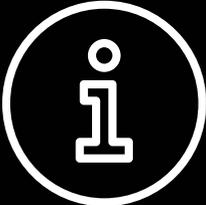


What you said

The tax professional of the future will be very different to the one of today. Rapid advances in technology are driving a rate of change which means the future is already here.

Are you ready and do you have a plan to meet the challenges and embrace the opportunities in Future Tax?

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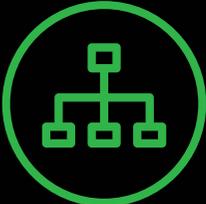
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# About the survey

...  
 We've surveyed more than 300 in-house tax professionals in Australia's largest businesses to find out what this means to them.

There's a lot of talk about digital innovation in the tax world. Much of it centres on emerging technology and the speed of change. This can be confusing and even feel threatening. There is uncertainty about what Future Tax careers will look like.

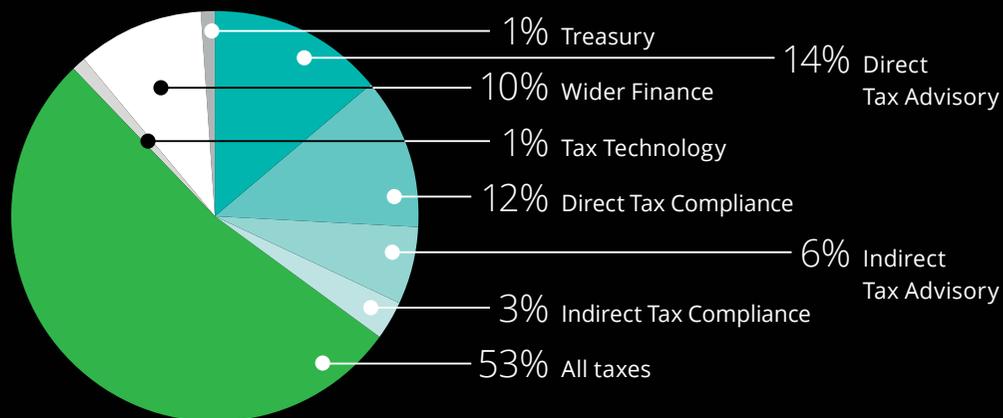
...  
 For a topic involving many unknowns, it's time to bring research-backed insight and advice to the discussion.

We've tested the sentiment of those who work at all levels and across various industries in tax advisory and tax accounting. The aim is to produce a snapshot of what is currently happening, or not happening, in Australian in-house tax teams against a backdrop of accelerated digital innovation.

Several key themes emerged. Some anticipated, others surprising. A number of these highlight optimism and excitement while others indicate concern for the future of the in-house tax role.

This report explores current tax profession themes and intends to help facilitate discussion within Tax, broader Finance functions and with CFOs on the evolving role of tax people within the business.

Chart 1  
**Survey respondent's Area of Tax**





# The big picture

What's the role of the tax professional today and how should this evolve in an increasingly digital world?

Digital innovation is demystifying business functions like Tax. And that's a good thing. The ability to explain complex matters using better visualisation tools means more people in the business, including the C-suite, should have a better understanding of the Tax function and the value it delivers. The ability to engage with front offices through digital collaboration tools will bring the Tax function closer to the action, in real time. The opportunity to provide better insights from data sets used by Tax will open the eyes of business stakeholders to new, previously unseen, insights that tax people can bring.

This increased transparency presents an opportunity for Tax to reconsider its value proposition to the business in a digital world. Tax can embrace change, be proactive and take control of its own destiny. This is the big picture for the Future Tax Professional.



Digital innovation is merely the enabler for Tax to do things differently and perhaps to do *different things*.



# Change... is happening now

...

A key message from the overwhelming majority of respondents (85%), is that we will see unprecedented change in the tax world in the next five years. This is unlikely to come as a surprise to most readers. However, it is important to establish that in-house tax professionals believe unprecedented change is underway right now. This is not seen as a far-off future state. This sets the scene for the need to take action now.

Chart 1

**Tax professionals that believe there will be unprecedented change in the tax world in the next 5 years**





# Change... for the better

The typical headline 'the robots are taking our jobs' is accepted to a degree by in-house tax people. Three-quarters (74%) of respondents believe that advances in technology will make the in-house tax compliance role obsolete, although the views are mixed on the timeframe within which this will happen.

However, the good news is that the vast majority take the view that the robots won't replace the jobs but rather they will replace compliance roles with 77% saying advisory roles will continue.

