

## TAXES



## Digital Transformation of the Excise Tax Submission & Compliance Process

# Client Background

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Our client, a UAE-based Excise Tax technology company, boasts an extensive team of tax experts who possess an intricate understanding of excise goods, local regulations, and compliance with Federal Tax Authority guidelines. Their passion lies in automating the excise tax submission and compliance process. With this passion, our client is on a mission to streamline excise compliance for their clients helping them focus on business growth while avoiding penalties due to non-compliance.

## The Challenges

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Companies in the Middle East face issues in the timely filing of excise tax returns due to the delay in consolidating import and export goods inventory stored at multiple designated zones. This is because of the complicated process of excise compliance where the warehouse in-charge of the designated zones is required to submit the opening balance declaration.

This declaration needs to be verified by an external auditor and submitted to the taxable person of the respective designated zone. Any variance in the numbers previously submitted and opening stock declaration leads to penalties. Also, delay in declaration or non-declaration of opening stock leads to setting the stock level as zero by FTA, and then the owner cannot move their excisable goods out of their designated zone.

## Business Impact

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- Revenue loss due to penalties and fines with an increase in several audits by Federal Tax Authorities.
- Delays and errors in filing declarations on FTA's e-services account due to laborious and time-intensive process.
- Difficulty in managing deductibles, as determining which imports to deduct from a declaration was tough.
- Lack of transparency regarding FTA's excise return calculations and reconciling these figures with the company's inventory management system.
- Huge expenses on human resources.

## Resolution

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Our client enlisted Softude's expertise to craft a customized solution that would eliminate the complexities of declaration and return filing, empowering companies to channel their energy into business growth.

The goal was to automate the process of capturing inventory from the client's ERP and accounting systems. This data would fuel system-based stock reconciliations, aligning the inventory held at each site in the system with stock data tied to submitted deductibles. This stock reconciliation would be cross-referenced with FTA's e-Services portal.

Moreover, the client aimed to automate opening balance calculations by furnishing clients with an opening stock balance derived from past declarations submitted to the FTA. This would not only ensure compliance but also establish a benchmark for potential audits.

## Our Innovative Approach

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Softude's recommendation centered on comprehensive digital transformation. Rather than resorting to conventional custom software development, we proposed the implementation of Low-Code development and Robotic Process Automation (RPA) for faster delivery.

Following were the three main deliverables of the process:

### 1. A Tax Bot for Automation

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Clients continued their work on ERP or Inventory management systems, while the Tax Bot used their decisions (imports, production, goods movements) to automatically populate FTA's e-Services forms, saving substantial man-hours.

### 2. Smart Deductibles

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The application analyzed specific product imports and advised clients on economically optimal deductions. This optimization translated into cost savings.

### 3. Excise Returns Generator

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The application generated an Excise Return file mirroring the return produced by FTA's e-Service portal. This not only offered insights into return calculations but also identified errors if any.

## Automation made the following processes fast and accurate

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- Opening balance calculation for their client's return filing.
- Stock Management and excise tax computation by site comparisons with FTA portal to avoid any wrong filing.

- FTA Audit File for getting transaction history by period, stock detail by site, and return calculation audit support.
- Comparison of business's current stock vs submitted bank guarantee and auto notifications whenever it's updated.

## Solution Impact






- 30-70% of time and money saved within a few months of application launch
- 100% accurate and FTA-compliant excise tax computation and filing
- Increased excise tax return filing capacity
- Reduced human intervention for tax filing
- Simultaneous handling of multiple clients' requests

## About Us

Incorporated in 2005, Softude is a global IT consulting and services company with expertise in architecting digital transformation solutions and providing software product engineering services. We are dedicated to creating innovative and interactive digital experiences that connect people to the brand. These software solutions that are used across 32+ countries are engaging audiences in-venue, on the web, and personal mobile devices. Our highly competent and trusted team delivers digital brilliance that accelerates our client's digital-first journey.

Softude is a CMMI Level 5 appraised, ISO 27001:2013, ISO 9000:2015, and a Great Place to Work For certified company.

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