7 REASONS TO TRANSFORM TAX WITH TECHNOLOGY
WHY TECHNOLOGY IS IMPORTANT IN TODAY’S TAX LANDSCAPE

As today’s tax professionals know all too well, issues like globalization and ever-changing regulation present a variety of challenges for corporate tax departments that simply didn’t exist 20 years ago. Because most tax departments are strapped for time, making changes to a “good enough” tax process to keep pace with these trends may seem unnecessary. However, today’s environment calls for a change. In fact, it has been calling for it for some time.

As you contemplate tax technology, take a step back and evaluate your current tax operations. Reflect on where you are and what got you here. Most corporate tax departments use a hodgepodge of technology within a disparate landscape of systems. It’s important to think about what you’re using and why. Typically, technology is implemented in silos, often due to legacy systems or acquisitions. While it’s rarely a strategic planning effort, it doesn’t mean it can’t be.

While external factors like regulatory complexity and globalization are always in motion, tax technology is what lays a strong foundation for your tax department. It enables you to be more accurate and compliant, streamlines your processes, increases your transparency and allows you to collaborate globally—all of which makes your tax department better equipped to face today’s challenges head on. In addition, tax technology frees up time and allows you to shift your team’s focus to more strategic work, giving you an opportunity to elevate the profile of tax within your organization and build a sustainable framework for the future.

With tax complexity only increasing, the time is now for technology in the corporate tax department—and here are seven key reasons why.
From BEPS to GAAP to IFRS, as well as statutory and local requirements, there are a plethora of regulations for multinational tax departments to comply with. This increased regulation demands that multinational companies provide accurate information related to the global allocation of their income and taxes paid, together with certain indicators of the location of economic activity, as well as information about which entities do business in a particular jurisdiction and the business activities each entity engages in. To ensure compliance, multinational companies are looking to tax technology as the basis for a worldwide control system for master file and country-by-country reporting.

And when it comes to audit substantiation and closing activities, there is no better source of accurate data than a centralized tax technology platform. Using automated data, you can roll from year to year seamlessly, pull historical “point in time” data, and run reports with ease. The consistency and accuracy of this data drives a single source of truth for auditors, allows last minute changes in the quarterly close process to be automatically reconciled, and enables fast and accurate provision calculations—making your job and your staff’s job light years easier.

Tax technology can also reduce the need for outsourcing as your department maintains complete internal knowledge and data ownership. Keeping tax activities in-house can save your money and give you the ability to turnaround difficult questions faster and more accurately.

**The bottom line?**
Tax technology increases accuracy and compliance through comprehensive data management, allowing tax departments to adhere to increasing regulation, enhance audit and closing activities, and keep tax activities in-house.

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**GETTING BUY-IN**

Tax technology increases accuracy and compliance by ...

- Providing comprehensive data management
- Increasing internal knowledge ownership and control
- Enabling adherence to increasing regulation
Tax technology has moved beyond the spreadsheets and shared drives of years past. Today, dashboards, single sign-on platforms, cloud-based systems, and ERP migrations have permeated the industry, leading to an unprecedented opportunity to streamline and standardize tax processes. The need for this type of process efficiency becomes more and more necessary as timeframes for audit requests and closing activities continue to shrink.

Regardless of what area of tax you work in—whether it’s corporate income tax, indirect tax, property tax, trust tax, tax information reporting, or transfer pricing—there is an emphasis on managing the end-to-end tax process, without duplicating work. With tax technology, you can securely gather and collect data regardless of source and move it to your income tax or tax provision workpapers seamlessly. You can also deliver harmonized and consolidated trial balance data for all tax processes and keep it up to date, even as book numbers continue to change. And with readily available data to compute accurate tax accruals and produce reports and workpapers that support the amounts that were booked, you can meet those ever-shrinking deadlines with fewer resources.

The bottom line?
Tax technology streamlines processes and makes them more efficient by enabling the flow of data. This results in far fewer hours and resources spent on tax processes.

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**GETTING BUY-IN**

Tax technology enables more efficient tax processes by ...

- Facilitating the flow of data
- Eliminating duplicate work
- Decreasing the time and resources spent on tax processes
The global nature of business today brings with it many challenges for the corporate tax department. Most departments do not structure tax operations globally because often times it is simply not feasible to have full-time tax staff in every country you do business in. However, tax technology offers a solution to globalization challenges related to time zones and workflow, enabling you to run your tax operations collaboratively and continuously.

