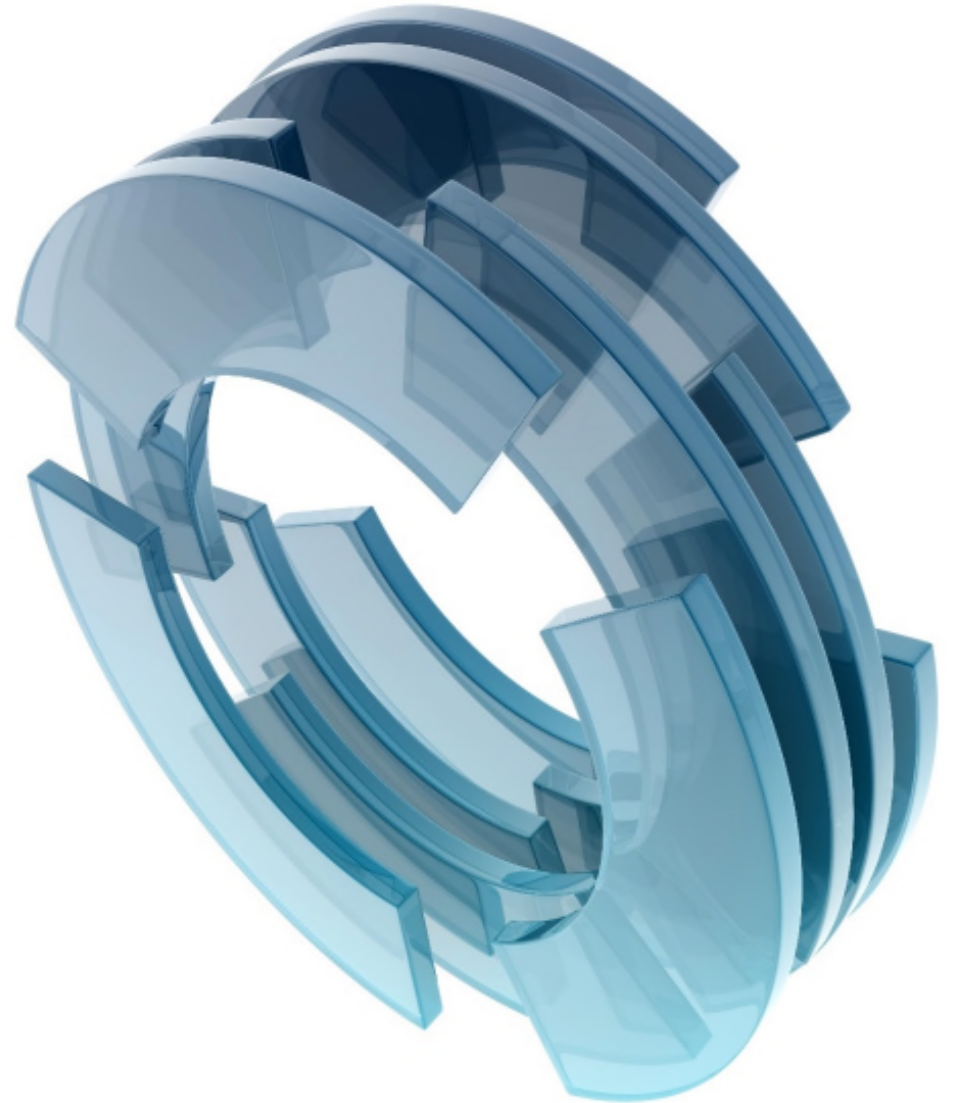


Deloitte.

EMEA TMC client
conference

Indirect tax - delivering
best in class compliance in
a Global business services
(GBS) environment

