

*Tax Function of the
Future series*

February 2016

Tax as a critical component in every Finance transformation

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Introduction

Our Tax Function of the Future thought leadership series has focused thus far on why Tax needs to adapt and change going forward. We have offered predictions and insights regarding the new legislative and regulatory challenges facing Tax functions, the resulting implications for risk management, and the need to shift resources from data gathering to analytical tasks.

We now turn our attention to broader Finance transformation efforts that have been occurring more recently. This fourth article explains why it is critical for Tax to be an integral part of these initiatives from the outset. We not only explore the reasons for transformation, examples of how Tax should be involved, and the potential benefits and pitfalls, but also suggestions for how to get started and develop a roadmap for change.

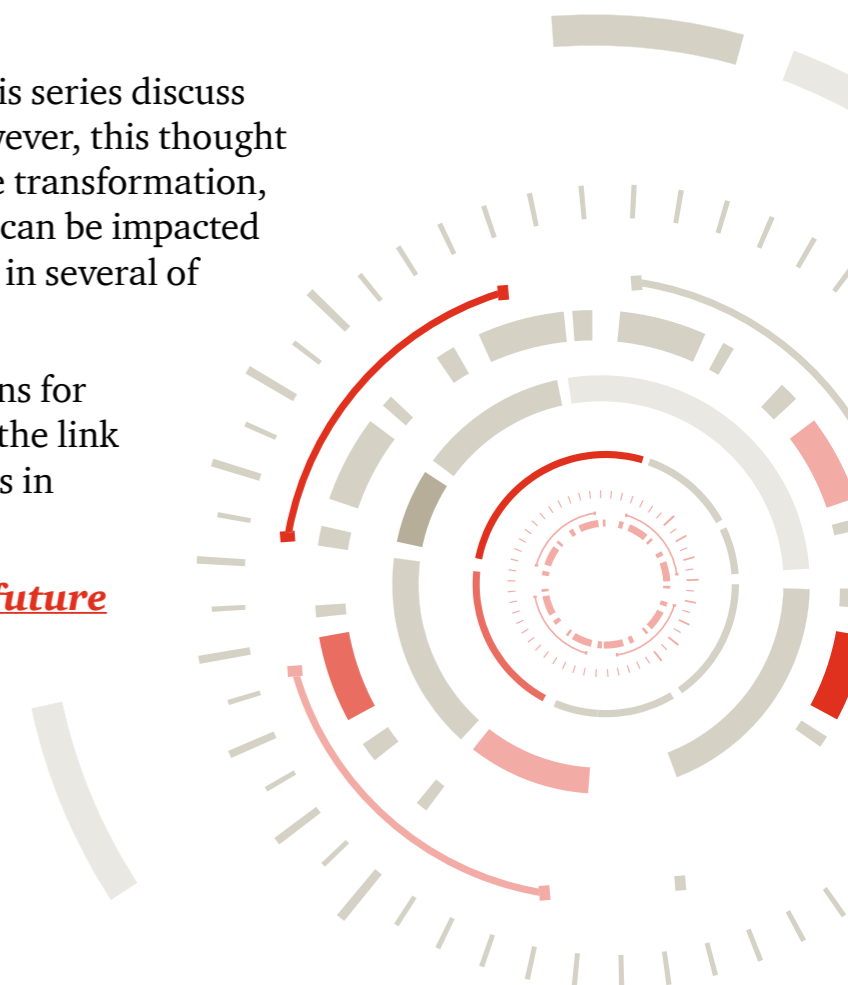
The global predictions we present in this series cover six main topic areas:

1. [Global legislative and regulatory landscape](#)
2. [Tax function's role in risk management and governance](#)
3. [Data flow into the tax function](#)
4. [Technology automation for tax function analytical tasks](#)
5. [Tax function roles and processes](#)
6. [The tax professional of the future.](#)

Recent thought leadership pieces in this series discuss predictions within a specific area. However, this thought leadership, relating to broader Finance transformation, describes the many ways in which Tax can be impacted and, as a result, references predictions in several of these areas.

For more information on our predictions for the Tax Function of the Future, follow the link below to read the previous publications in our series.

www.pwc.com/taxfunctionofthefuture



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Tax and Finance face similar challenges requiring a fundamental re-evaluation of operations and processes. Both need to better support their internal and external stakeholders—the business, regulators, and investors—often without access to increased resources. They must respond to demands for accelerated financial reporting/regulatory filing, greater predictive insight and decision support, and ongoing control, compliance, and risk management. And they must continually improve processes to eliminate waste and leverage technology to improve automation, data quality, and analytical capabilities.

Finance functions seek to meet these challenges by taking on 'transformation.' Transformation is not necessarily a single corporate event; more often, it consists of a series of strategic projects (large or small) that help to continuously improve and move along the maturity curve that executive leadership has defined for the organisation.

What is critical for success?

Transformation needs to be an integrated effort across Finance with Tax as a key participant. Tax must participate both to ensure its continued ability to meet its own global compliance obligations using high-quality data and also to help enhance the overall operational effectiveness of Finance. Transformation initiatives without Tax can conflict with basic Tax function requirements, with adverse consequences to the organisation as a whole.

Unfortunately, Finance transformation activities often occur without significant participation from Tax. Given the potential pitfalls and missed opportunities, why does this happen? Some of the more significant reasons include:

- Tax is a highly complex business function – its complete and detailed operations fully understood only by the most senior Tax executives. Finance (and the business) may not have access to a detailed knowledge base about specific Tax processes and obligations. As a result, it may be hard to 'connect the dots' and discern how upstream transformation may impact the Tax environment.