Tax technology can mimic staff sitting right next to each other, when they may in fact been thousands of miles away. Sharing data using tax technology bridges the gap for tax staff and allows them to work as if they are in the same building. It can also remedy time zones issues because tax data is always accessible. Once processes are standardized, tasks can run continuously whereby a team in one country can pick up where another team left off.

Doing business globally also requires an understanding of language to both communicate with local offices and understand local reporting requirements. This can lead to misunderstandings or incomplete information. Further, local taxing authorities and advisors are typically only available during normal work hours in a particular country, making it a struggle to meet deadlines. Tax technology offers solutions to manage language barriers and local reporting requirements through country-specific solutions that share data with the overall global platform. Technology can also significantly reduce real estate costs as it gives you and your staff the ability to work from anywhere, at any time.

**The bottom line?**
Tax technology enables you to meet the demands of today’s global environment by breaking down time zone, language and data access barriers and allowing tax operations to run continuously.

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**GETTING BUY-IN**

Tax technology enables global collaboration by ...

- Providing anytime, anywhere data access
- Removing barriers related to language, time zone and local reporting requirements
- Allowing tax operations to run continuously
In today’s environment, the importance of transparency cannot be overlooked. Traditionally, tax areas like indirect, transfer pricing and customs have worked independently. Tax technology provides an opportunity to break down these walls. This holistic look at the interactivity of calculations between different tax areas gives corporate tax departments a much higher level of insight than ever before.

Additionally, the G8 and Organization for Economic Co-operation and Development (OECD) have committed to a global government push for greater transparency in the way companies comply with local and global tax laws. Tax authorities around the world are becoming more aggressive and focused, in turn increasing disclosure and transparency requirements on the business community. Given the influx of information taxing authorities will gain as a result of these mandates, there is no question that audit activity will increase on a global scale. In turn, corporate tax departments will face exponential scrutiny that could lead to valuation, reputational and financial repercussions if they are not transparent enough. This makes the need for transparent data and processes backed by tax technology even more crucial.

According to the Thomson Reuters 2013 Transparent Tax Survey, conducted in association with the Chartered Institute of Management Accountants (CIMA), only 35% of the more than 100 heads of tax of global organizations surveyed already have or are currently planning a tax transparency strategy. These findings have serious implications in relation to the recent global mandates to provide open and clear financial data by the end of 2015, a deadline set by the G20. The results also reveal a belief that tax transparency will add a significant administrative burden on the tax department. Tax technology relieves this administrative burden by providing a worldwide control system for master file and country-by-country reporting thus increasing global compliance and reporting certainty.

**The bottom line?**
Tax technology gives you unparalleled insight into the interconnectivity of calculations between tax areas, enabling you to take a holistic view of your tax activities. Technology also decreases the administrative burden resulting from increasingly aggressive global disclosure and transparency requirements and fortifies your audit

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**GETTING BUY-IN**

Tax technology increases transparency by ...

- Breaking down walls between tax areas
- Providing an opportunity to look across all tax calculations
- Fortifying audit substantiation
- Decreasing the administrative burden associated with global reporting mandates
Standardized tax processes and forward-looking tax operations present an opportunity for the tax department to focus less on the mundane and more on the value-added activities that increase staff satisfaction. Often, a typical tax accountant will see their role change once tax technology is implemented. Prior to the implementation, the majority of their time was spent on data collection and manipulation, but with technology in place, they can direct their focus to analyzing data at a high-level and consulting on effective tax rate impacting items. As you see these types of changes occur throughout your tax department, you’ll begin to shift your entire team’s focus to more value-added activities like analyzing your tax expenditures around the world, running tax planning scenarios, creating stronger documentation for transfer pricing, reducing double taxation, expanding the scope of your R&D tax credit documentation, and managing the effective tax rate for your organization. This new, strategic focus is certain to get tax a “seat at the table” with your organization’s leadership team.

In turn, you are increasing the value of your staff’s time, which should not be measured by the amount they are paid per hour, but rather the value they are generating per hour. Would your team rather review spreadsheets line by line or focus on increasing R&D tax credits? Remember that the value of your team’s hours is a lot higher than their salaries, so it’s critical to consider ROI in relation to your staff’s time, even if it is hard to measure. Technology enables this shift.

**The bottom line?**
Most tax departments underestimate the importance of becoming a strategic asset to their organization. With tax technology, there is more time to focus on value-added activities that positively impact the bottom line and an opportunity to create a more rewarding work environment.

