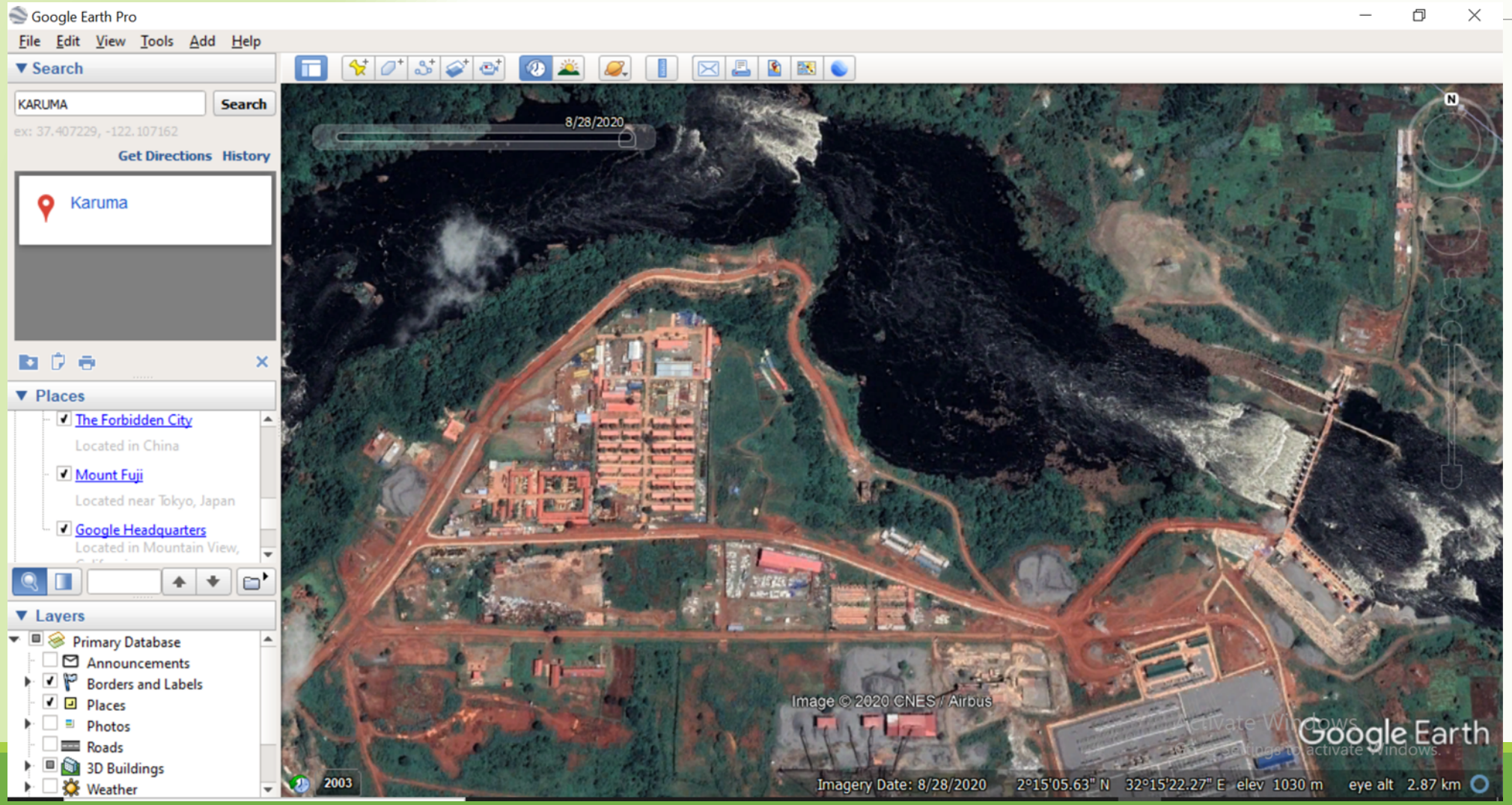
Imagery Date: 12/19/2019 0°21'07.85" N 32°49'53.76" E elev 1198 m eye alt 1.40 km

