

Preface

Much has been talked about—in-print and broadcast media, seminars, conferences, and doctrine—the importance of corporate governance and sustainability in corporate life. In this book, we demonstrate that the tax governance—that must be seen as part of corporate governance—adds value (in the short, medium and long term) to their owners and stakeholders as well as help to make enterprises more sustainable and less risky in the context of the principles of good corporate governance.

The countries' tax system is a set of laws and principles that impose, to enterprises and individuals, a number of taxes, which will be used to enable the state to aim its social, economic, and political objectives. Therefore, paying taxes has a reason for being, which is to enable the government to provide to the citizens the infrastructure and essential services such as health, education, transportation, housing, and security.

However, taxpayers will not have to pay more tax than they actually are legally required. As well, they can not pay less tax than, in fact, have legally to pay. Taxation is the main path for the state to play its role—because, for lack of funds, he could not offer individuals the existential minimum to which they are entitled as citizens—taxation should be limited by law that every taxpayer has to organize and enjoy their own property.

Then, it comes the tax governance, a concept which sometimes is treated as management and planning of taxes, or as tax planning, or even as corporate governance. In fact, the tax governance is contained in corporate governance, as well as tax planning is contained in the strategic plan. Therefore, tax governance, management and planning of taxes, and tax planning are terms that are similar and converge toward the same goal.

To simplify the understanding, we say that through tax governance, the enterprise seeks to identify the most beneficial event of levy of taxes (which implies less disbursement of financial resources) in order to allow its operational activities, usually encumbered in order more heavily, can be benefited by reducing tax burden or even inserted in the context of non-levy of taxes. In addition, the enterprise must

minimize the possibility of generating tax risks; i.e., it should seek to reduce tax risks and allow more transparency and consistency of its financial statements.

We understand that as a precept of good corporate governance practice, the tax governance should be a cooperative process between the senior management and the board of directors. It is up to the senior management develops, sometimes with the help of external consultants and proposals for management and planning of taxes, which must be analyzed, evaluated, criticized, and finally approved by the board of directors, which thus becomes coresponsible for the good tax governance practices. The enterprise that conducts business from tax compliance undoubtedly minimizes risks of questioning by the tax authorities, which can scratch your image and consequently decrease its value in the marketplace.

In many countries, the complexity of their tax system is undeniable. In the case of the Brazilian one, the tax legislation is complex and dynamic and technologically sophisticated. Because of this, it has occasioned the need for enterprises to organize their businesses, under appropriate tax governance. The tax burden on Brazilian enterprises is considered one of the highest in the world. Therefore, for the efficient and effective tax compliance, good tax governance practices are essential, both to avoid possible questioning by the tax authorities as to allow a reasonable tax savings.

Therefore, efficient and sustainable enterprise from the tax point of view (regardless in which country it is) is one that seeks to identify with the requisite notice the legal and tax alternatives less costly to achieve their business objectives and adopt a set of coordination procedures, control and review in order to minimize the possibility of generating tax contingencies. We remind you that from the owners' point of view the obligation of senior management of the enterprise to plan its business, in order to increase—in a continuous, permanent, and sustainable manner—its revenues and reduce their costs (including tax), to make it increasingly profitable, respecting the good corporate governance.

It is worth remembering that one of the principles of good corporate governance is that the board has to provide the strategic direction of the enterprise, covering aspects of short, medium, and long term. The tax governance such as risk mitigation and scavenging of tax burden reduction opportunities should be seen as part of strategic planning, one of the ways to make it more profitable and sustainable.

For all this to occur is very important that the enterprise has and uses a managerial information system that produces information to the senior management and to the board of directors who can identify, analyze, treat, and monitor the corporate risks, including the tax ones.

The Part I of this book is intended to provide an overview of the theoretical referential that served to support its writer and is structured into six chapters: introduction to the theme of the book; the complexity, dynamism, and sophistication of the Brazilian Tax System (STN); the main corporate taxes of the STN; cases of extension of the tax responsibility of the enterprise to its owners and administrators; the corporate governance and the risk society; and the tax governance in the context of risk management.

The Part II is structured into three chapters and intended to provide an overview regarding the context of the academical research conducted by the writer of this book in terms of research theme, the research question, the research general objective, the research specific objectives, the research justification and contributions, as well as an overview of the methodological procedures used in this research.

Specifically, it is meant to show the design or type of research in which the researcher chose to write this monograph and the process he used for the collection, analysis, and interpretation of data obtained in the research. Additionally, it is proposed to present the results found and the final considerations. Such research intended to verify how the Brazilian enterprises of XXX Group use their managerial information system (SIG) to identify tax risks *vis-à-vis* the theoretical referential presented in the Part I of this book.

This book serves as a helpful resource for enterprises, practitioners, academic community, as well as for tax governance as a species of corporate governance genus. It focuses on the academic research conducted by the author in a Brazilian enterprise group of advertising and publicity services. The research was justified mainly because the enterprises of such a group will be able to use the resources and procedures of managerial information detected and recommended by the researcher to identify tax risks that may be incurring and thus minimize the possibility of questioning by the tax authorities, which may result in issuance of notices of violation, with fines and default interest and even the extent of their responsibility to their administrators.

Thus, it aims to enable those enterprises to become more efficient, effective, and sustainable from the tax point of view. Additionally, the research was justified by allowing the academic community and other economic segment enterprises to benefit from the results as well as replicate, test, and use the structure (framework) of deployment, management, and monitoring a Model of Corporate Risk Management (GRCorp) and a Specific Model of Tax Risk Management (GRTRIB) developed by the researcher (Fig. 8.1).

I dedicate this book to my parents, William (*in memoriam*) and Angela, the training they have given me, and my wife Lucinalva and my son Daniel, for their patience and support they have given me in the most difficult hours of this academic journey.

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