The Tax function is a vital element to the broader Finance function, and the pursuit by both teams to achieve efficiencies and improve effectiveness should go hand-in-hand. Working in tandem and leveraging enterprise investments in technology and overall transformation synergies will be the basis for a new-era Tax function.

- Organisations may not think of their continuous improvement as a 'major' transformation, thus overlooking the potential impact on Tax and the opportunity to be holistic and include Tax in all initiatives from the onset.
- Tax is typically a smaller part of the overall Finance budget and may not be viewed as a priority area with respect to the transformation, notwithstanding that greater financial risk may be attributable to it.
- Tax may experience problems defining how it adds value to the greater organisation. Should it be a compliance-focused function, or could it more directly serve business teams in real time? As a result, Tax may have difficulty articulating its complete mission when participating in Finance transformations.

Executive summary

Strong collaboration between Tax executives and Finance decision-makers enables identification of potential issues and opportunities, such as better ability to meet compliance requirements, greater efficiencies, and improved risk management. Enhanced data analytics also can result from a close partnership with Finance, since Finance typically delivers the core data that the Tax function consumes in its day-to-day operations. The era of technological change is making this possible and greatly expanding Tax capabilities—this is a critical issue given the current push to re-direct Tax resources from compliance-related tasks to value-added activities that more directly serve the business.

The remainder of this piece details the drivers of transformation, the impact on Tax including the benefits and pitfalls, and how to execute a successful transformation.

Budget constraints greatly influence where a particular organisation wants to invest. For many years, Tax has not been high on the resource investment list as compared to other corporate functions, but this trend cannot continue due to the new and pressing challenges Tax is and will be facing going forward.



Let's dig deeper: What is driving the need?

What is driving the need for transformational change?

Many companies today are considering or are in-process of completing a focused or large-scale Finance transformation. What compels organisations toward these initiatives? We list below the eight drivers for change that are impacting the Finance function as a whole, including Tax:

- Cost pressures
- Process inefficiencies
- Expansion into new markets

- Regulatory environment
- Business alignment
- Financial planning and forecasting
- Business insight and decision support
- External stakeholder expectations

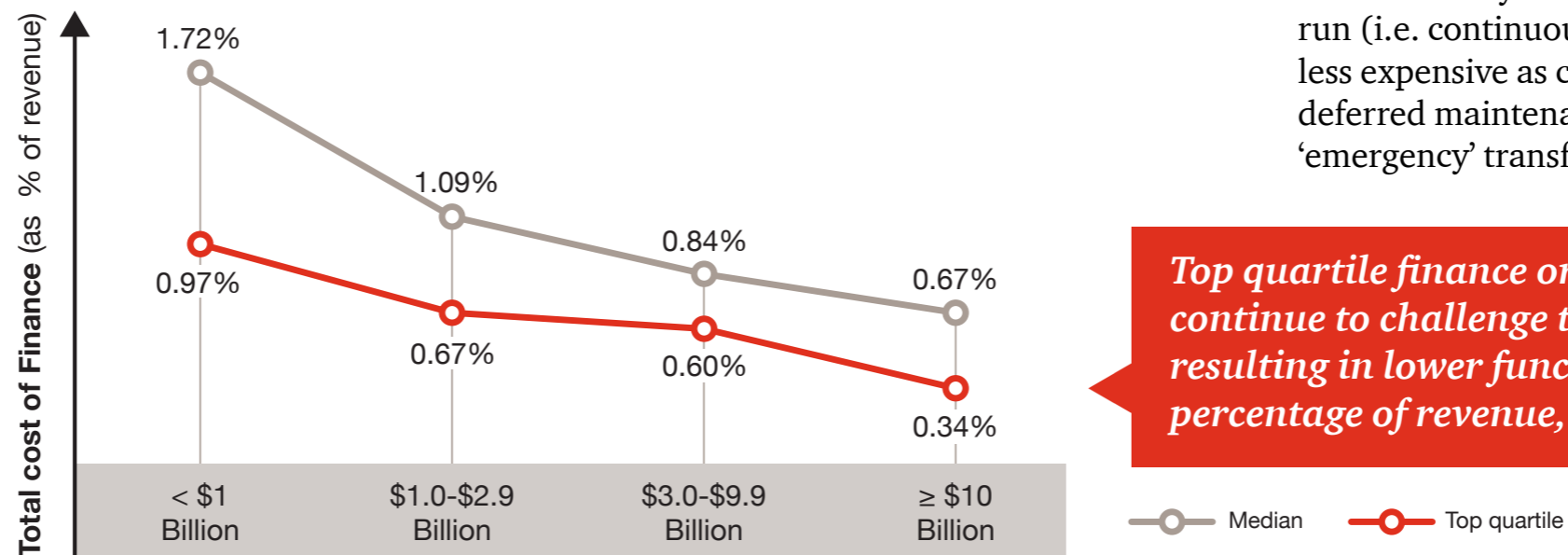
Cost pressures

The overall cost of the Finance function (including Tax) has continued to decrease over the last 25 years, with cost containment more prevalent as companies increase in size. A recent PwC benchmarking study highlights

that the Finance cost for companies has decreased by 40% in the last 10 years, with top-quartile companies performing at an additional 40% less cost than the median group.

This trend is gaining greater momentum—Finance organisations continue to challenge the status quo to ‘do more with less’ in support of enterprise cost reduction initiatives, even if the organisation is already lean. The result is that Finance, including Tax, must manage costs in a more strategic way to address these pressures. However, they must balance the fact that too much cost cutting can diminish their capabilities and ultimately cost more in the long run (i.e. continuous improvement is less expensive as compared to excessive deferred maintenance followed by ‘emergency’ transformation.)

Average cost of Finance (as of % revenue)



Top quartile finance organisations continue to challenge the status quo resulting in lower functional cost, as a percentage of revenue, than their peers.