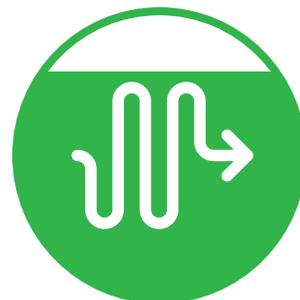
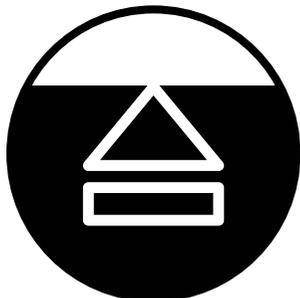
This should free up in-house tax people to take on more interesting and varied roles within the organisation with 73% of respondents seeing in-house tax advisory roles becoming more valuable in a digital future.

As well understood by the tax profession, tax laws aren't becoming simpler anytime soon. Further, the business risk of getting tax wrong, both reputational and financial, is as great as its ever been. It may also indicate that future in-house advisers can become more empowered to advise with less reliance on third party advisers, helped by the digital democratisation of knowledge.

...  
 "There are only two certainties in life: death and taxes." This phrase seems more apt than ever in the future state.

Chart 2  
**In-house tax professional expectations for future tax work**

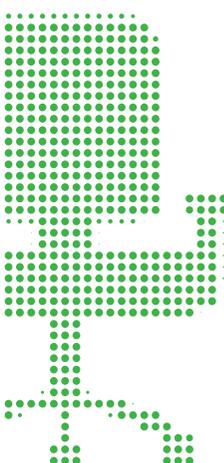
74%  
 believe the in-house tax compliance role will become obsolete



77%  
 believe the in-house tax advisory role will continue



and of those  
 73%  
 believe the in-house tax advisory role will become more valuable in a digital future





One of the most interesting insights from the entire survey is that of those who see the tax advisory role becoming more valuable, 73% envisage a future where advances in technology enable tax roles to extend beyond taxation and provide broader business insights. What does a broader business adviser role mean?

This is an interesting observation. Most commentary focusses on the need for tax professionals to become more tech savvy in order to provide tax insights in a more meaningful way to their stakeholders.

Our respondents reveal a more ambitious goal and indicates a confidence amongst in-house tax people as to the broader value they can bring to the table. Younger tax professionals will take confidence in this, with future tax careers potentially being seen as more valuable and at the same time leading into broader business consulting opportunities.

The big questions to address going forward are: *what exactly does this broader business advisory role mean? And, how should you position yourself for this future?* The survey responses clearly show that the future value of Tax functions lies in advice and insights, not in compliance. However, in exploring what this broader role means it's likely to refer to the underlying tax compliance activity to provide rich insight into the broader business. Tax functions are required to understand and maintain a wide variety of data sets, often at a transactional level, in order to satisfy regulatory requirements. It seems that, with advances in technology, these data sets 'owned' by the Tax function are starting to be seen as potentially a pot of gold for broader business insights.

That said, it would be naïve for today's in-house tax professional to think that they will have a monopoly on the future business advisory roles they believe will evolve. Many functions in the business are also looking at digital innovation and how they will need to reinvent themselves in the future. Finance functions in particular are on a similar journey to Tax functions.

## The role of Finance

Business partnering will shift upstream from budgeting and reporting to include scenario planning, advanced forecasting, and better visualisation. Teams of business partners will come together to focus on the most complex commercial decisions, moving around the business as needed.

Crunch time V: Finance 2025  
Deloitte, July 2018



In-house tax people are particularly well-placed to broaden their impact on the business given the need to intimately understand the large amounts of business data required by tax authorities. This requirement is unlikely to change in the future. The way in which the tax authorities extract data from business will change but the need for businesses to understand and analyse their data in this environment will become even more critical.

There is an urgent need for tax people to continually review their value proposition to the business in this increasingly digital world and to be proactive, not reactive, on the journey to the future state.

• • •  
In-house tax people can see a more valuable role in the future so now is the time to make that a reality. This means embracing technology early to free up time away from tax compliance and expanding the tax advisory capability to help the business solve more complex and broader business issues than ever before.

### Take action

While it is encouraging that the survey results demonstrate a confidence of the in-house tax professional to evolve, as a collective there are seemingly few in number that have genuinely commenced the journey.

Chart 3

#### Tax professionals current job satisfaction level





# Change... in technology

Participants identified data, Robotic Process Automation, artificial intelligence and machine learning as those technologies that will likely have the greatest influence on the Future Tax Professional. Yet when asked about their own knowledge of a portfolio of disruptive technologies, including the above, their responses indicated a wide ranging lack of understanding of those very same enablers. One wonders whether today's in-house tax professionals really do appreciate just how much of an impact these technologies are likely to have on the Tax functions?

The reality is that cognitive technologies like AI and machine learning are already undertaking complex tax analysis and this capability will only get stronger and more widespread.