The Crystal, London
9-10 June 2015



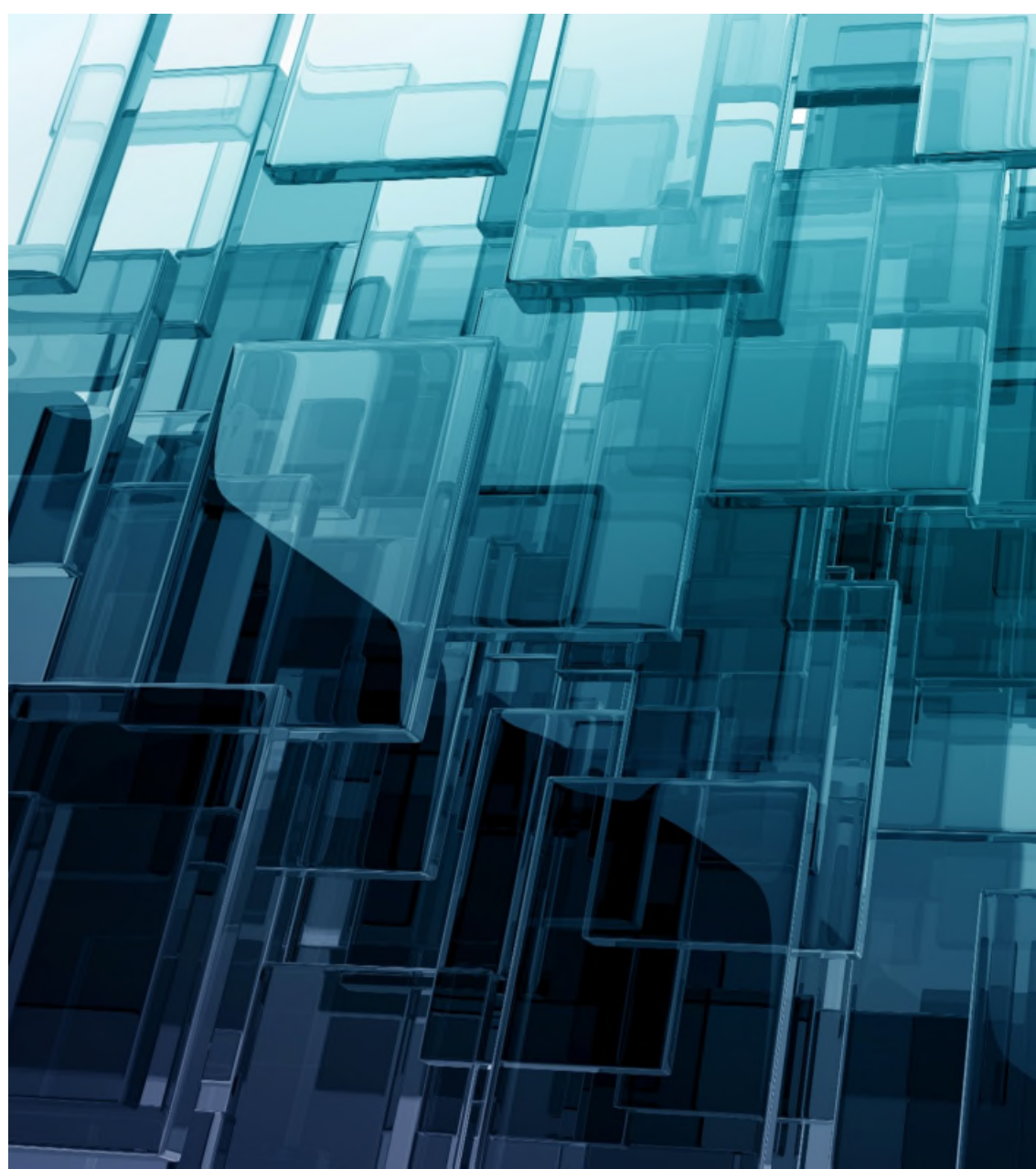
Agenda

- The Current landscape
- The push to centralisation
- Stakeholders & governance
- Components of compliance
- Executing on a strategy

In Deloitte's 2014 indirect tax client survey, our clients identified indirect tax compliance as their number 1 priority area.

Only 30% of respondents to our global compliance survey were happy that their centralised compliance processes were efficient.

The current landscape






Pressures on indirect tax teams



Operating model evolution

The evolution of compliance strategy from discrete functional- and country-based models to integrated, global and cross functional services

Operating model	Decentralised	Coordinated, consolidated	Centralised, Integrated
Degree of automation	Limited automation	Medium automation	Maximum automation
SSC geographical scope	Local 	Regional 	Global 
Degree of value add	Transactional	Sharing of tools and processes	Transactional and advisory
Functional scope	One function	Two to three functions	Multi-function
Degree of functional integration	Little sharing	Co-location	Full integration

Tax and statutory accounts	Prepared by separate local country teams With ad-hoc use of advisors on country by country basis	Tax and statutory accounts processes aligned Co-ordinated global outsource working with SSC	Shared service team prepares tax returns and statutory accounts Local support for quality assurance and specialist input
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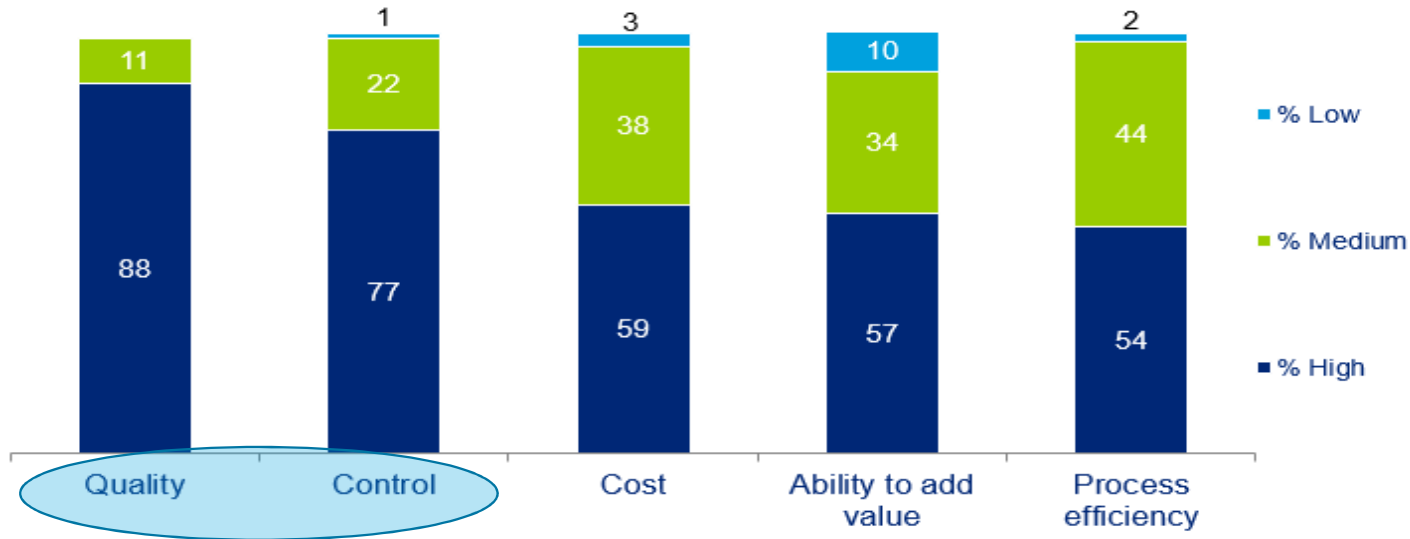
The push to centralisation