Source: PwC's Finance Benchmark Report 2015 - "Breaking away: How leading finance functions are redefining excellence".

Notes: Cost of finance as a % of revenue. Company revenue in \$USD.

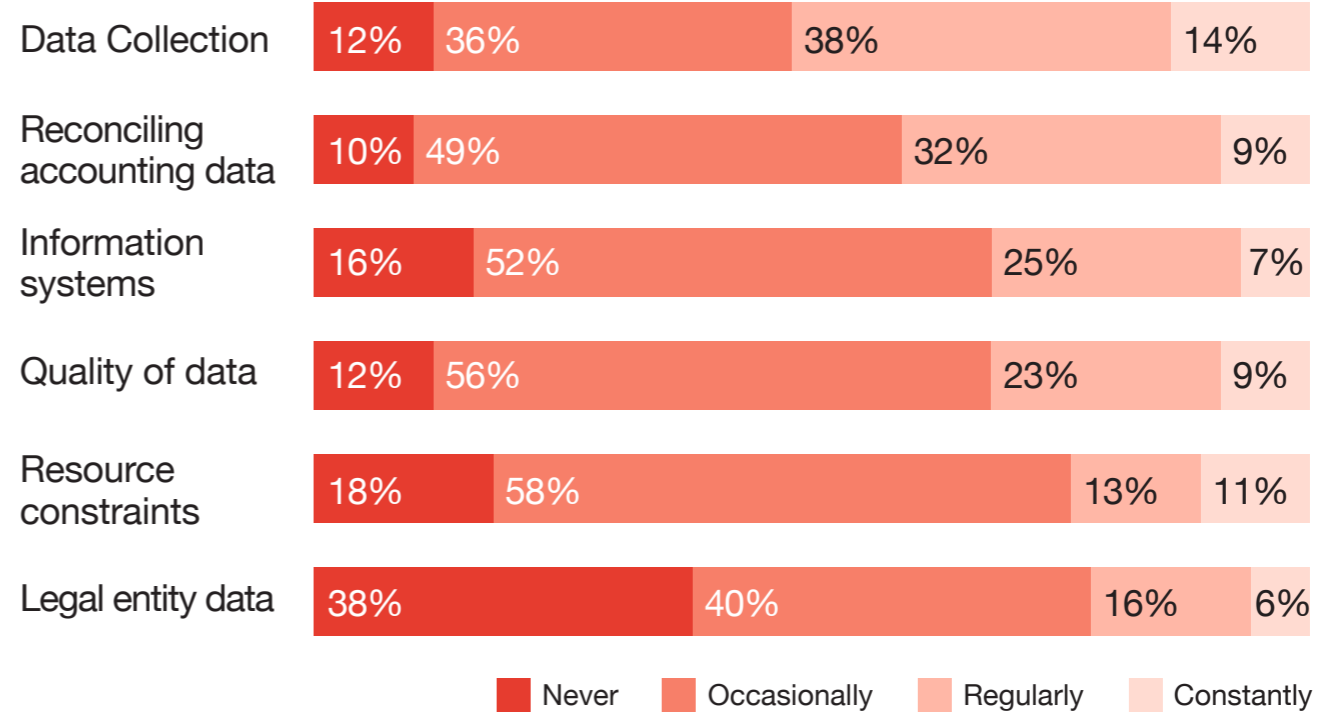
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Process inefficiencies

Tax has long grappled with manual and inefficient processes, including reviewing data that is gathered from the field (e.g. so-called tax packages). That data is often not at the right level of detail. Disparate spreadsheets also may be used to capture and report such data, which typically is loaded into compliance tax software tools manually.

The good news is that significant efficiency can be realised by performing robust process review and redesign efforts during transformation. Timelines can be shortened, workloads reduced, waste eliminated, risks mitigated, and data integrity improved as processes are 'leaned out' and automation implemented. Specific examples include decreasing provision to tax return adjustments, as well as reducing the staff hours to complete the return.

Challenges in completing tax returns



Source: PwC's Finance Benchmark Report 2015 - "Breaking away: How leading finance functions are redefining excellence".

PwC benchmarking shows that over half of companies consider data collection to be a regular or constant challenge when completing tax returns; this issue extends beyond tax returns to many other core tax activities.

Let's dig deeper: What is driving the need?

Expansion into new markets

Expansion into new markets is a key growth lever. For multinational companies, expansion can serve to drive revenue in response to various global megatrends. The challenge? While the potential benefit of this expansion is great, it carries risk, especially relating to increased Tax risk.

Finance functions must help the business pursue growth opportunities and manage financial performance post entry. Finance will need to evaluate operational changes relating to, for example, intercompany transactions, transfer pricing, supply chain implications, and new tax and accounting policies and requirements.

Regulatory environment

External markets and regulatory bodies demand access to more reliable information in shorter periods of time. In the United States, Securities and Exchange Commission (SEC) filing deadlines place an emphasis on timeliness, but there also is greater demand for transparency. Today's global public markets can have a more favorable viewpoint of companies that provide transparency beyond regulatory requirements.



For example, under the Base Erosion and Profits Shifting (BEPS) action plan by the Organisation for Economic Co-operation and Development (OECD), multinational companies will need to disclose to tax authorities an unprecedented level of information related to their business globally—including the jurisdictions in which they operate, the profits generated, and the number of employees located there.

Compounding these challenges, Finance must simultaneously navigate the regulatory requirements of various jurisdictions as well as increasing statutory complexity. All of the above factors are driving transformation so companies can keep pace with the demands of markets, governments, and other stakeholders.

See our [website](#) for more information on the BEPS action plan.

