Benefits Compliance Tracker (BCT)

Efficiency and Compliance in the Management of Benefits in Kind

The challenge

Complexity and risks in the management of benefits

Employee benefits are an important part of staff retention. However, the correct recording and evaluation of these benefits poses considerable challenges for many companies, such as

1. Complete recording

The comprehensive documentation of all benefits for employees and third parties requires a great deal of organizational effort.

2. Tax and social security compliance*

The regulations in the area of benefits are complex due to the large number and heterogeneity of wage tax, value-added tax (VAT) and corporate income tax (CIT) regulations as well as social insurance law and require detailed knowledge of the relevant regulations.

3. Regulatory compliance

Compliance with and documentation of German tax regulations, in particular the monthly exemption limits, is often difficult to ensure.

4. Effort and costs

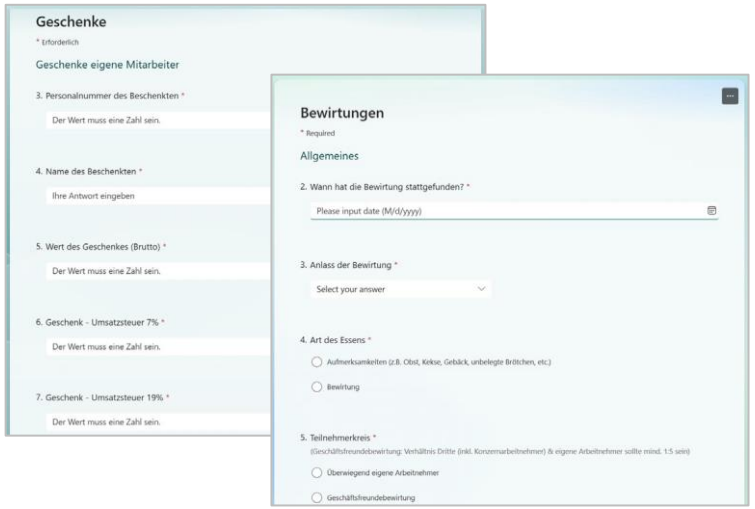
Complete recording often means a great deal of effort and high costs for the payroll and tax departments.

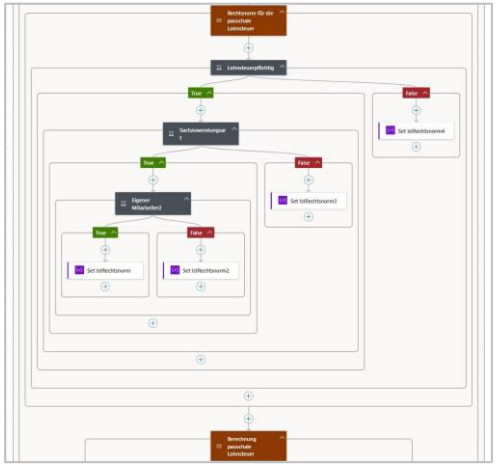
5. Risks:

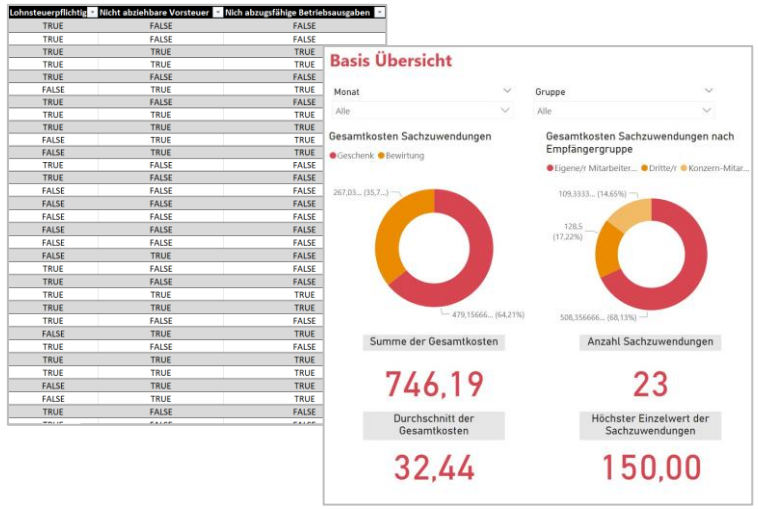
Non-compliance can result in high additional tax payments and penalties.