Market research - compliance focus

Current global compliance drivers for organisations and their management

Relative importance of factors in %

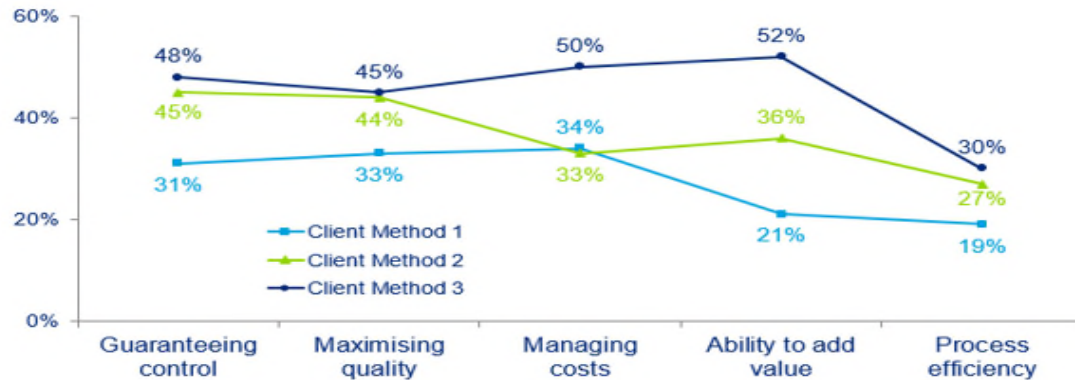


* Global tax management consulting (TMC) market research conducted by Deloitte – December 2014

Market research - compliance focus

Satisfaction with the current model for managing all global compliance

(% Happy)



Global operating models – the 3 methods

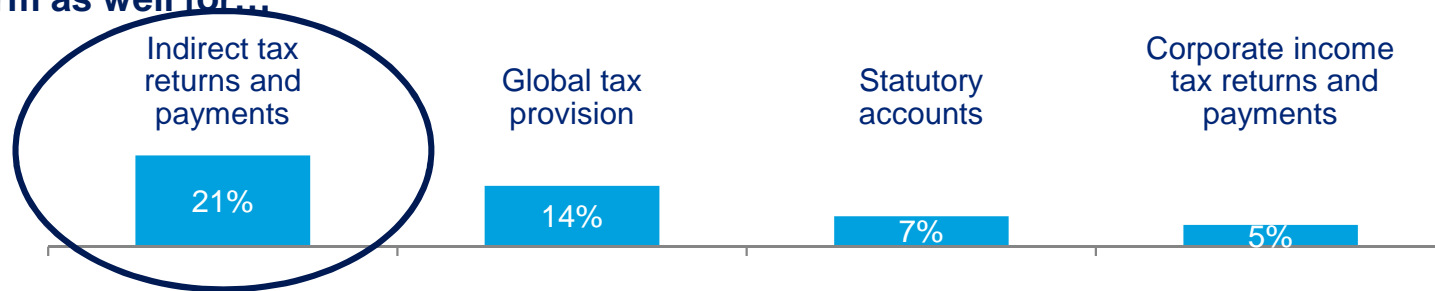


* Global tax management consulting (TMC) market research conducted by Deloitte – December 2014

Market research - compliance focus

Satisfaction with the current model for managing all global compliance

Does not perform as well for...