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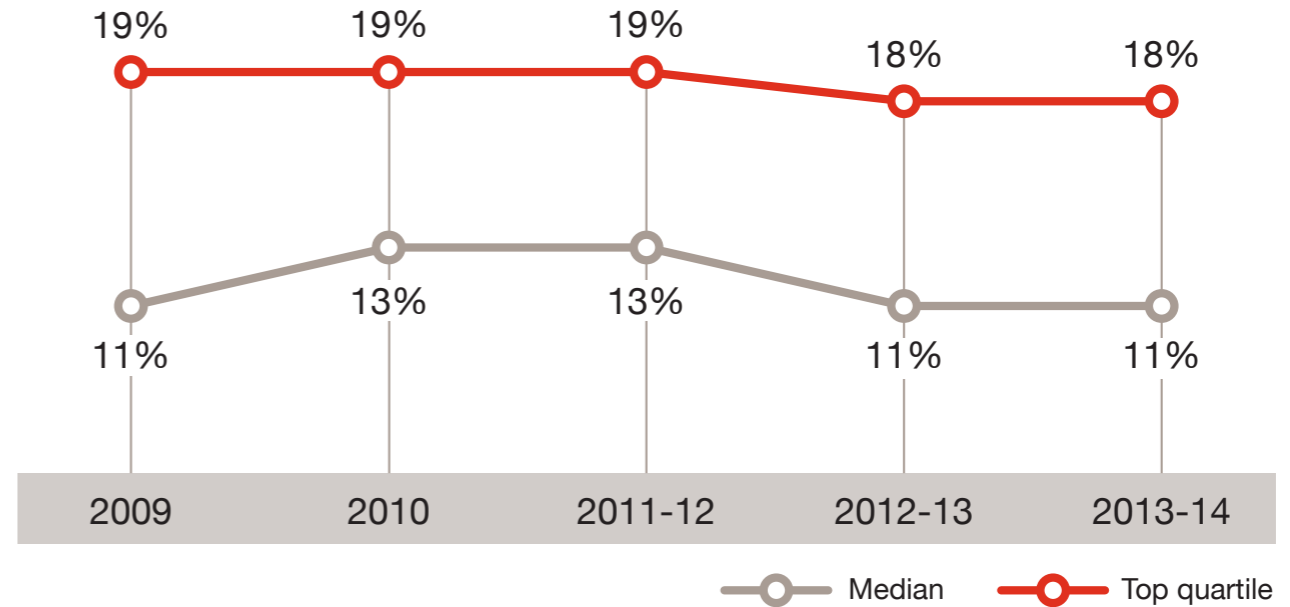
Business insight and alignment

Recent surveys highlight that business stakeholders believe they are not receiving adequate information and access to Finance (including Tax) personnel. Top-quartile companies have responded by dedicating more resources to business partnering roles; such companies have 60% more Finance-related resources dedicated to business partnering than their peers. Finance transformations are being driven by the need to have a service delivery mindset that aligns processes, systems, organisational structure, roles, and reporting relationships in order to better partner with the business and meet stakeholder needs.

Financial planning and forecasting

Helping the organisation plan and forecast to meet business goals is a critical responsibility of the Finance function. A key component of forward-looking insights includes understanding the tax impact of decisions. Yet, many companies struggle with planning and forecasting processes which can become

Finance FTEs in business partnering roles



Source: PwC's Finance Benchmark Report 2015 - "Breaking away: How leading finance functions are redefining excellence".

bogged down in unnecessary detail and may focus more on understanding the past than assisting with current and future needs.

Revitalising and streamlining planning and forecasting processes is a driver for Finance transformations so as to ease the burden on resources and ensure accuracy. As an example, due to the

direct financial statement implications, data points on which Tax is dependent need to be more robust to ensure proper global tax provision calculations on a quarterly basis. Moreover, there is an increasing desire to expand the reports generated from these time-consuming processes so as to derive greater value and insight.

