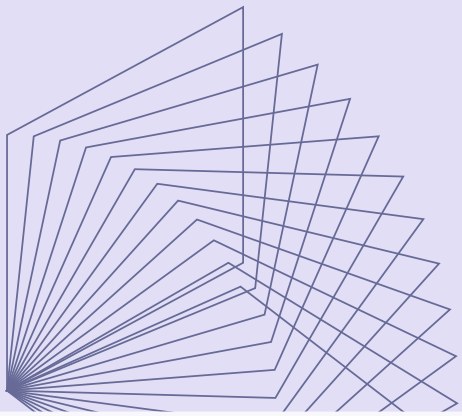
Telecon

Success stories · Horizontal Monitoring

Horizontal Monitoring in Kazakhstan Two success stories

See how Telecon's specialists have helped organizations implement and expand Horizontal Monitoring in Kazakhstan. These projects demonstrate practical approaches to tax transparency, data integration, and internal controls — experience we bring to Horizontal Monitoring projects in Azerbaijan, with due consideration for local requirements.



01 Page 2

National Gas Transmission Operator

Delivered one of Kazakhstan's pioneering Horizontal Monitoring projects, working closely with the State Revenue Committee to help shape practical methodologies and implementation approaches for Horizontal Monitoring.

02 Page 4

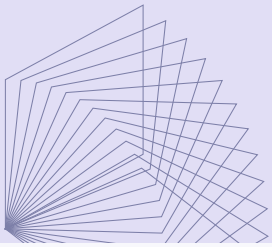
National Electricity Grid Operator

Implemented Horizontal Monitoring alongside ERP system enhancements, aligning tax methodology, business processes, and technology throughout the project.

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From tax returns to source documents: Horizontal Monitoring in Kazakhstan

National Gas Transmission Operator · March 2024 – March 2025



12	13	2	3
units: head office and 11 branches	months	ERP systems	project stages

Context

Kazakhstan launched a Horizontal Monitoring pilot project in 2020, establishing digital interaction between taxpayers and the State Revenue Committee (SRC).

The Operator joined the pilot in 2021.

A key SRC requirement was a data mart enabling structured data exchange, traceability from tax returns to supporting documents, and data integrity.

The challenge

The key challenge was to establish an end-to-end tax data disclosure model integrating SAP ERP and 1C, the data mart, and tax internal control processes in line with SRC requirements.

Project progress

The Operator joined the pilot in July 2021. Telecon became the implementation partner in 2024, combining tax methodology with technology to structure, validate, and disclose tax and accounting data to the SRC.

01 **Disclose the Tax Control Framework**
Ensure transparency in tax governance and internal controls

02 **Automate tax reporting**
Accurate, consistent reporting data

03 **Verify system readiness**
Tested before production use

PROJECT AT A GLANCE

CUSTOMER
National Gas Transmission Operator

COUNTRY
Kazakhstan

SYSTEMS
SAP ERP, 1C

PARTNER
Telecon

Project goal

A transparent model of interaction with the SRC, built on trust and predictability:

- Online access to data, down to supporting documents
- Ongoing consultation rather than traditional audits
- Early identification and mitigation of tax risks
- Stronger tax internal controls

Project implementation stages

Two implementation blocks, followed by trial operation.

Assessment	Platform implementation	Trial operation
2 months	9 months	2 months

BLOCK 1

Current State Assessment

KEY ACTIVITIES

- Reviewed ERP systems and existing tax reporting processes
- Assessed internal controls over tax processes
- Identified constraints and areas for improvement

DELIVERABLES

- ERP enhancement recommendations to meet SRC requirements
- Tax internal control maturity assessment report

BLOCK 2

Horizontal Monitoring Platform Implementation

KEY ACTIVITIES

- **Requirements analysis.** Assessed SRC requirements against existing data disclosure processes to define scope, detail, and improvements.
- **Disclosure model alignment.** Agreed with the SRC on traceability from tax return figures to supporting documents.
- **Implementation.** Integrated SAP ERP and 1C, implemented Tax Reporting Packages, and tested data accuracy and completeness.
- **User training.** Prepared head office and branch teams for the new interaction model.