Equally the ability to collate, process and analyse unfathomably large sets of both structured and unstructured data to provide better tax and business outcomes will become common place. Even robotics where the basic premise of value seems reasonably well understood, will become smarter, better and more prevalent as the robots too become infused with better AI capability. In fact, it is realistic to consider the complete integration of each of these disruptive technologies with the others, and what then for tax professionals?

It's also interesting to note that blockchain and chatbots are not only the least understood technology per the survey results but also in the eyes of in-house professionals, the least likely to influence the Future of Tax. We suggest that one response merely leads to the other as once again the reality is that most of us are already interacting with chatbots on almost a daily basis. We only have to book a flight or a car online and that helpful assistant that pops-up in the window asking whether we need assistance is just that, a digital assistant or chatbot. So why not the same when needing a tax question answered or an opinion provided?

While we anticipate at this point that blockchain will take more than five years to become widespread in its use in tax, it could just as easily emerge in the interim in certain bespoke areas where there is a requirement for highly accurate recording of transactions between distributed parties including tax authorities and other regulators. Blockchain evangelists think it is the technology that will change absolutely everything as we know it. What if they're right, and sooner than we think?

Perspective taken from:  
Our digital future: A perspective for  
tax and legal professionals, April 2018

## Take action

The worst case scenario is that tax teams and professionals are caught unprepared as the pace of digital transformation begins to increase. The survey results suggest that unpreparedness in terms of lack of knowledge and a lack of documented digital strategy for Tax is widespread. Thus the risk of being found wanting, lagging the industry or competitors or even the wider finance team is actually very high.

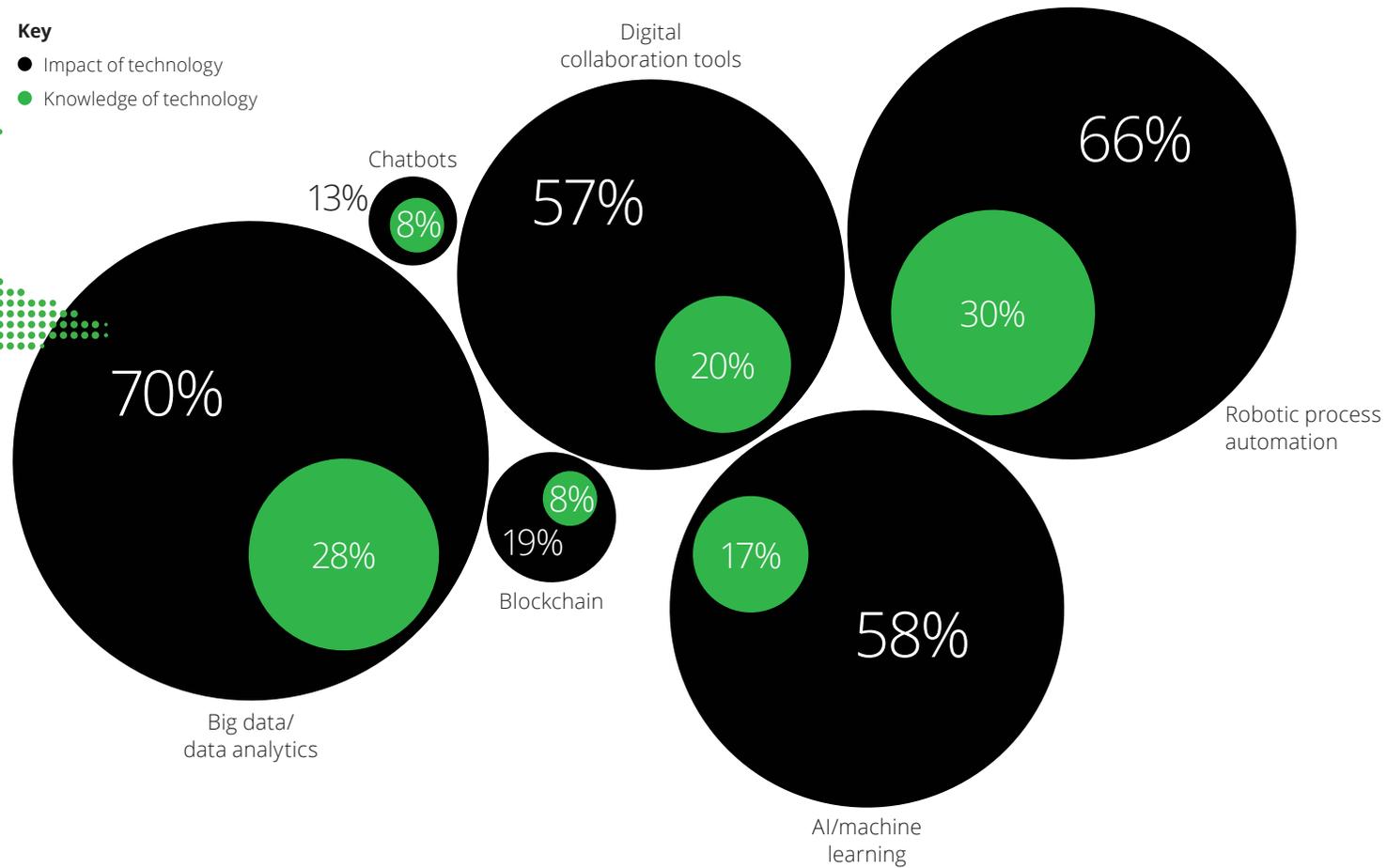
Heads of Tax and their teams must understand the potential impact of all disruptive technology in this space and must get busy actively engaging and contributing via exploration to the emerging technology debate in tax – pros, cons, now, later, never, extensive, minimal. There are few known knowns, so exploring all sides, opinions and views is imperative and it is this active curiosity that will help prepare in-house professionals and teams to identify how to harness which technology to help them drive greater value through the organisation to design and create a better and more impactful future for the tax professional.