© 2020 Google
Image © 2020 CNES / Airbus

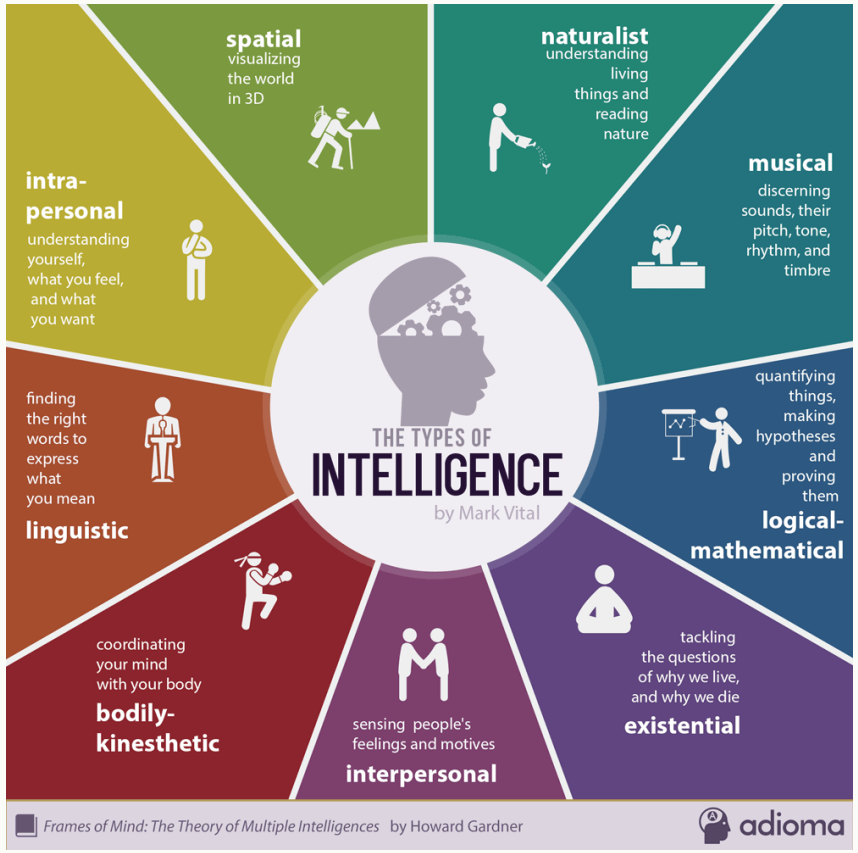
Activate Windows
Go to Settings to activate Windows.

Google Earth

GOOGLE EARTH – KARUMA DAM



INTELLIGENCE



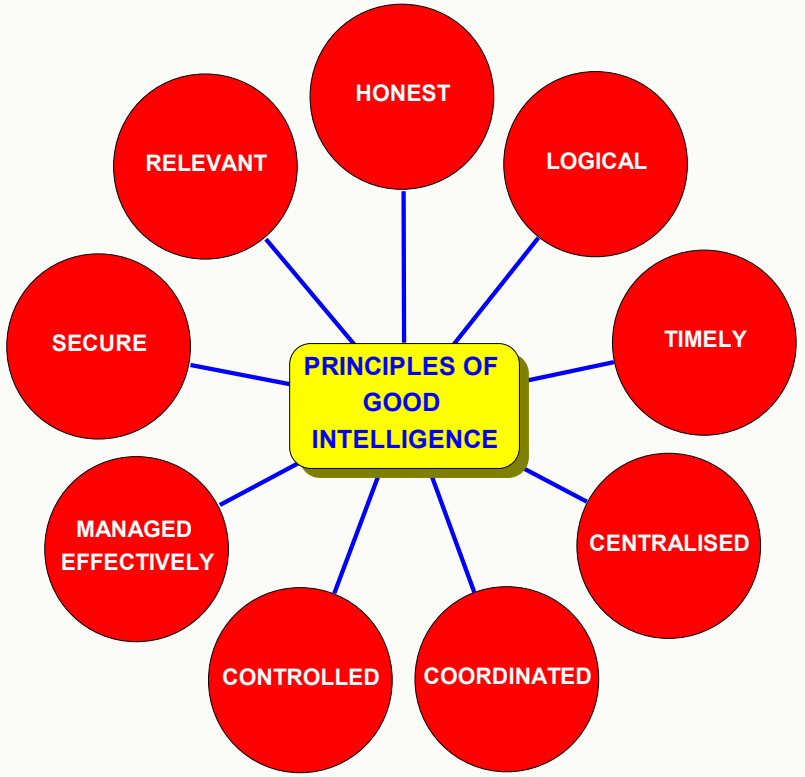
INTELLIGENCE

Intelligence is a process using information from all sources and focused internally and externally, designed to reduce the level of uncertainty for a decision-maker

TAX INTELLIGENCE

- **Tax Intelligence**: the activity of gathering information, which aims to counsel the tax administration in the planning and execution of its legal powers, especially in combating tax avoidance, tax evasion contraband, and terrorist financing.