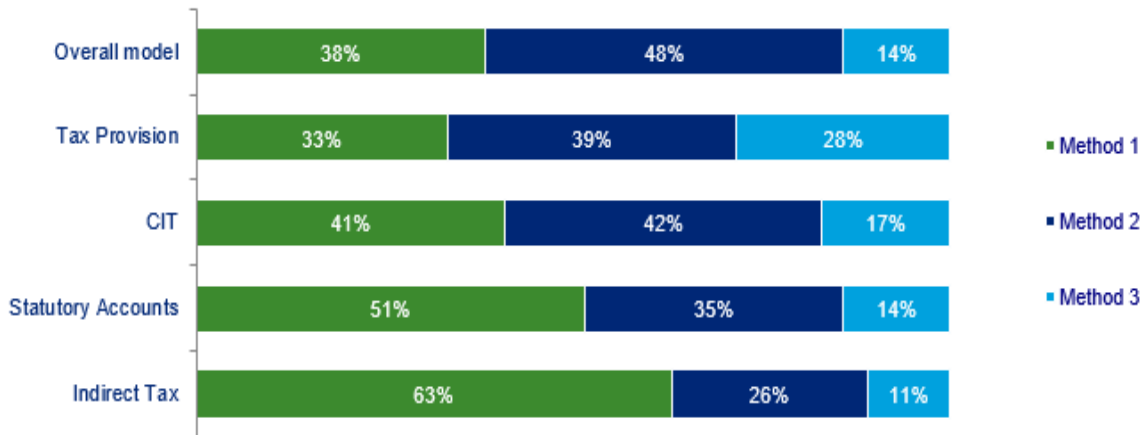
Specific issues...

<ul style="list-style-type: none">• Lack of control; monitoring; management• Complications of local knowledge• No central strategy	<ul style="list-style-type: none">• Lack of control; monitoring; management• Lack of communication from external partners• Lack of skills/ expertise	<ul style="list-style-type: none">• Lack of control; monitoring; management• Less focus on these areas• Problems with data collection/ integration	<ul style="list-style-type: none">• Lack of control; monitoring; management• Lack of communication from external partners• No central strategy• Lack of skills/ expertise
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* Global tax management consulting (TMC) market research conducted by Deloitte – December 2014

Market research - key messages

- More centralised operating models being deployed but the degree of 'enthusiasm' varies by process



- Increased use of selective outsourcing to complement the in-house team and as a catalyst for wider improvement or even transformation

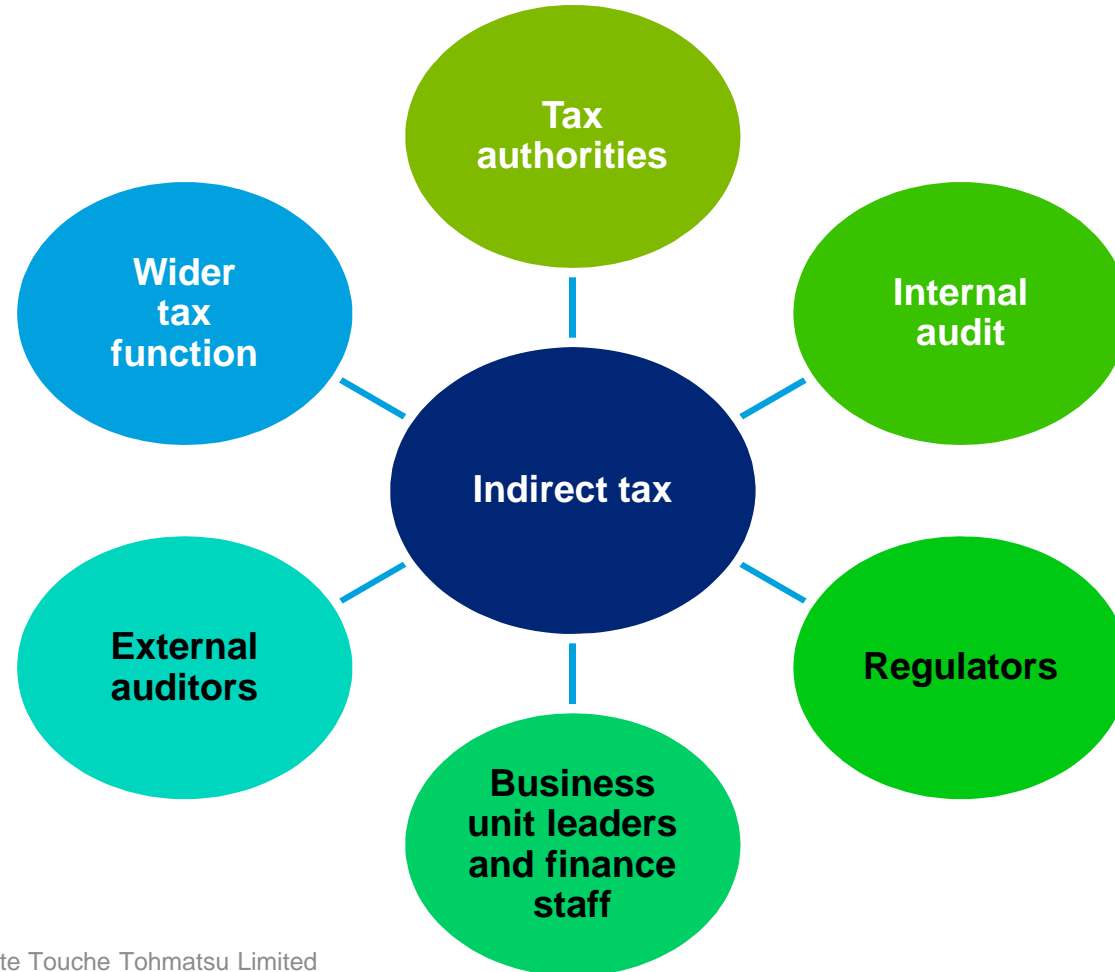
- The focus is now on more consistent global processes and quicker, simpler delivery, often through the better use of technology

* Global tax management consulting (TMC) market research conducted by Deloitte – December 2014

Stakeholders & governance



Who are your stakeholders?



