

# The Tax Function of the Future

How will tax functions evolve over the next three to five years.

- 👤

**People**

  - 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.

- 📋

**Legislative/Regulatory**

  - 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.

- ♻️

**Process**

  - Most global tax preparatory compliance and reporting activities, including data collection and reconciliations, will be performed within the company’s shared service centre or will be co-sourced with a third party.
  - Automated and integrated tax provision and compliance processes, as well as data source systems, have replaced spreadsheets to generate real-time, tax ready information with greater efficiency.
  - Tax functions will use real-time collaboration tools to automate their workflow, document management, calendaring, and internal controls.

- 👁️

**Risk & 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 Organizations 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**

  - 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**

  - 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, scenario planning and overall business support.

## Contacts

For further information on conversations about Tax Function of the Future, please contact the Tax Strategy & Operations team below:

Erik Steiger  
T: +41 (0)58 792 5940  
E: [erik.steiger@ch.pwc.com](mailto:erik.steiger@ch.pwc.com)

Michaela Merz  
T: +41 (0)58 792 4429  
E: [michaela.merz@ch.pwc.com](mailto:michaela.merz@ch.pwc.com)

Laurenz Schneider  
T: +41 (0)58 792 5938  
E: [laurenz.schneider@ch.pwc.com](mailto:laurenz.schneider@ch.pwc.com)

Jana Waser  
T: +41 (0)58 792 4345  
E: [jana.waser@ch.pwc.com](mailto:jana.waser@ch.pwc.com)

Guilherme Pereira  
T: +41 (0)58 792 5218  
E: [guilherme.muramatsu.pereira@ch.pwc.com](mailto:guilherme.muramatsu.pereira@ch.pwc.com)

[www.pwc.com](http://www.pwc.com)

PwC helps organisations and individuals create the value they’re looking for. We’re a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com).

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwC does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2016 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

[www.pwc.ch](http://www.pwc.ch)

## Tax Function of the Future

Redefine, redesign and redeploy



pwc

# Being proactive rather than reactive

Five global megatrends are radically changing the way businesses, including the tax function, operate.



Shifting global economic power, demographic changes and technological breakthroughs have already impacted the tax function. They will continue to shape the Tax Function of the Future alongside ongoing internal pressures such as operational and technology inefficiencies. Increasing global regulations are creating risk that tax functions will become rooted in an ever deeper compliance role rather than becoming a true value-added business partner within the organisation.

The tax function of the future will look surprisingly different from today’s. Fresh, innovative approaches utilising technology will be crucial. Historic practices will need to be revamped with a greater focus on the end-to-end process, not just the final output. We predict that the tax function will shift from a reporting and compliance function to a key enabler of the company’s strategic direction.

Therefore, companies will need to redefine their strategic goals in order to adapt to this new reality. Tax functions will have to be focusing on ways to reshape the role of tax for a changed tomorrow.

### All major business decision will have a tax consequence

Tax is broad, varied and inextricably tied to commercial operations and development – and that makes it difficult to manage without a clear strategy and appropriate tools.

### Being faster on its feet

Increasingly we are seeing tax and data becoming automated, allowing business to react to risks before they become issues.

# Leveraging these challenges and seeing them as opportunities

There are positive outcomes from this new reality

**Being better prepared:** Being able to effectively measure, benchmark and stress test your performance so that you know where you are strong and where, potentially, you are vulnerable and can take action to mitigate.

**Long term resilience:** Being able to withstand damaging events, ride out change, protect what matters to your organisation and make it more sustainable, through continuous measurement and improvement.

**Embedding capability within your organisation:** Being able to gain competitive advantage because you are equipped to think beyond business as usual, manage crises, anticipate changing circumstances and exploit new opportunities as they arise.

**Reputational protection:** Being able to manage through change, minimising the impact on customers and your people and putting things right quickly and effectively inside and outside the organisation, enhancing your social capital.

**Return on investment:** Rightsizing your investment, improving the effectiveness of the large sums already invested in risk management and helping you turn change to your advantage.

# How can we help?

Businesses are not all the same. We understand that the right answers for each start and end in different places.

We have been at the forefront of developing new structures and approaches that enable entities to look at their key activities across organisational silos. Here are some of them.

**The starting point for change:** The tax function won’t be able to solve these challenges with a one-dimensional approach. It will be necessary to take an integrated approach that is cross-functional, involving governance, data, technology, processes and people. Practically, this means capitalising on opportunities arising out of change that impacts the wider business such as mergers, acquisitions, expansion or transformation. But it also means forward looking tax teams considering what their strategy and roadmap for change is in the years ahead.

**A tax strategy and roadmap:** The critical first step will be for companies to assess the current capabilities of the tax function against a tax maturity model, followed by the development of a clear vision of the desired future state. That is why the **PwC Tax Management Maturity Model (T3M)** and **Tax Control Framework** are for. The future state should be achieved by developing a tailored transformation roadmap with measurable objectives and timelines that addresses the process and technology needs, together with the associated risk management objectives. Hence our **Tax Risk Management** services is ideal for you.

**Looking ahead:** The tax transformation journey will not be easy, but it is now imperative and the return on investment can be significant for companies. Beyond measurable cost savings, it will improve other areas such as enterprise-wide risk management, tax governance, resource management and recruitment processes. Also, from a reputational perspective, the pressure from stakeholders on transparency has led companies to disclose their wider economic footprint and contribution in taxes. That is why we developed the **PwC Total Tax Contribution (TTC)** and it has been accepted and widely applied for more than a decade.

**Our view is clear:** Tax functions that chart a course for continuous transformation will enjoy the benefits for years to come, being viewed less as a compliance centre and more of a strategic asset for the business.

# How can we help in Tax Strategy & Operations?