Chart 4  
**Digitally disruptive technology  
impacting tax functions of the future.**

**Key**

- Impact of technology
- Knowledge of technology





# Change... in your skills

Survey respondents recognise that new skills and capability development will be critical for future success (64%), but again there is measurable uncertainty on what those required skills are or how they can be best learned. As demonstrated in the findings of this report, people generally accept that businesses should invest in the development of their people but feel unable to do this because of a lack of focus and knowledge.

Overall, just 48% of respondents rated themselves as being tech savvy. Not to mention concerns about how they can best develop the appropriate level of capability, with 40% not sure of what training they need.

72% believe they'd be more effective in their role with advanced technology, a promising statistic around the attitude in-house tax people have toward the adoption of emergent technology.

Overall, only 39% of respondents positively rate the quality of their organisation's adoption of technology. This reduces further when considering the organisation's deployment of technology to the Tax function or their individual role.

• • •  
In-house tax professionals are struggling to understand the core emerging technologies that they believe will have a significant impact on their Tax functions. 64% said that their skill set needs to change.

## Take action

What are the attributes skills and resources required to be the valued business adviser of the future?

What new things will be done and what will no longer be done by professionals and replaced by technology?

Will the roadmap to the future be dictated by digital innovation or enhanced by it?



## Change... in resourcing

The dominant employment profile of the in-house population remains full time and the ratio of female to male professionals in Tax is approximately 4:6. Almost all of the work circa 90%, occurs at the office, where the majority of tax professionals report a collaborative and positive environment that drives valuable outcomes.

However, the survey data also highlighted some very notable differences across a great many of the questions we asked between men and women generally and then the responses of women aged Generation Z millennials (aged 30 or under) in particular. This is a confident, enthusiastic group of young professional women who see great opportunity in the Future of Tax in Australia. However, in their minds, there is a lack of real ability to influence it yet compared to their male counterparts.

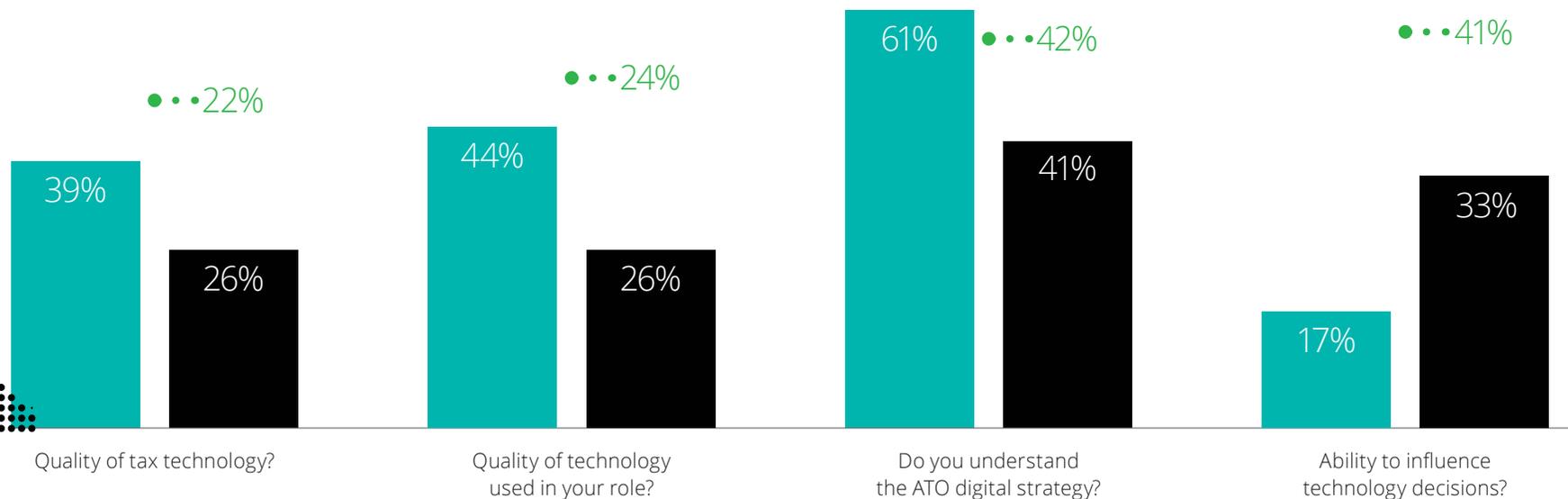
43% of Australian employees already work at least half a day a week from outside the office.