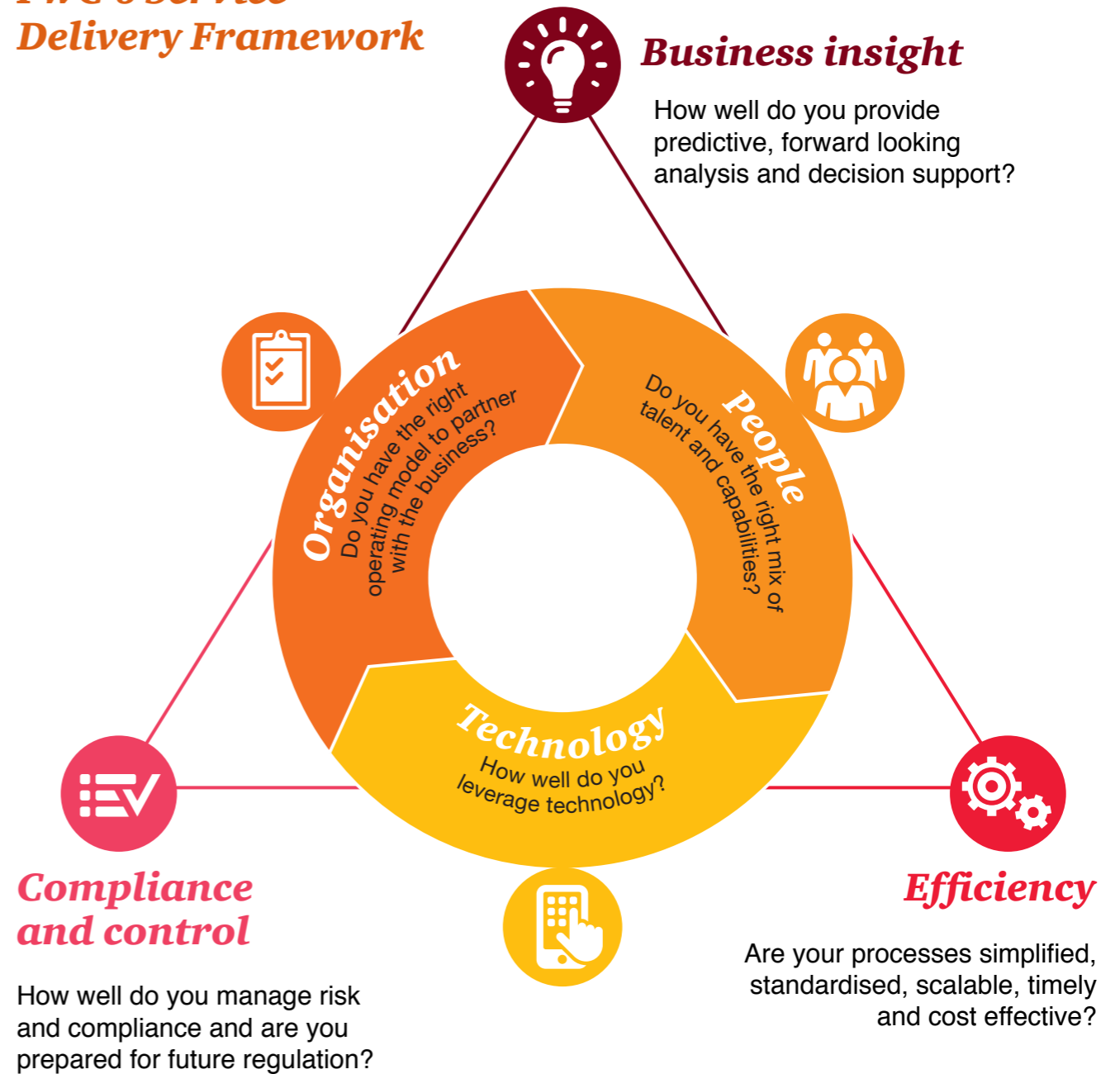
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Business insight and decision support

The typical Finance function is accountable for core accounting and reporting activities such as period-end close and external tax and regulatory filings (e.g. audited financial statements, statutory accounts, and tax returns). In addition, Finance undertakes other core operational accounting and compliance activities (e.g. payables, receivables, and sales tax compliance). But Finance functions are under increasing pressure to move beyond these traditional 'back-office' activities. New demands include the capture, analysis and dissemination of information to facilitate decision-making and improve performance drivers. This will impact management reporting and analytics, performance management, capital investment management, and planning and forecasting.

Finance and Tax functions are being asked to provide greater value in the form of insight and decision support, while continually increasing control, compliance and efficiency. Success is finding the right balance between service delivery and cost.

PwC's Service Delivery Framework



Source: PwC's Finance Benchmark Report 2015 - "Breaking away: How leading finance functions are redefining excellence".

Let's dig deeper: What is driving the need?

External stakeholder expectations

The global tax landscape is particularly dynamic, where companies may be expected by various external stakeholders such as the public and tax authorities to 'pay their fair share' of tax in the countries in which they operate. Tax audits and controversies also are expected to rise dramatically as many governments seek more revenue, requiring Tax to take a more proactive approach to ensure its readiness. The challenge is not just focused on compliance, but how to achieve in-depth understanding of the information before, during, and after it is delivered.

The relationship between taxpayers and tax authorities is changing. Real-time engagement between taxpayers and tax authorities is increasing – mandating that the company have a robust tax control framework, because tax authorities will want to analyse and confirm upfront the company's competency with respect to risk management and compliance.



Tax authorities also expect taxpayers to have systems to respond quickly to audit information requests. Many companies have yet fully to develop this capability, driving the need for transformation.

(See our publication [*Global tax transparency and risk management: The new landscape prompts changes to operations, strategy, and budgets*](#) for more information on this topic.)

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These challenges are bringing about changes... How will they impact Tax?

When transformation occurs successfully, the benefits and opportunities can be tremendous. The following describes some of the potential outcomes:

Elevating the quality and availability of data

Data is the new business currency. Successful transformation activities typically enhance the quality of data gathered from business operations for Finance purposes. With strong collaboration, tax functions can achieve a higher degree of efficiency through less time devoted to the manual manipulation of source information. Further, risk is most effectively managed by obtaining data integrity at its source when generated, as opposed to in downstream processes where it is consumed.

Predictions

The majority of tax functions will receive all information in a 'tax-ready format' from either their enterprise-wide financial systems or a dedicated tax data hub.

Dedicated tax data hubs will become mainstream and be developed internally, licensed from a third-party vendor, and/or accessed through an accounting firm as part of a co-sourcing arrangement.

Enhancing analytics for better decision-making

Companies are re-evaluating their general ledgers' chart of accounts to determine the charts ability to supply decision-makers with real-time access to key performance information, and are designing standardised data structures and calculations for core business drivers. Specifically with respect to Tax, most companies are beginning to use professional data analysis tools to help identify risk areas for audit and perform projections or scenario planning.

(See our publication [Unlocking the power of data and analytics: Redesign,](#)

[redefine, and redeploy tax to be a strategic business asset](#) for more information on this topic.)

Boosting enterprise resource planning (ERP) and process functionality through automation

Organisations are implementing enhanced ERP systems and investing in other process improvements to eliminate waste and better meet functional requirements. Bottlenecks are being eliminated, activities are being better sequenced, and first-time accuracy is being achieved. Time-consuming and error-prone manual tasks are becoming automated. Successful ERP projects can increase the effectiveness of compliance processes and controls and accelerate cycle times, while also facilitating high performance by providing insight to the business.