Trial operation · 2 months. The solution was tested for stability, accuracy of disclosed data, and operational readiness before production use.

Results

Full traceability

From tax returns to accounting entries and supporting documents.

Electronic access

Supporting documents available in the electronic document archive (EDA).

Consistent tax data

Reliable information and centralized tax data management.

Beyond the project

Business impact

Less manual work and more time for analytics and data management.

Early adoption

Among the first participants to complete the transition to horizontal monitoring.

Regulatory input

The Operator's pilot experience helped shape SRC requirements, with ongoing feedback from practical use.

Telecon

Building an integrated tax control environment

Horizontal Monitoring for a National Electricity Grid Operator

COUNTRY	INDUSTRY	CUSTOMER	IMPLEMENTATION PARTNER
Kazakhstan	Electricity Transmission	National Electricity Grid Operator	Telecon

The starting point

As part of Kazakhstan's government-led Horizontal Monitoring pilot project, a national electricity grid operator began preparing for a new model of digital interaction with the tax authority.

The transition required greater transparency of tax data and end-to-end traceability from tax reporting figures to accounting registers, transaction-level data and supporting documents. Initially, some data was prepared manually, links between reporting figures and underlying accounting records were not always clearly defined, and existing accounting systems required enhancements.

Successful implementation required more than deploying the Horizontal Monitoring Platform. Accounting systems had to be enhanced alongside the development of the Data Mart to ensure data quality, consistency and readiness for integration. This parallel work also became a catalyst for modernizing the company's accounting systems.

STAGE 1

Building the foundation

The first stage implemented the Horizontal Monitoring Platform and its Data Mart for corporate income tax (CIT) and value-added tax (VAT). It established disclosure principles, enabled traceability to transaction-level data and supporting documents, and defined ERP enhancement requirements.

A joint transformation

The customer's technological maturity and active involvement shaped the project. Its teams enhanced IT systems, contributed to solution architecture and brought IT and business teams together. Telecon joined during implementation and became an integral part of the project team as the solution expanded.

THREE STAGES

- Building the foundation
- Scaling the solution
- Embedding tax risk management

From tax transparency to integrated controls

How the solution evolved through scaling, methodological development and risk management

STAGE 2

Scaling the solution

In the second stage, Telecon led the development of a unified tax reporting methodology: rules for data collection and disclosure across all tax reporting forms, links between disclosure levels, and validation checks for completeness and accuracy.

KEY ACTIVITIES

- Implemented seven additional tax reporting forms and deployed them for Trial Operation (Pre-Production).
- Rolled out the solution across the customer's branches.
- Trained end users.
- Provided technical support and managed user requests.
- Facilitated coordination with the SRC on the phased implementation of tax reporting forms.

STAGE 3

Embedding tax risk management

The third stage moved beyond tax transparency to embed tax risk management and internal controls into the solution. Telecon designed and implemented models for the Risk Management System (RMS) and Internal Control System (ICS), documenting tax risks, configuring control procedures, and integrating control matrices with the Data Mart.

Linking risks, controls and reporting figures enabled selected control procedures to be automated and discrepancies to be identified earlier. The solution evolved beyond tax reporting to support internal controls and tax risk management.

Parallel development of systems

Enhancing the Data Mart and ERP systems together did more than extend functionality. It improved data quality, resolved inconsistencies in how tax reporting data was prepared, and established consistent principles for preparing and disclosing tax information.

What changed

End-to-end traceability

Tax reporting figures can be traced to underlying accounting data and supporting documents.

Consistent tax data

A unified reporting methodology and parallel system enhancements improved data quality and reduced manual work.

Integrated tax controls

Linking tax risks, controls and reporting figures enabled earlier identification of discrepancies.

With tax data disclosure, internal controls and tax risk management connected in one environment, the company began the phased launch of full-scale Horizontal Monitoring operations. What began as a Horizontal Monitoring implementation became a foundation for the continued development of the company's tax function.