PRINCIPLES OF GOOD INTELLIGENCE

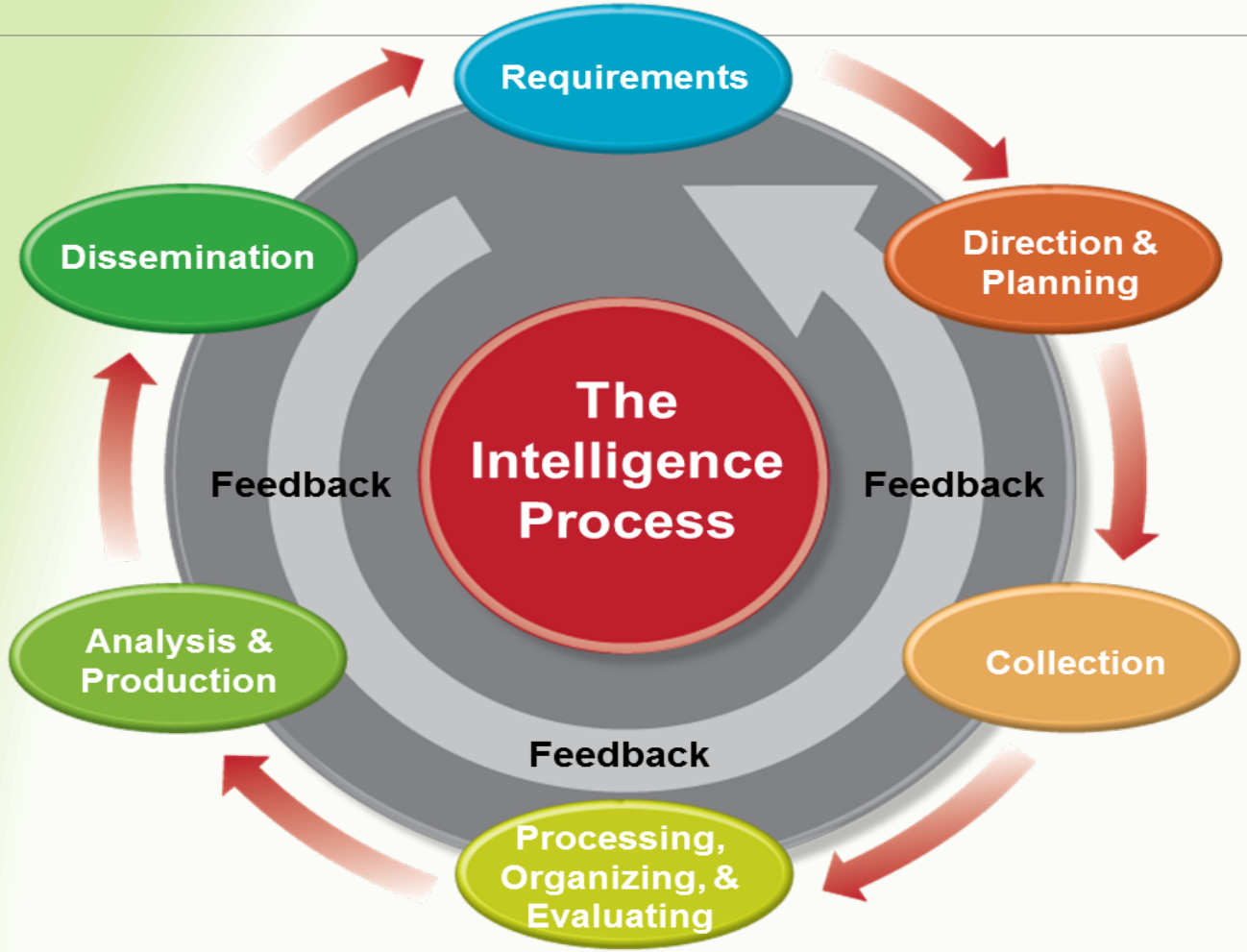


IS ALL INFORMATION INTELLIGENCE?

