The data revolution in tax is underway

Think for a moment about the vast amount of data being generated by your tax organization right now. It’s a mountain of data—one that rises from the very heart of your business.

And it’s becoming more accessible than ever. New data standards (such as XBRL) are making the lack of digital data, tagging standards, and standard digital transmission a thing of the past. Electronic tax filing is becoming the default in several countries. Now the question: What can you do with that data?
No place for data to hide

Tax analytics has quickly emerged as an essential component of many advanced tax management approaches. Tax risk benchmarking, trend and data analysis, and predictive analysis are all approaches being used by tax leaders around the world to gain deeper insights into their tax processes and profiles.

Of course, analytics itself isn’t new. But analytics capabilities have advanced significantly in a very short amount of time, making it easier to glean insights from vast amounts of information. Just as important, it’s easier to disseminate those insights to the appropriate people in the organization on a timely basis.

Combined with the explosion of digital tax data underway today, tax analytics provides the ability to change the way the tax team operates—for the better.
Analyze your risks
Tax analytics can help organizations create a benchmark for their tax profiles to compare against publicly available data of similar organizations, helping management better analyze tax risks. Analytics may also be able to identify potential tax risks associated with a mobile workforce, domestically and globally.

Reduce errors
Potential tax errors may become more visible when benchmarking is used. Tax analytics can highlight out-of-place numbers, signaling the need for further analysis.

Find tax-saving opportunities
Tax analytics can help organizations analyze and identify potential opportunities that could reduce their tax liabilities, including unrecovered value-added taxes and overpaid sales/use taxes. As a result, organizations may be able to reduce their overall global tax burden.

Cut administrative costs
Tax analytics may help streamline and automate tax processes that are repetitive and manual.

Invest more wisely
Analyzing the impact of business decisions through tax analytics may help organizations evaluate specific planning scenarios to improve the potential return on future investments.

The benefits
Organize the data
An organization needs to collect, integrate, and standardize tax-related data so it can be effectively analyzed, providing a broad-based view of the enterprise.

Put on your racing shoes
Tax analytics works best when it works fast, allowing you to rapidly analyze operations to quickly address risks and begin pursuing tax savings. Moving at that speed may require a cultural shift.

Look across the enterprise
Tax anomalies aren’t restricted to individual entities in the organization—instead, they frequently cross the enterprise. So approach it with that mindset, look for ways to improve cross-enterprise collaboration, and find potential opportunities that may have been hidden before.

What to do now
Almost every organization can use tax analytics to gain savings, cut costs, manage tax risks, and enhance tax compliance. Organizations should start small and then analyze larger datasets across the enterprise.

From recording to tax reporting, tax analytics may help organizations improve their processes and current tax profile, while providing insight into potential future scenarios.

To learn more about how to get your tax analytics initiative off to a smart start, please contact:

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