Satisfying your stakeholders

- In some respects centralised compliance makes stakeholder management easier but it does demand more formality

Document processes and controls for completing indirect tax returns

Agree and publish guidelines for dealing with tax authorities in audits, assessments and disclosures

Implement a process for identifying and reviewing high risk countries/registrations

Document and data retention guidance

Regular review of indirect tax affairs to quantify risk areas

Reporting key performance metrics

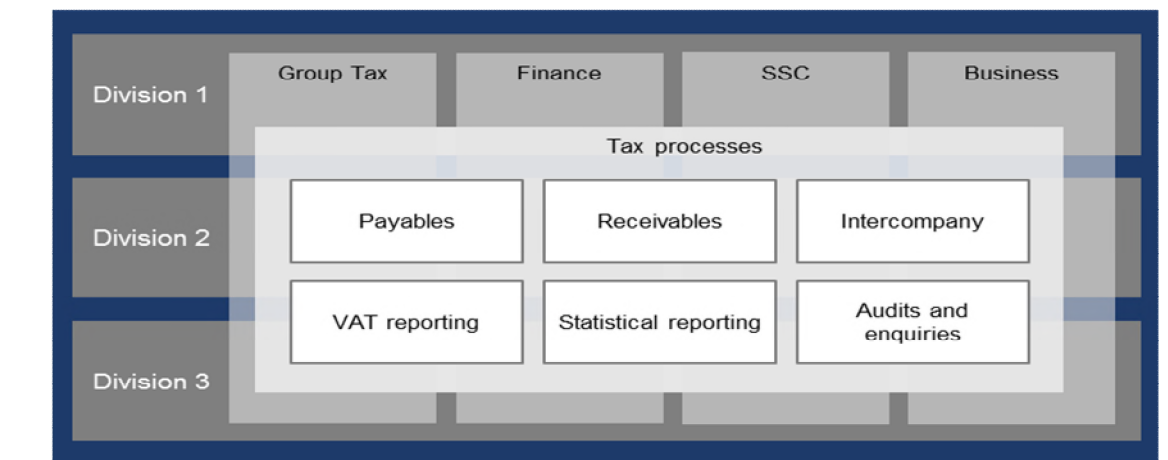
Shaping your indirect tax governance model

Level 1 – Strategic direction



Compliance strategy based on needs of key stakeholders, clearly communicated goals, roles and responsibilities, governance standards