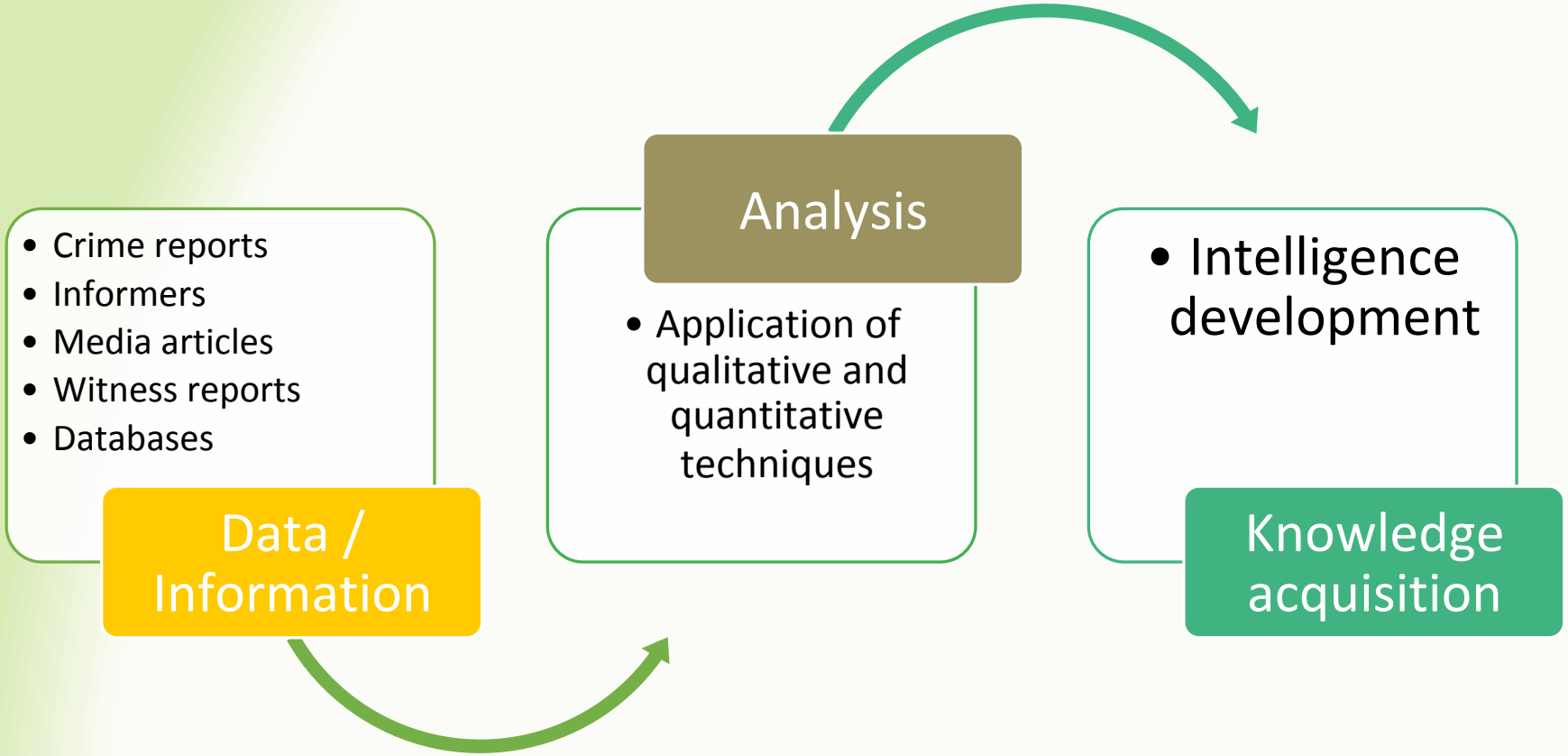
No!

Until information is processed or analyzed it is simply data that may or may not be true, insightful, or relevant.

INTELLIGENCE CYCLE



DATA, INFORMATION &INTELLIGENCE



INTELLIGENCE BY STREAMS

Waterline

Function:
- Identify
- Assess
- Inform
- Predict

Who or what is seen

What manifests?

Why is it occurring?