Prediction

More companies will use their enterprise-wide financial systems to prepare tax calculations (e.g. income tax accounting and indirect taxes), thereby replacing spreadsheets and/or traditional tax technology solutions.

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While the C-suite may be primarily invested in growth, it is the Finance function that provides the institutional baseline understanding of financial capability and infrastructure that enables the selection of the right business strategy as well as its successful execution.

Alternatively, the business may have a strategic priority to expand into new markets, which may require incorporating a flexible operating model that can streamline efforts during expansion and growth. Or if lowering financial risk is a core goal, bolstering resources and processes may be in order.

Re-aligning risk management approaches

Successful transformation activities reflect the organisation's tolerance for risk. In particular, senior management increasingly focuses on how tax risk is being managed and how that aligns with the overall goals of the organisation. Risk no longer can be considered in isolation from the wider business due to the potential for unexpected errors, exposures, or reputational damage.

Specifically, an organisation's tax control framework must now include strong governance, which clearly reflects the expectations of stakeholders, an in-depth understanding of where key risks lie, effective and efficient controls, internal and external communication strategies, and on-going monitoring for all these areas.

Aligning strategy with business priorities

Aligning the Tax service delivery model with stakeholder needs and organisational strategy is a growing trend. As an example, many businesses focus on cost cutting, with the result that redundant organisational structures are being eliminated. This strategy could include migrating repeatable tasks to shared service centers and centers of excellence.

Prediction

Most global tax preparatory compliance and reporting activities, including data collection and reconciliations, will be performed within the company's shared service center or will be co-sourced with a third party.



Tip

When a shared service center or center of excellence is established, there should be an upfront focus on the capabilities of 'the center', particularly the expertise of the personnel, as well as the necessary technological platform to support it.



Tip

Since boards increasingly take into account how their tax decisions might affect the company's public image, the impact of Finance transformation activities on reducing tax risk is critical.

Let's dig deeper: Challenges bring change

Leveraging talent in new ways

Effective transformation initiatives evaluate resource allocation with a fresh eye, with no hesitation to redesign or redeploy responsibilities. Tax personnel will need to be highly proficient in technology as well as project management in order to address many issues that can arise during Finance transformation initiatives. Creative ways need to be considered to position specific expertise in the right places—not just through hiring externally, but through continuing education and training, rotations, and ‘seconding’ individuals within the larger organisation.

Predictions

A successful tax professional of the future will be highly proficient in data analysis, statistics, and technology, as well as process improvement and change management.

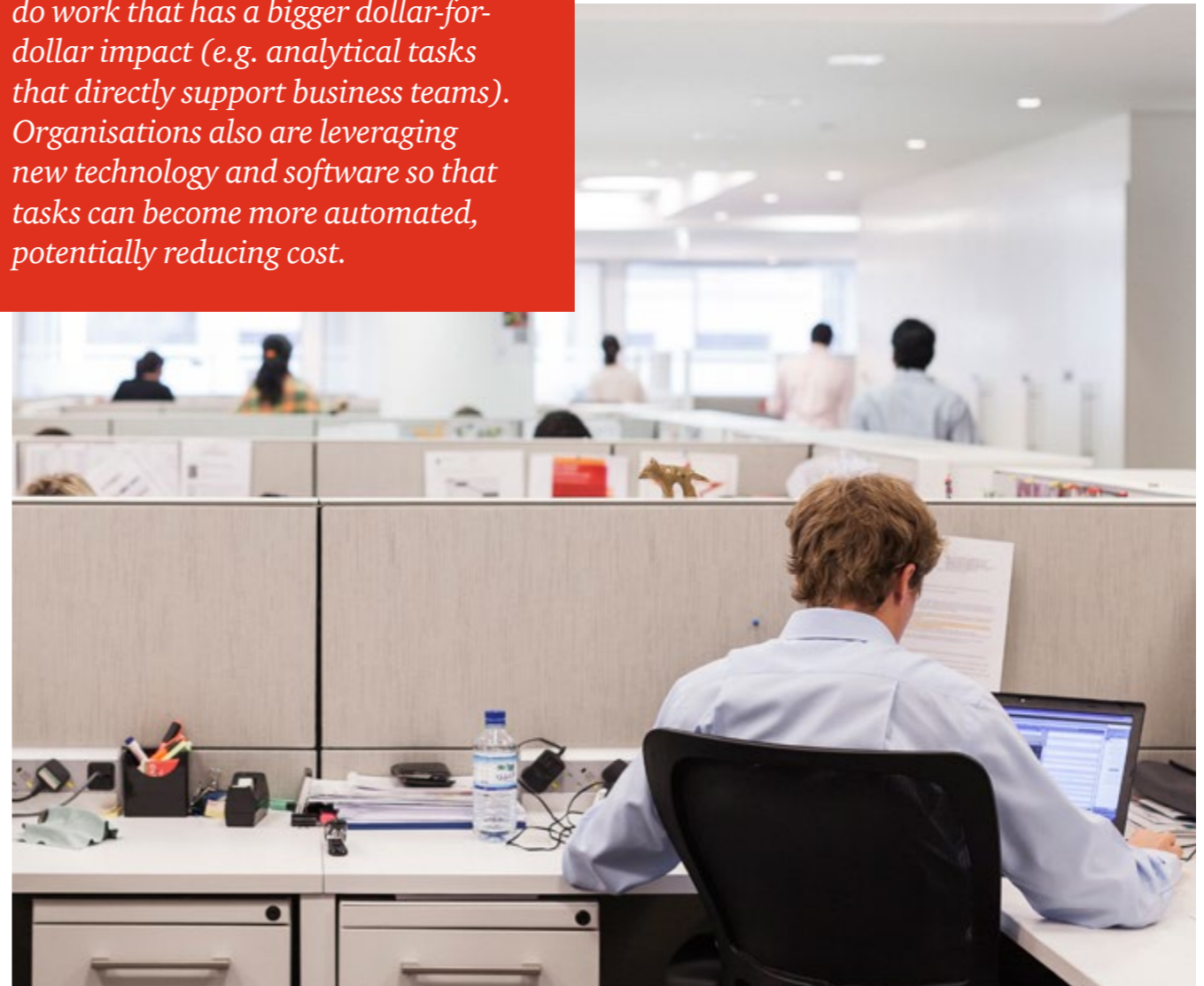
Tax functions will employ dedicated tax IT, data and project management specialists who will develop, champion, and execute the tax technology and transformation strategies.