Level 2 – Key tax & reporting activities



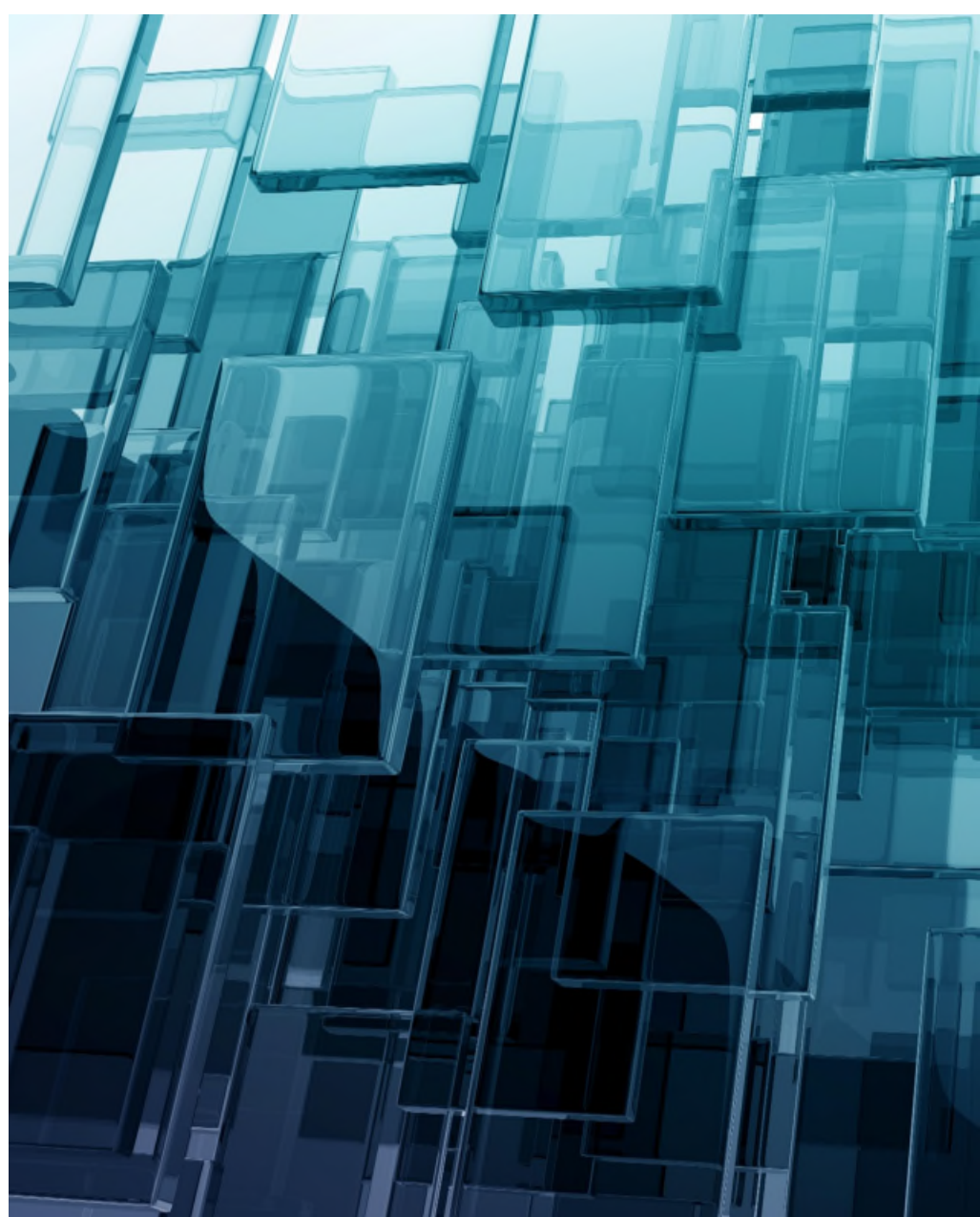
Defined compliance processes and controls for tax and reporting activities by business division and function

Level 3 – Supporting infrastructure



Infrastructure which supports and monitors compliance controls all activities, creating visibility over tax compliance for group tax function

Components of compliance



The components of centralising compliance



The right mix of people



An multi-disciplinary team comprising:

- Tax technical specialists
- Data management resources
- IT and Excel skillsets
- Accounting knowledge
- Project & process managers and owners
- 3rd party providers where appropriate

The right mix of talents to consolidate and test data, submit returns, adapt systems and handle relationships with wider business and local tax authorities