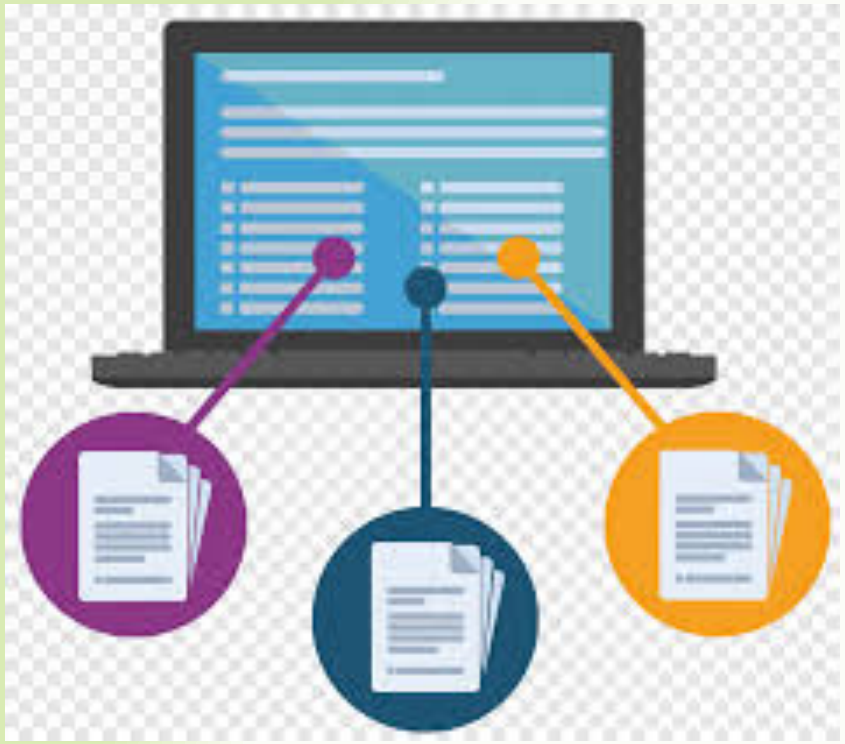
PRODUCTS OF UK MODEL

	Aim	Purpose
Strategic Assessment	To identify the longer- term issues in an area, as well as the scope of , and projections for grow thin criminality.	To establish law enforcement priorities, determine resource allocations, support business planning and inform senior managers and policymakers; To set a control strategy:
Tactical Assessment	To identify the shorter- term issues in an area this, with prompt action, can prevent a situation from deteriorating or developing. To monitor progress On current business in the 'tactical menu'.	To assist in the management of current operations and plans, as well as reallocate resources and efforts according To changing needs and problems.
Target Profile	To provide a detailed picture of the (potential) offender and his associates for subsequent action.	To assist operational management in selecting targets, guiding investigations, shaping plans and maintaining supervision.
Problem profile	To identify established and emerging crime / incident series and crime hotspots.	To assist management in resourcing investigative needs, targeting, hotspot management, and directing crime- reduction initiatives and crime-prevention measures.

PRODUCTS OF UK MODEL

Perspective	Content
Strategic Assessment	**Aim (terms of reference);** •Scope (functional / Geographic); •Current situation/ survey; •Main objectives set/ met; •Progress since last assessment; •Major areas of criminality;
Tactical Assessment	**Current situation–progress on targeting;** crime and other series; hot spots; preventive measures. •Options and Justification for further action. •Time frame (short/medium). •Resource implications/ changes.
Target Profile	**Personal record;** •Criminal record; •Financial profile; •Network / associations report; •Communications report;
Problem profile	**Problem identification;** •Background and causes; •Scale of damage; •Level of disorder/ offending; •Perpetrators; •Internal/ external links

COLLECTION



The intelligence process relies on the ability to obtain and use data.

The problem to overcome lies with the collection and storage of this data which comes in many forms, hard electronically, and soft copy.

