



Tax and the Tax Director

Traditionally, disclosures in the annual report was the main publicity that tax received. Now, tax is progressively taking center stage as the subject of regulatory, media, and public scrutiny. In response, tax directors and their teams are changing emphasis from stewardship and operational activities to become catalysts for change by setting strategy and adding value as a business partner.

As a tax director, you are likely finding the tax perspective on your business challenges is becoming increasingly prominent. The pressures arise from external sources, particularly legislative changes, as well as internally from the business's day-to-day operations and strategic priorities.

Emerging questions which the tax function should be prepared to address:

Legislative

- Will my tax position pass the “court” of public opinion?
- How does the current regulatory environment affect me?
- How does the evolving regulatory environment affect our day-to-day business operations?
- What opportunities does regulatory change provide to drive business value?
- What KPIs would be needed to capture that value?

Strategic

- How can I improve the recognition of our tax department by the CFO and C-suite?
- How does employee international travel affect our permanent establishment exposure?
- Are there any monthly trends in book income, cash taxes, and ETR which can help us avoid surprises?
- How can I improve efficiency by reducing assumptions in my tax plan?
- How can I tell if profit margins in specific countries are following my transfer pricing policies?

Operational

- Do I have the right people to get the job done as a “tax function of the future?”
- What is the forecasted taxable income in all relevant entities?
- Are major book-to-tax adjustments by jurisdiction trending in line with our overall business strategy?
- Do local cash taxes paid make sense relative to projected taxable income and statutory tax rates?
- Which product lines have unusually high or low profit margins?
- Do the jurisdictional trends in book profits mirror the trends in effective tax rates?
- How can I have better access to the data I need to work on?
- What is my position on non-refunded indirect taxes?
- Can I verify, at a country or transaction level, if we are applying for VAT credits on a timely basis?
- How can I track the correlation of intercompany product price planning to VAT implications?

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