Our solution

Benefits Compliance Tracker (BCT)







1. Data acquisition

All relevant content for the tax classification of benefits in kind is recorded using specialized Microsoft Forms questionnaires. There are different forms for gifts, hospitality and events.

2. Data processing

A submitted form triggers a Power Automate workflow that checks the content for **completeness** and **plausibility**, as well as **specifically** according to the **type of benefit in kind**. Decision trees in the workflow ensure that all benefits are correctly recognized.
A monthly concluding and **comprehensive review** ensures that tax advantages are optimally utilized and compliance regulations are adhered to.

3. Data results

Masterfile: enables continuous documentation of all benefits granted in a year. Additionally, a Power BI dashboard based on this provides important KPIs for management.

Payroll Output: monthly report as an import template for payroll accounting, which includes the taxable benefits at employee level.

Accounting Output: a monthly report that shows the necessary adjustments for the correct handling of VAT and CIT.

Our technology

Modular approach and decision trees

The BCT is modularly structured to meet the diverse requirements of different types of benefits in kind.
It relies on our specialized forms for gifts, hospitality, and events and is completed by a comprehensive tax review based on decision trees.

Decision trees in the workflow:

1. Specific Reviews

Decision trees in the workflow ensure that gifts, hospitality and events are considered and handled correctly:

- **Gifts:** Tax treatment of gifts to employees and third parties.
- **Hospitality:** Determination of the tax treatment of entertainment expenses.
- **Events:** Tax treatment of company events and other events.

2. Comprehensive Reviews

In order to ensure a comprehensive and consistent tax review, the decision trees for the different moduls are combined and audited for tax purposes. This cumulation enables a holistic view and assessment. This way, tax benefits that can be used regardless of the circumstances, such as the 50-euro exemption limit in accordance with Section 8 (2) sentence 11 EStG (German Income Tax Act), can be fully utilized. The comprehensive review ensures that all tax-relevant benefits and advantages are correctly recorded and evaluated in order to ensure compliance with legal requirements.

Your benefits

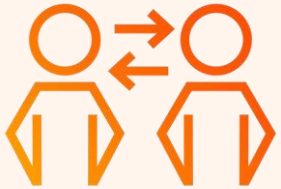
Advantages of the BCT

Increased efficiency

The BCT significantly reduces the workload for your payroll and tax department by automating and optimizing manual processes. The necessary information is gathered directly from the source at the provider, minimizing the time spent on clarifying facts. Since the payroll output is provided as an importable file for your payroll system, your payroll department is also maximally relieved.

Tax optimization

By optimally utilizing tax benefits and allowances, the BCT reduces your overall tax burden. Additionally, the management dashboard provides you with all relevant information and KPIs at any time, enabling you to efficiently manage benefits in your company.



Compliance

The BCT enhances overall tax compliance and reduces the risk of errors and penalties through comprehensive and precise documentation of all relevant data. The detailed masterfile allows you to be prepared at any time, for example, during external wage tax audits or general audits.

Contact

For further information and a detailed presentation of the Benefits Compliance Tracker (BCT), Gero Dollmeier, Louisa Jonat, and Deniz Özcan from the Employment Tax & Social Security team will be happy to assist you.

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Deniz Özcan is a Senior Associate in the Employment Tax & Social Security Team. His focus is on developing innovative solutions and automations, as well as data-based analyses and evaluations. He is also significantly involved in the introduction and optimization of Artificial Intelligence (AI). With extensive knowledge in PowerPlatforms, Alteryx, and Python, he enables tailored and efficient solutions for complex challenges.

Manage Benefits smartly!

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