UNIQUE INDUSTRIES

INCALCULABLE INDUSTRY

ENTERTAINMENT

- Casino
- Food

OTHERS	
TRANSPORT	FINANCIAL SVS
CONSTRUCTION	SUGAR
AGRICULTURE	MINING (SAND, QUARRY, ALLUVIAL)
SOFTWARE	
ALCOHOL	

THE NIGHT ECONOMY

Casino's

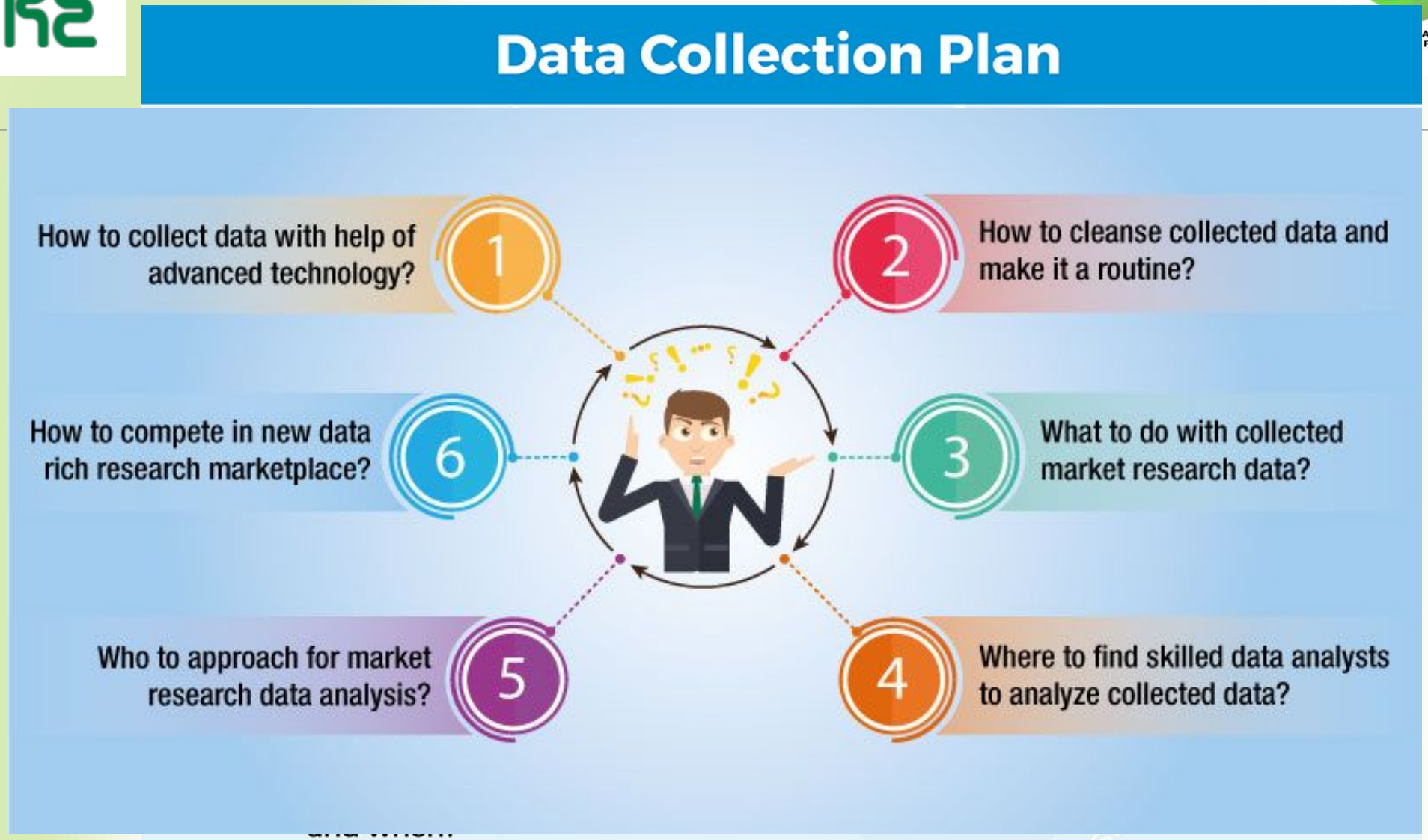
Transport

Pubs

Hostels

Education

COLLECTION


Data Collection Plan
How to collect data with help of advanced technology?
1
2
How to cleanse collected data and make it a routine?
How to compete in new data rich research marketplace?
6
3
What to do with collected market research data?
Who to approach for market research data analysis?
5
4
Where to find skilled data analysts to analyze collected data?

COLLECTION PLAN

Definition:

- A plan for gathering information from all available sources to meet an intelligence requirement.

The collection plan can be utilised in two ways:

- Structuring tool
- Management tool

COLLECTION PLAN TEMPLATE

INTELLIGENCE COLLECTION PLAN									
Case reference:						**Compiled by:**			
	Source of information					**Date required**	**Resp. Centre**	**Costs** (Ugx '000)	**Comments**
INFORMATION REQUIREMENT	Police systems	Retail organisation	Bank security division	Stamp Duty	Informer X33				
1.Registered cases						Sep 3, 20	STK	1,000	
2.Possible suspects						Oct 23, 20	DDM	33,000	
3.Assessments						Oct 20, 20	MM	5,000	
4.Bank Details						Nov 4, 20	AMM	12,000	
5.Declaration history						Sep 28, 20	SGT	4,000	

CONTENT OF THE COLLECTION PLAN

- Problem definition
- Project aim
- List of collection items
- Possible sources
- Time frame
- Responsible individuals
- Costs

Key individual / individuals- **WHO?**

Non compliance activities - **WHAT?**

Method of operation - **HOW?**

Geographical scope - **WHERE?**

Motive - **WHY?**

Time-Frame - **WHEN?**

FEATURES OF A GOOD COLLECTION PLAN

Should include the information categories that are important to the analysis

The specific data items needed to do the analysis,

Possible sources of information and sources to be contacted with specific requests

Schedule to indicate when the information was requested and when it is needed by.

PRECAUTIONS - COLLECTION

avoid data overload ; but data ignored because the provider believed it not to be relevant can cause problems later on.