56% of workers believe increased mobile working would improve their productivity.

The Future of Workplace', Deloitte Consulting, June 2018



Chart 5  
**Young female and male positive responses towards tax technology**



### Take action

If in-house tax teams are to achieve the full potential of gender diversity, they will need to attract and retain more women in the profession (to bring the gender ratio to 50:50). At the same time given the survey responses, what an enormous opportunity to capitalise on the huge potential and positive energy of this younger group – whose entire professional existence will be defined by ongoing disruption and transformation.

Determine what capability is required and decide on where you source that delivery. Reconsider hiring strategies to include digital, rather than traditional, tax talent as the next addition to your team.

**Key**

- Young females males (20-30 years old)
- Young males (20-30 years old)
- All respondents



# Change... led by the Australian Tax Office

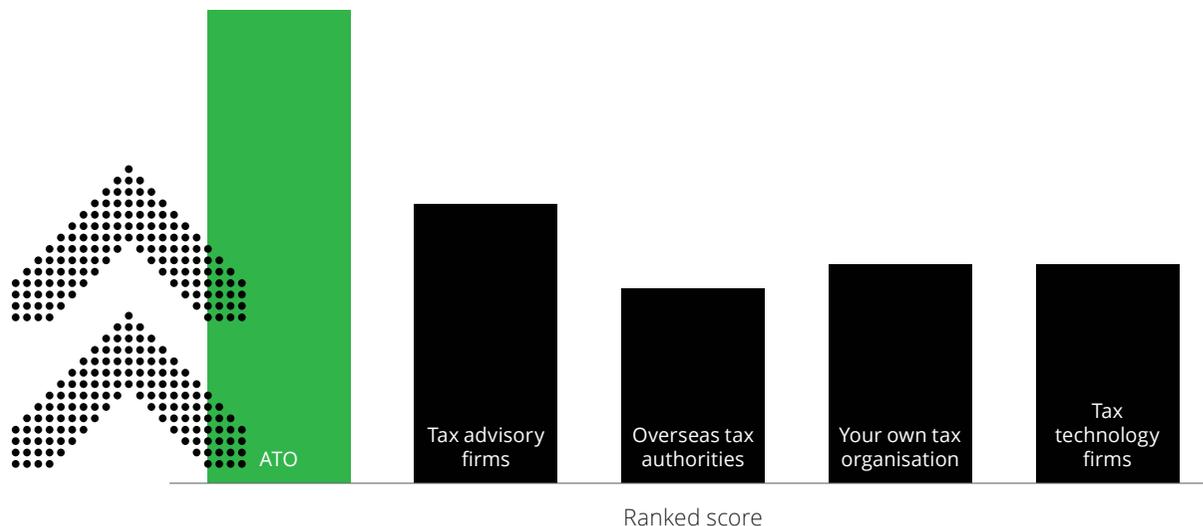
We know that digital innovation is causing the role of the tax professional to change but who's driving this change? Where should you look to stay informed and keep on top of the change?

Most respondents believe that the Australian Tax Office (ATO) will be the most significant driver of change leading to the evolution of their Tax function. This won't come as a surprise to most readers given that we understand the ATO considers itself to be one of the more digitally advanced revenue authorities globally.<sup>1</sup> We anticipate Single Touch Payroll to be the first major step towards real time reporting in taxation administration and a move away from traditional form filling.

However, the survey results suggest that there's a significant gap between the ATO's perception of both the direction it is taking and the progress it is making and that of business. An overwhelming 95% believe that the ATO is only 'somewhat transparent' or 'not transparent' when it comes to its change agenda towards a digitally enabled future tax system. This may explain why only 42% believe they understand the ATO's approach to the future role of the taxpayer in the administration of tax.