Re-evaluating ‘who does what and why’—Organisations are re-evaluating and redeploying existing resources to higher value-add activities. Certain tasks can be shifted to other resources, freeing up the tax specialist’s time to do work that has a bigger dollar-for-dollar impact (e.g. analytical tasks that directly support business teams). Organisations also are leveraging new technology and software so that tasks can become more automated, potentially reducing cost.



Tip

A recent trend is that Tax is seeking out staff from the wider Finance function because they have the desired skillset for certain transformation projects.



Let's dig deeper: Benefits and pitfalls

Benefits to realise and pitfalls to avoid

The following discussion describes what benefits can be achieved and what costs and pitfalls can be avoided when Finance and Tax are partners from the start of any transformation effort.

Benefits reach across the organisation

Enhancing the collaborative partnership between Tax and Finance during transformation activities can generate a number of advantages.



“Tax is an integral part of our Finance organisation’s transformation efforts. I expect the close collaboration between Tax and Finance will result in a number of benefits, such as the ability to produce enhanced forecasting reports for management in a quicker timeframe.”

—Jerome Mychalowych, Senior Vice President, Global Tax, Zoetis Inc.

Larger benefits that can arise from a successful transformation:

- Reduced risk of errors in financial statement and tax filings
- Diminished risk of ‘regulatory’ entanglements and improved ability to address tax audits
- Stronger tax control framework, equating to lower financial tax risks
- New analytical capabilities, adding to the organisation’s ability to plan, forecast and collaborate on new business opportunities
- A more empowered, strategically placed workforce, enabling quicker change.



More specific examples:

- Data gathering can be reduced when information for Tax is tagged properly at the ledger level, thereby reducing task time for the Finance team overall
- Data flowing directly from the general ledger to Tax software (or tax computations directly embedded within the broader ERP

platform) and integrated tools can reduce manual tasks and errors

- Flexible processes that utilise technology can handle tax law changes rather than adding manual processes (e.g. recent tangible property repair regulations)
- On-line collaboration tools can help automate document management and internal controls

- Shared service center or other co-sourcing options can improve cost savings for tax compliance functions such as data collection and forms preparation
- Improved communication and workflows between Finance and Tax personnel can boost efficiency, paving the way for greater cohesiveness going forward.

Let's dig deeper: Benefits and pitfalls

Costly pitfalls are avoided

The wider Finance function may assume that its transformation activities will result in significant cost reduction—a misconception if Tax-related impacts are not taken into account. There are both tangible cost elements and intangible costs associated with risk that may be created through Finance changes.



“After a recent acquisition, Tax and Finance partnered to design an integrated operating model that standardised processes and tried to minimise duplications for the end to end financial cycle. The collaboration between Tax and Finance resulted in a number of benefits, such as automated data pulls for compliance and systems cost savings from harmonisation.”

—Joe Chirichella, Senior Director, Tax Financial Reporting and Compliance, Becton, Dickinson and Company

Consider the following adverse consequences that may occur if Tax does not participate in transformation planning:

- Increased compliance costs due to, for example, headcount needed to complete intensive manual processes within Tax
- Financial statement errors (resulting in financial statement internal control deficiencies and restatements), e.g. due to reduced quality of data received by Tax
- Delays in the financial statement closing process, e.g. due to the delay in receiving tax-ready data
- Risk of higher tax liabilities upon audit, e.g. due to the need for significant manual process intervention that may increase errors
- Lack of time for tax planning, which can help reduce a company's effective tax rate and cash taxes paid
- Less time for business support, resulting in business changes that do not appropriately consider tax ramifications



A successful transformation: Develop an integrated roadmap...define the destination before you start

A successful transformation begins with several fundamental elements including a clear vision to unify the organisation, a baseline assessment to clarify the platform for change, a target operating model to define where the journey will lead, and a robust roadmap to explain how the organisation will get there.

Establish the vision and agree on objectives

Agreeing on what the organisation wants to accomplish through transformation will help align leadership and prioritise improvement initiatives. An effective vision extends beyond incremental improvement and aligns with the overall strategic goals for the company. Measureable objectives and guiding principles will direct transformational efforts.



“Our organisation wanted tax input from the very beginning of our finance transformation efforts to avoid any future redesign of upstream processes to enable downstream reporting. The significant impacts of financial data and systems on tax function processes were recognised early in our transformation journey. We saw tax as a critical component of the broader finance organisation necessary to help craft a comprehensive future state design for an effective operating model.”

—Madeleine Barber, SVP & Chief Tax Officer, Tyco International PLC



Tip

Companies should build for the future, not just for the near term. To do so, Finance executives must have a more in-depth understanding of the C-suite's long-term strategic business vision so that capabilities will match future demands. For multinational enterprises, it will necessitate bringing together an expansive lineup of people in the company across geographic and functional divides.

A successful transformation: Develop an integrated roadmap...define the destination before you start

Develop a current state baseline

A thorough evaluation of the current state provides a fact-based gap analysis of current performance against leading practices and the desired future objectives. A holistic approach across people, process and technology is critical to understand the key challenges and ensure that improvement initiatives address root cause problems. Lastly, it serves as a baseline to measure success and make the case for change.