ensure the **orderly and precise collection** of relevant information

INFORMATION MAPPING

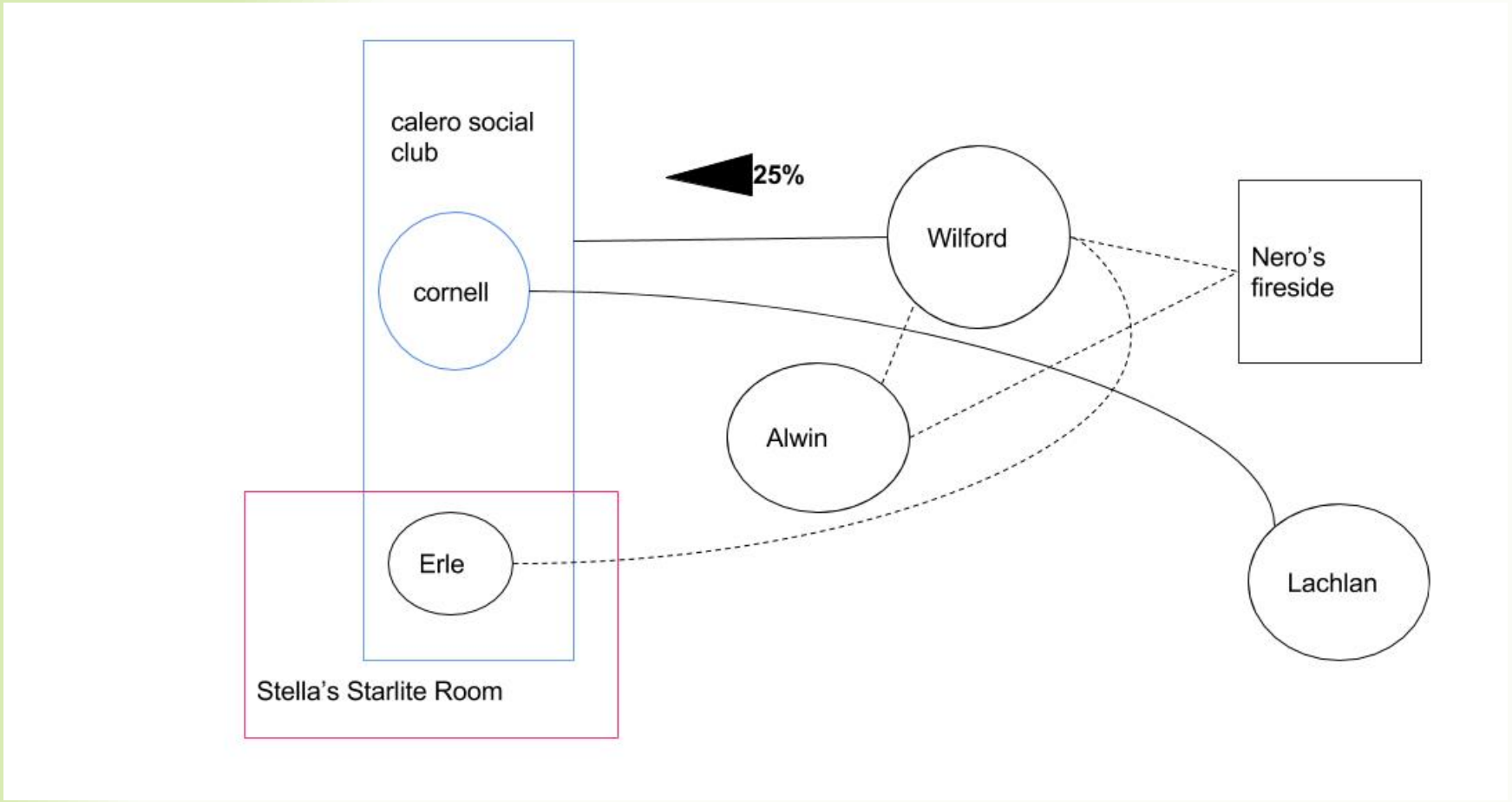
PRIMARY INFORMATION

- Cornell and Erle, a confirmed association
- Cornell and Lachlan, a confirmed association
- Alwin and Wilford, an unconfirmed association
- Erle and Wilford, an unconfirmed association
- Alwin, an unconfirmed association with Nero's Fireside

- Cornell, a confirmed participant in Calero Social Club
- Erle, a confirmed participant in Calero Social Club
- Wilford, an unconfirmed association with Nero's Fireside
- Erle, a confirmed participant in Stella's Starlite Room
- Wilford, confirmed stockholder in Calero Social Club, not an office