Half of the respondents do not believe the ATO will achieve the goals, as set out by the Commissioner of Taxation, Chris Jordan in a speech to the Tax Institute in March 2018 of being integrated with taxpayers by 2024 and accessing data directly from their business systems.

Chart 6  
**Who will be the 'Leaders of change' in the next 5 years?**



<sup>1</sup> House of Representatives, Standing Committee on Tax and Revenue, Taxpayer engagement with the tax system, Public Hearing, Friday October 27 2017



These are significant findings. On the one hand we have the ATO being identified as the biggest driver of change affecting in-house Tax functions and, on the other hand, a lack of understanding as to the direction the ATO is taking. These results indicate that the ATO needs to engage more with taxpayers if its objectives to become more digitally enabled are to be achieved, particularly across the core taxes like income tax and GST. It is also difficult to imagine the ATO achieving the outcomes it desires without partnering with large taxpayers and other intermediaries in the tax compliance 'record to report' cycle.

The challenges associated with integration of taxpayer systems to the ATO's systems are obvious and highlighted almost daily with headlines around data security. We would imagine that the ATO will need to adopt a much more collaborative approach if the survey results reflect the view of large taxpayers in Australia.

## Our digital future: a perspective for tax and legal professionals

Globally, the combined effect of these wider technology developments will bring about a sea change in the way tax authorities and other regulators meet their objectives and manage their responsibilities. Revenue authorities already require large volumes of data to be filed. In many cases, they have defined the structure and format in which data needs to be maintained and provided through, for example, filing schemas and standard audit files like SAF-T.

In some territories tax authorities already require full accounts payable (AP) and receivable (AR) ledgers (with invoice level detail) and subsequent periodic trial balance financial ledgers to be submitted. This currently includes Brazil, Poland, France and Spain (where AP and AR ledger details are required to be provided within four days of the invoice issuance).

Whether the ATO can do so in its desired timeframe or not, it seems clear that the ATO and revenue authorities globally will continue towards a future state where they are extracting data directly from your business systems and on an increasingly real time basis.

• • •  
The ATO's digital agenda sees a future state where data is extracted directly and in real time from business systems. This will represent the most significant change to tax operating models in recent times.



# Change... with some resistance?

The survey results indicate that there is no sense of major concern and no evidence of panic as to the evolving role of the Tax function in Australia. There is an underlying confidence in the ability to evolve as needed or, alternatively, could this indicate a level of complacency, even reluctance to step up and drive real change?

Looking forward two years, most respondents (78%) see themselves in the same role or in a similar role in a different organisation. It's difficult to read too much into this response, however, it is interesting that 85% see unprecedented change within the next five years but this isn't translating into a change in role within the next two years. Might this indicate that in-house tax people recognise the need to change but don't see this happening, at least in the near term?

Of course there will be genuine barriers and impediments that will slow progress, such as concerns about privacy of data and security of systems, combined with the natural reluctance for people to adopt and adapt to material change. However, the survey results appear to demonstrate a lack of any real collective movement towards new agile ways of working in terms of both workers and the workplace (which we may broadly refer to as the 'future of work') to drive enhanced and more valuable organisational outcomes and employee experiences.

The minimal contracting and no evidenced crowdsourcing of capability in place together with broadly poor assessments of enabling technologies across Tax and the broader workplace would also appear to support this view.

## Take action

The rate of change driven by the in-house tax profession in Australia is moving at a pace well behind digital advancement. Failing to engage now will result in Tax losing the opportunity to transform, and create serious consequences for the Tax function and it's professionals alike.

The key is having the confidence to begin to evolve. Reach out to and engage existing digital capability, or simply those with heightened levels of interest, to form a team that want to challenge the status quo and leverage disruptive technologies. Data analytics is an example of technology that is available now but is often not used to its full potential or as part of an integrated future state strategy.

...  
Despite the uncertainty and concern, now is the time for you and your teams to develop the confidence to evolve and to embrace a focused change program in the face of inevitable digital disruption.