The rationale and baseline for change can be established through various approaches, including a detailed analysis, benchmarking exercise, process review, gap analysis and a 'voice of the customer' survey.



Tip

Tax should start by documenting a full set of tax-related data and information requirements needed for core compliance tasks to serve as a baseline (relating to all taxes, not just income).



Define the future target operating model (TOM)

The future TOM defines the organisational structure, roles and responsibilities, functional processes, and enabling technology. In our experience, many companies use a pilot to demonstrate how finance and analytical planning business partners could benefit

the business and what capabilities were needed for the role. Feedback from the business is vital in developing a consensus around the TOM design and ensuring appropriate enterprise-wide buy-in. This approach tends to yield a better final product while also building buy-in before the company embarks on an enterprise-wide transformation.

A successful transformation: Develop an integrated roadmap...define the destination before you start

Create an integrated roadmap and case for change

The roadmap provides an actionable plan with clarity on how the organisation can achieve the future TOM. It defines priorities, timelines, dependencies, resource requirements, responsibilities and milestones. Most companies look for ways to leverage quick wins during initial phases to help build momentum, validate designs, and often realise initial

cost savings that can fund future phases of the transformation. A formalised case for change with refined targets and measurable milestones is critical, not just in securing funding, but also in conveying the expected benefits and overcoming resistance to change.

As one CFO put it, the measures put in place to track transformation success “cut through the update slides and give us the truth quickly, so we can reflect and adjust to the ever changing environment.”



Tip

The potential risk of not pursuing transformation may be helpful to describe in the business case but hard to quantify – consider creative illustrations such as a hypothetical audit with an estimate of the potential resulting costs such as tax assessments, interest, penalties, and staff time.

Successful roadmaps tend to include some common elements, such as a:



A successful transformation: Develop an integrated roadmap...define the destination before you start

In conclusion

The road to transformation may not be easy—many practical hurdles must be overcome. But when Tax is closely integrated into broader Finance initiatives (albeit large or small), the return on investment can have significant impacts that the organisation will realise for many years to come. The potential benefits will impact not only above and below the line costs, but also enterprise-wide risk management, improved cash flow, and better governance. Participation in Finance transformation will enhance the ability for Tax to be an even more valuable strategic organisational asset.

Top 5 actions for senior Tax executives to consider and discuss:

Determine what current Finance transformation activities are happening or are being discussed (large or small)

Evaluate the current business state – what are the C-suite priorities, and how should they be reflected in the transformation roadmap? This includes an understanding of funding availability and limitations.

Prioritise upcoming challenges and risks that could have a significant impact on Tax resources and capacity. As an example, how will global country-by-country reporting requirements impact the Tax function – will Tax have the processes ready to manage these new requirements, and how are broader Finance transformation efforts impacting this?

Pinpoint high-level roadblocks (internally and externally) – what are the impacts and how can they be mitigated?

Document current Tax requirements – identify key information flows, process times, as well as known 'trouble' areas that tend to be problematic every year.

Predictions

The global predictions we present in this thought leadership series include the following. We hope they inspire Tax executives and team members to forge a new future vision for their Tax function.

Global legislative and regulatory landscape

- Global tax information reporting requirements (e.g. CbCR and similar transparency initiatives) will grow exponentially and will have a material impact on the operations and related budget allocations within the tax function.
- Regulators will demand transparency regarding global taxation, necessitating clear and thoughtful communications with public stakeholders about corporate contributions to the communities in which they do business.
- Information sharing will be commonplace among taxing jurisdictions, and taxing authorities will have the capability to mine data and conduct global audits, resulting in increased disputes.

Tax function's role in risk management and governance

- Many jurisdictions will legislatively require the adoption of a tax control framework which follows guidelines similar to Sarbanes-Oxley and COSO (Committee of Sponsoring Organisations of the Treadway Commission).
- Enhanced stakeholder scrutiny and reputational risk will force companies to continuously re-evaluate their tax decisions.

- Strategic focus on jurisdictional reporting and documentation of business activities, including transfer pricing, will be critical to managing the increased tax controversy resulting from transparency initiatives.

Data flow into the tax function

- The majority of tax functions will receive all information in a 'tax-ready format' from either their enterprise-wide financial systems or a dedicated tax data hub.
- Dedicated tax data hubs will become mainstream and be developed internally, licensed from a third-party vendor, and/or accessed through an accounting firm as part of a co-sourcing arrangement.
- Data security will be high on the agenda of tax functions due to concerns over confidential information being inadvertently released or shared publicly.

Technology automation for tax function analytical tasks

- More companies will use their enterprise-wide financial systems to prepare tax calculations (e.g. income tax accounting and indirect taxes), thereby replacing spreadsheets and/or traditional tax technology solutions.

- The vast majority of tax functions will rely on professional data analysis tools to assist in the decision-making process in areas such as detection of risk, opportunity identification, projections and scenario planning, and overall business support.

Tax function roles and processes

- Most global tax preparatory compliance and reporting activities, including data collection and reconciliations, will be performed within the company's shared service center or will be co-sourced with a third party.
- Tax functions will use real-time collaboration tools to automate their workflow, document management, calendaring, and internal controls.

The tax professional of the future

- A successful tax professional of the future will be highly proficient in data analysis, statistics, and technology, as well as process improvement and change management.
- Tax functions will employ dedicated tax IT, data and project management specialists who will develop, champion, and execute the tax technology and transformation strategies.

Let's talk

Look for future publications exploring the Tax Function of the Future

To have a deeper conversation about how these issues and predictions may affect you and your business, please contact:

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