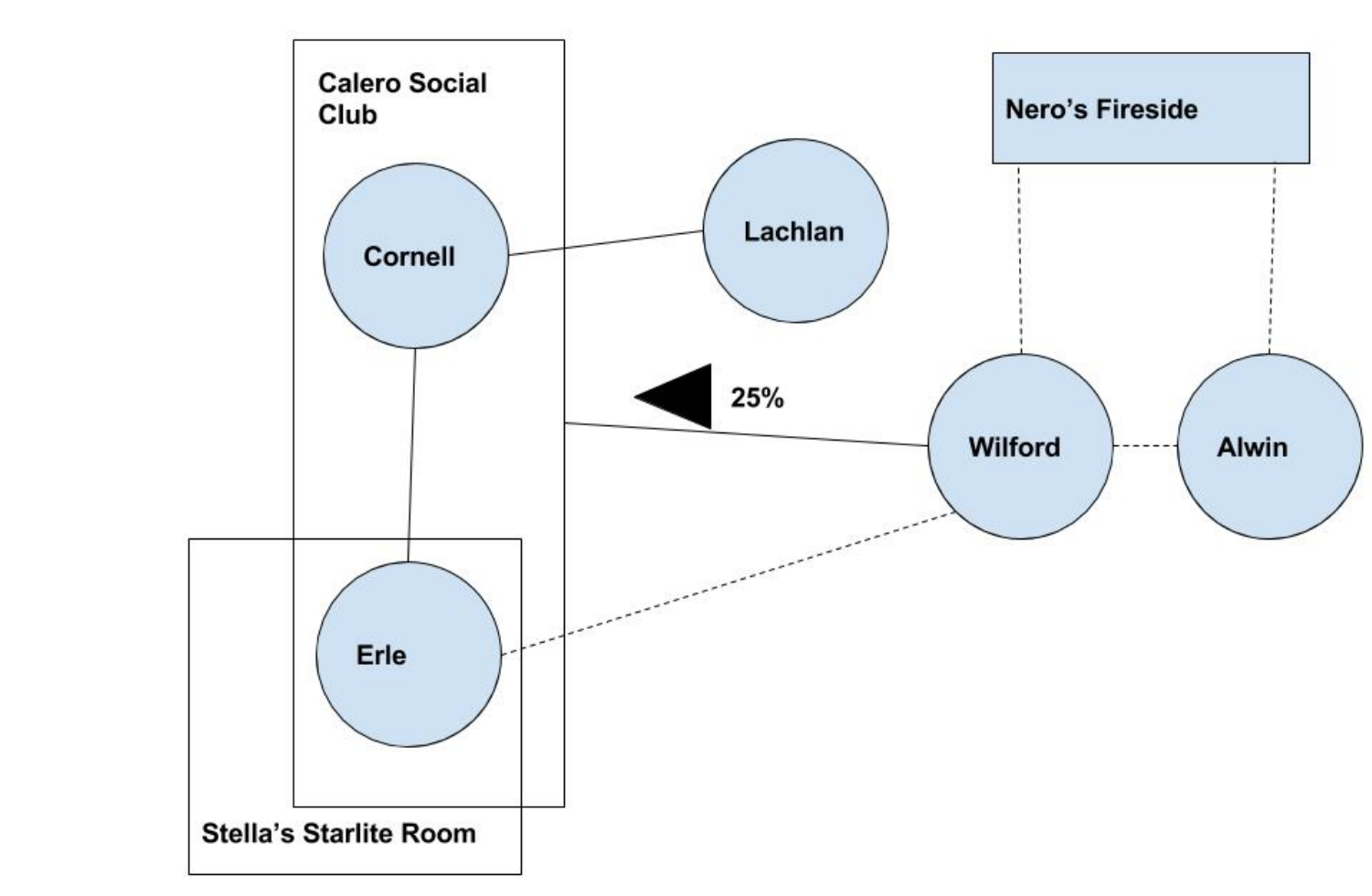
INFORMATION MAPPING

PRELIMINARY LINK CHART



INFORMATION MAPPING

CLARIFY AND RE-PLOT



REVIEW OF PRIMARY INFORMATION

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TARGET PROFILE

CONTENT

INTRODUCTION

OBJECTIVE

SCOPE

ANALYST'S NOTE

TARGET'S BIO DATA

PERSON'S DETAILS

METHODOLOGY

FINDINGS AND OBSERVATIONS

TARGET PROFILE

FINDINGS AND OBSERVATIONS

AUDIT HISTORY

FIELD FINDINGS

LOCATION

MODE OF OPERATION

ONGOING INVESTIGATIONS

CONCLUSION

SUMMARY OF FRAUD INDICATORS

RECOMMENDATIONS

VERSION CONTROL

ANNEXURES

AUDIT PLAN

CONTENTS

RISK REPORT

Nature of Business/Operations

Audit Objectives

Perceived Risks identified

AUDIT SCOPE & METHODOLOGY

Details of Changes to the Scope of the Audit

ALLOCATION OF AUDIT WORK AND TIME UTILIZATION

Team Members, Audit Work AllocatedTime Allocated, Time Spent, Variations

RESOURCE REQUIREMENTS

Transport, Allowances, Paraphernalia (e.g. laptops, F-Discs), Stationery, Additional/Expert staff

Others (Specify – e.g. 3rd Party info)

REVIEWS:

Audit Supervisor / Manager's Comments & Recommendations

GROUP SESSION :

1. Identify one of Sugar manufacturing or Gold mining industries.
2. Target the owners of the companies and
3. Develop and intelligence collection plan and an audit plan
4. Identify the sub activities and expected deliverables in the performance of these tasks