# Change... requires a strategy

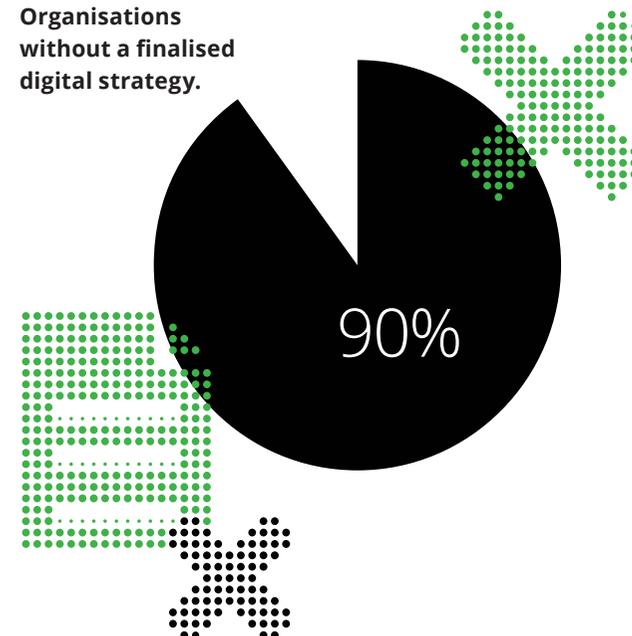
The survey responses ultimately paint a picture of significant change to both the nature of tax work and the role of the in-house tax professional happening now, and continuing into the future. Some of these changes will be optional; Tax might choose to embrace new technologies to make their function more efficient and free up time to spend on more valuable things. Some of these changes will be forced on the business including, if the ATO achieves its goals, a completely different way of managing your tax compliance obligations and interacting with the ATO. The only unknown is the timeframe which may be affected by some, as yet unknown, emerging technology coming onto the market.

Against this backdrop it is concerning that 90% of respondents either don't have a documented digital tax strategy or say that it's a work in progress. That said, it's also understandable as in-house tax people have competing priorities on their time and this 'burning platform' is perhaps only now being recognised as just that.

The majority of respondents (59%) believe their Tax function lags behind other parts of the organisation when influencing strategic technology investment decisions. This is consistent with the finding that in-house tax people don't see their own business or Tax function leading the change to a future state. Rather they will follow, to some extent, the ATO and other participants in the tax market. To some extent this is to be expected as tax is, after all, an administrative burden on the business and, while important, would not be expected to be at the top of the list of commercial business priorities.

... The value proposition for the tax function of the future is evolving and will be driven by digital disruption. Now is the time for developing a functional strategy which embraces digital opportunities.

Chart 7  
**Organisations without a finalised digital strategy.**





Tax affairs are in the spotlight more than ever and increasingly attaching to the brand image of the business. Digital innovation, leading to greater transparency and potentially leading to businesses integrating real time systems with the ATO and other revenue authorities, should place a digital Tax strategy higher up the list of business priorities.

We would suggest that the digital strategy for the Tax function needs to be more holistic than the traditional tax strategy focussing on risk and governance. Tax functions will have to understand the business strategy, and the business digital strategy, and align the digital Tax strategy to this. The CFO and the CIO should be engaged stakeholders in the building of a digital Tax strategy.