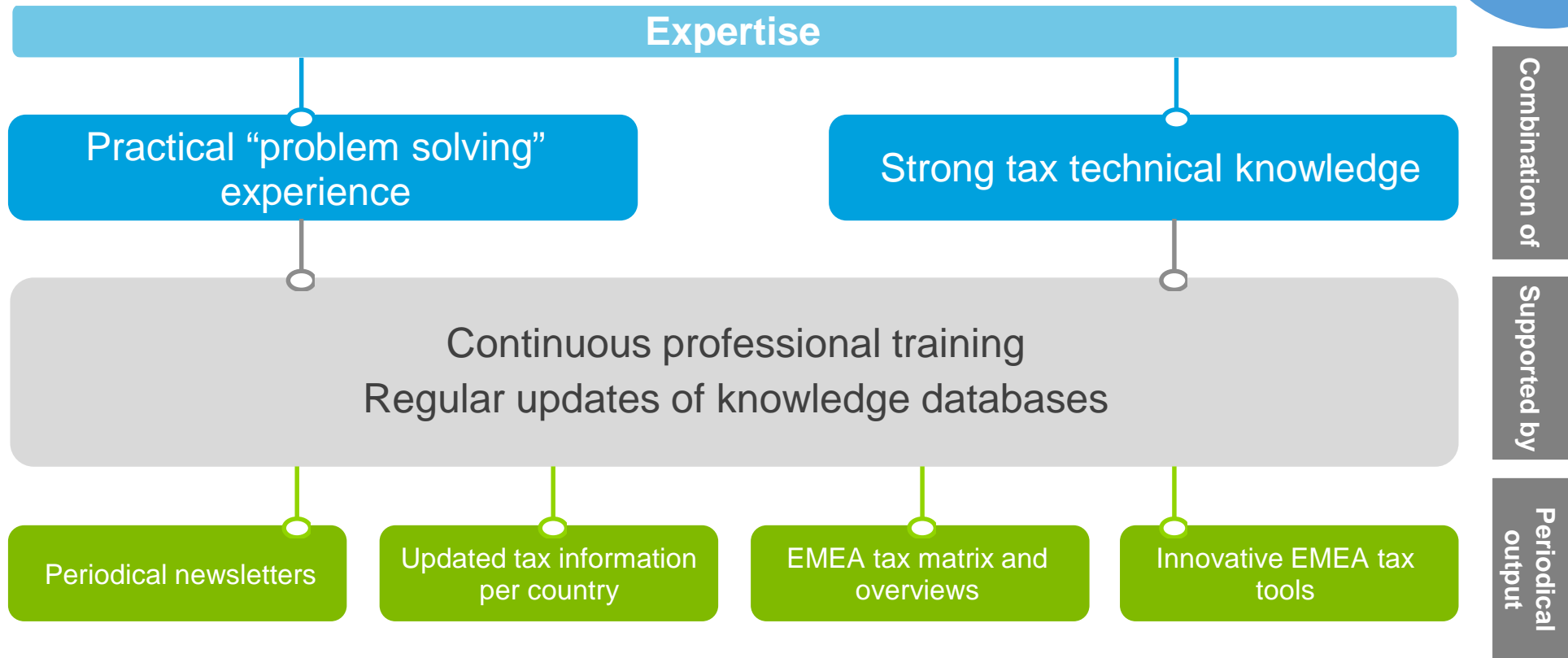


Nationalities

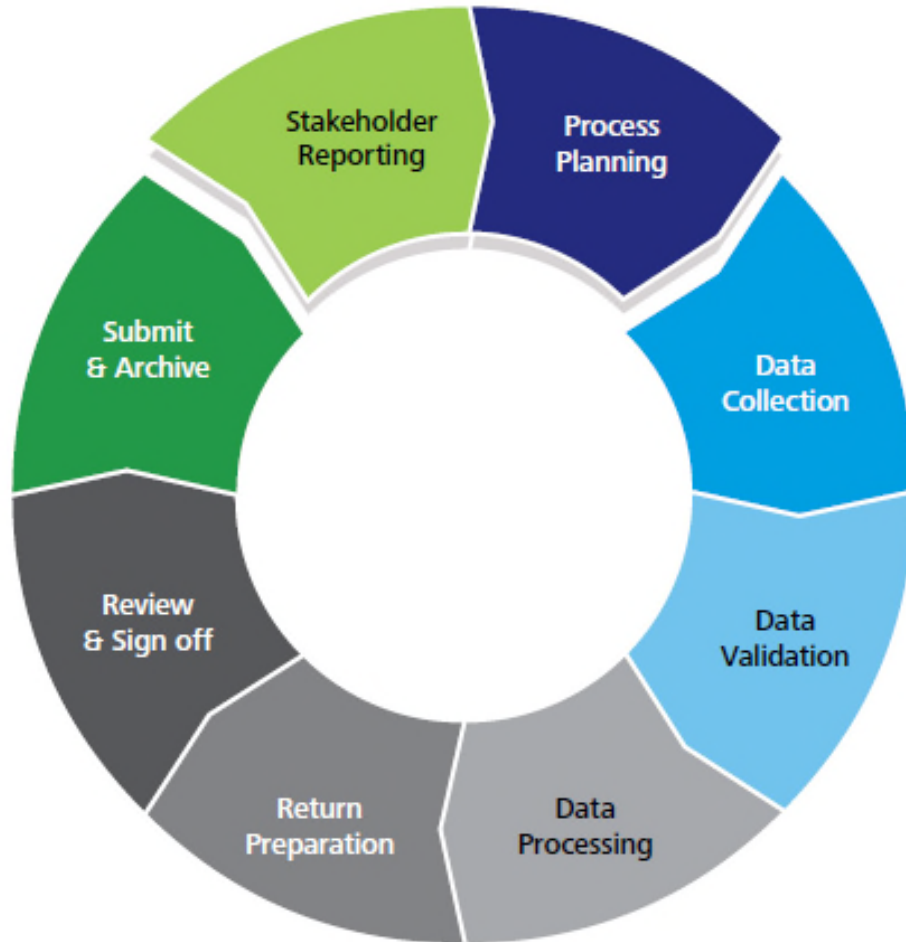


Skill sets

Knowledge is a key to success



Reliable processes



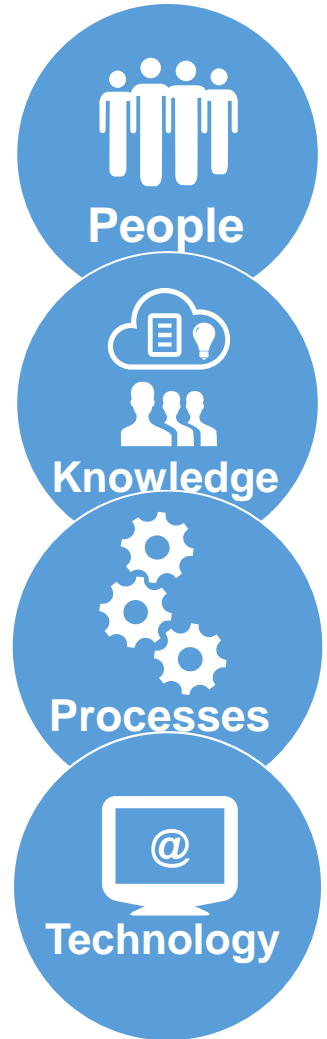
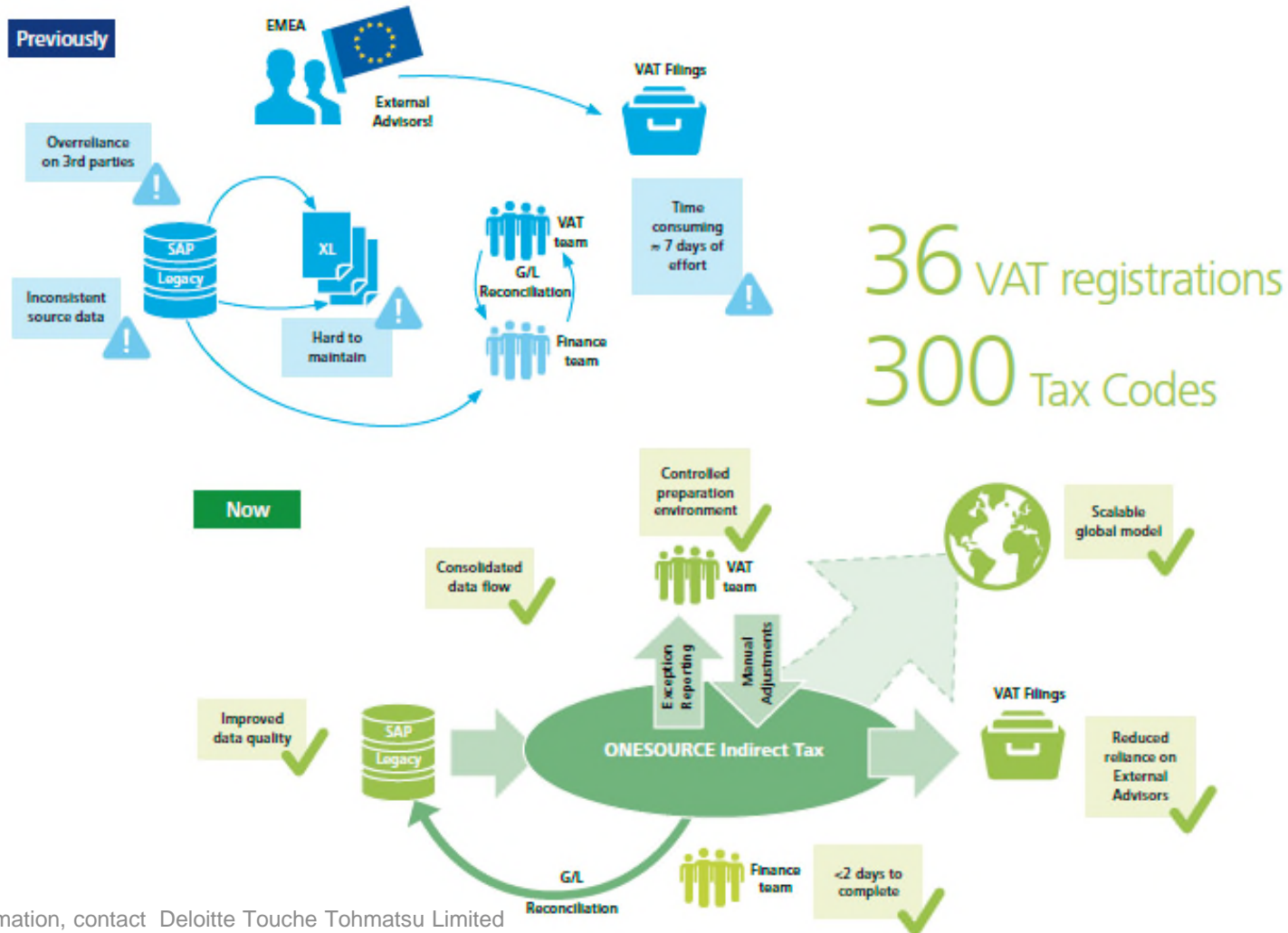
- Important to recognise what ‘compliance’ encompasses
- Preparing the return is a single step in the cycle
- Centralising compliance will surface pain points that need to be addressed
- We’re becoming more adept at segmenting and aligning steps across processes
- Styles of process improvement look different across businesses but key steps are often common

Technology trends



- VAT compliance technology market still evolving:
 - A few more ‘international players’ although plenty of room for more!
 - Differing views on how much integration with the source financial systems is needed
 - Still a lot of Excel automation being offered in the market
 - No solution does it all... yet
- The systems for managing the tax process, key performance indicator (KPI) data and document management are becoming ‘standard’ in many tax functions, but adoption and approach vary from group to group.

A case in point



Executing on a strategy



Executing your strategy

Consider VAT's position within the wider business

Identify your key stakeholders and determine how to work with them

Take stock of what technology solutions are already available in the GBS and across your tax groups: you may have more to play with than you expect

Focus on complementing and improving current processes rather than disrupting them

Don't overcomplicate things: it puts adoption of change at risk

Technology is not a 'silver bullet'. Sustainable improvement takes care and effort

There's more than one route to 'best in class'



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