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**GETTING BUY-IN**

Tax technology increases tax team satisfaction by ...

- Shifting focus from strictly compliance to tax strategy and analysis
- Elevating the visibility of the tax department within the broader organization
- Creating a more rewarding work environment
- Increasing staff retention
In order to make more informed decisions, corporate tax departments need the ability to analyze results effectively to determine best practices. With tax technology, you can gather key insight from your data and identify critical trends and patterns that may signal a change in process and result in substantial tax savings.

Tax departments large and small are constantly in need of targeted information to make decisions. Until recently, the underlying data was not readily available and tax leaders were forced to manually collect what was needed—or forgo the effort altogether. Technology provides tax departments with the data and information they require to analyze and make decisions. These metrics are key to reaching the next level of insight into your tax department.

For example, tax technology enables you to build visualizations using provision data and easily facilitate multi-period comparisons and trend analyses. It also offers dashboards that monitor key performance indicators of your tax accounting processes. And if you wonder how you stack up against your peers, you can compare your company results to those within your peer group with secure benchmarking. This level of analysis and insight can transform your tax operations. Tax technology can also help you to plan an efficient tax structure using scenario analysis, forecasts in global tax regulations, entity structure, supply chain, and merger and acquisition activities. And you can facilitate indirect tax planning with the ability to model transaction scenarios to achieve user-acceptance criteria. This ability helps companies understand the overall impact of new tax configurations and document their tax systems, policies and processes to ensure compliance.

**The bottom line?**
Tax technology can transform your tax operations by giving you the ability to analyze results effectively, determine best practices, and benchmark against companies in your peer group.

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**GETTING BUY-IN**

Tax technology increases insight and analysis by ...

- Improving analytics
- Enabling peer group benchmarking
- Providing a basis to determine best practices
Tax leaders who have successfully elevated the visibility and strategic focus of their tax department all have one thing in common—they prepared for the future. There are countless examples of industries who have been completely disrupted by technology. Some companies were prepared and adapted accordingly, but many more were left behind.

The only way to remain relevant and successful in today’s tax landscape is to visualize where you want your tax department to be in the years ahead and create a sustainable framework for the future. The tools that you are using now will certainly evolve and change 5-10 years down the road. And you have to be agile and willing to change to keep pace, or risk being left behind. The longer you wait to get onboard with tax technology, the more risk you take on.

**The bottom line?**
There is no doubt the tax landscape and your organization will continue to evolve, so make sure to carve out regular time to look holistically at your tax department’s operational processes and technology, where you want to be 5-10 years from now, and make adjustments as necessary. What you’ll discover is that technology lays a sustainable foundation to take your tax department into the future.

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**GETTING BUY-IN**

Tax technology increases sustainability by ...

- Preparing your tax department for the future
- Providing an agile foundation that can evolve in the years ahead
STILL NOT CONVINCED?

If you’re still not convinced that tax technology is right for you, consider these two questions:

*What are the biggest risks for your organization in terms of tax?*

It’s obvious that managing tax risk impacts your company’s bottom line. If that risk is not managed well, it can result in not only financial, but reputational damage to your organization. Tax technology gives your tax department a competitive edge in managing all forms of risk—from audit and compliance to financial reporting—while offering a competitive edge from an operational and strategic perspective.

*Will you be satisfied with the way you’re working now in five years?*

The answer to this question should always be a resounding “no”. Every department, whether it be tax, finance, accounting, or any other, should be thinking ahead and planning for the future, otherwise they face the risk of complacency. Tax technology is your path to preparing for the future.
MAKING THE MOVE TO TAX TECHNOLOGY

Depending on your organization’s size, complexity and global nature, the type of tax technology you implement may be robust and all-compassing—or it may be tailored to meet specific needs. It’s all about looking within your current processes and figuring out what works best for you and investing the time to properly train yourself and your team—not just once, but regularly.

When implemented properly, you will find that tax technology absolutely changes your world for the better. And while it is not the answer to all problems, it does act as an enabler, giving you the ability to be more accurate and compliant, streamline processes, increase transparency and collaborate globally. Most importantly, technology frees up time and allows you to shift your team’s focus to more strategic work, giving you an opportunity to elevate the profile of tax within your organization and build a sustainable framework for the future.

The bottom line?
The time is now to embrace tax technology.