## Take action

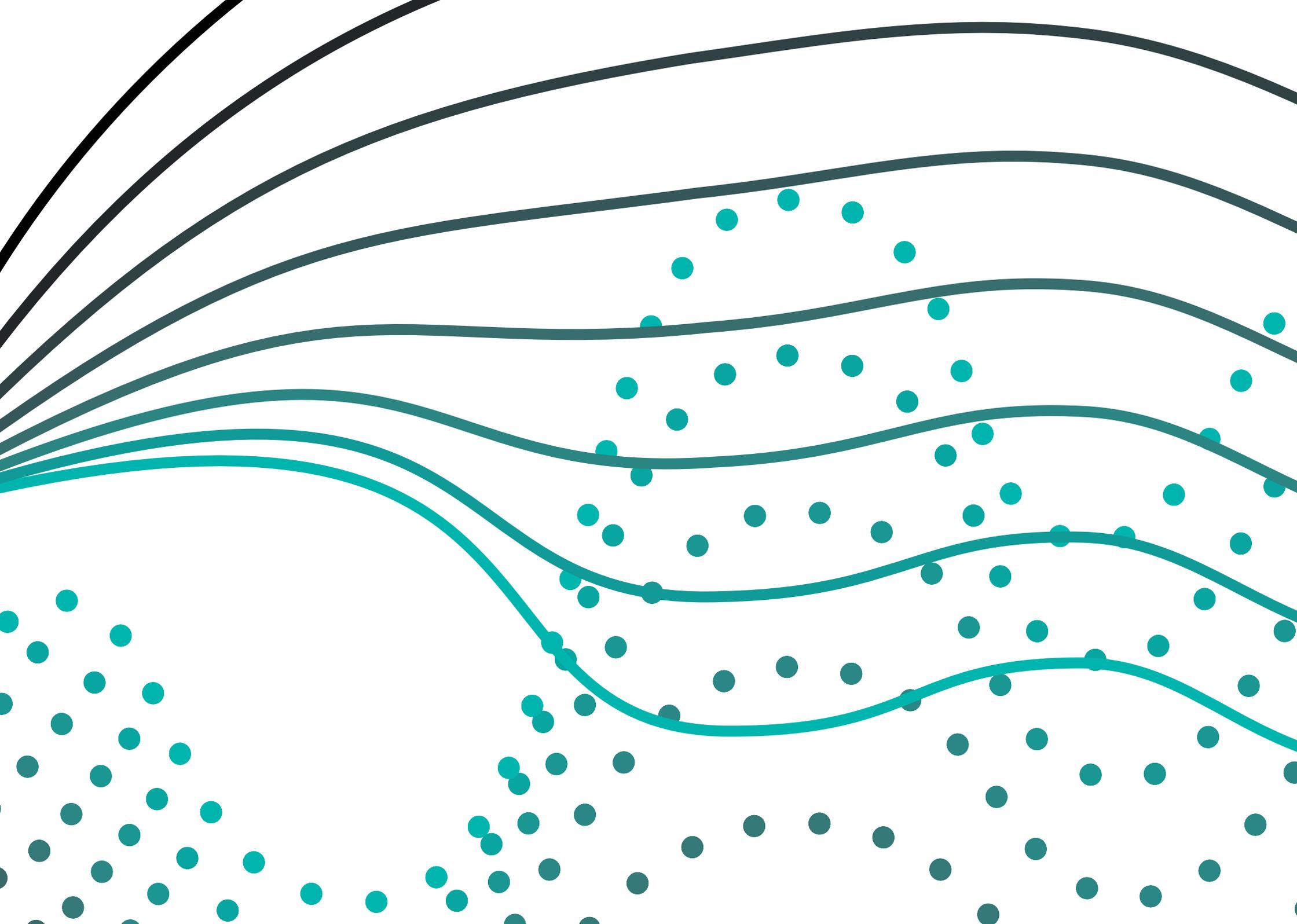
Actively work to define digital trends, anticipate the impact they will have and develop strategies and plans to capitalise accordingly.



Start your strategic plan.

Build in digital.

**Start now.**





# A glimpse into the Future of Tax

## Work

Most work, including compliance, will be delivered by machines and large scale automated processes, both internally and externally driven. The Future Tax Professional will play a higher value, broader business advisory role, collaborating throughout the organisation and using their human skills like cognitive thinking, problem solving, creativity, emotional IQ, empathy, and morality. This will have a significantly positive impact on the most complex organisational challenges and issues. On the one hand, everyone will need increased technology skills. On the other, professionals will also have to know how to combine technology with skills essential in any relationship with the rest of the business.

The Future Tax Professional can become one of a business's most valuable assets. This will require digital capability development across all levels to enhance and optimise the analytical, advisory, and relationship skills critical to success in a digital age.

Perspectives from  
Crunch time V: Finance 2025  
Deloitte, July 2018

## Worker

Future Tax Professionals will use artificial intelligence, digital assistants, and other disruptive technologies to augment their output. This will enable delivery of better and more significant impacts on organisations. While some traditional hiring for Tax will continue, to maximise this impact, an entirely new set of skills will be required in the digital age, including data, design, communication, technology, and customer experience. Via the deployment of an optimal mix of technology and diverse, agile human resources and skill sets from employees, contractors, gig workers or freelancers sourced from the crowd, organisations will be able to solve complex issues more effectively and faster than ever before.

So what does that adviser look like? Like a tax professional with deeper tax knowledge, enhanced business acumen and a high degree of efficiency. Technology can assist in these three areas. For example, it can help bring tax insights that provide business-wide outcomes around efficiency and profitability to drive bottom line results. Step back and think about what it means to be of value to organisations. Can you bring insight, as a result of tax knowledge, to provide better outcomes around efficiency and profitability?

## Workplace

With information and data being securely accessible anywhere and at any time, the Future Tax Professional will work across a combination of seamlessly augmented and connected physical, remote and virtual workplaces that foster hyper connectivity and effective collaboration across business functions to deliver enhanced outcomes. The Future Tax physical workplace itself integrates the same streamlined, self-service digital interfaces and tools to support Future Tax Professionals in all of their endeavours while delivering an outstanding employee experience that fits with the digital age lifestyle demands including flexibility, work agility, health and wellbeing.



## What's next?

Ready to start thinking about the future of your career and becoming a Future Tax Function? Our team is on hand to help. Stay tuned for more from Deloitte as we explore the Future of Tax.

Stay in touch throughout your journey to the Future Tax Professional by visiting [www.deloitte.com/au/futuretax](http://www.deloitte.com/au/futuretax).

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