



## Accurate automation

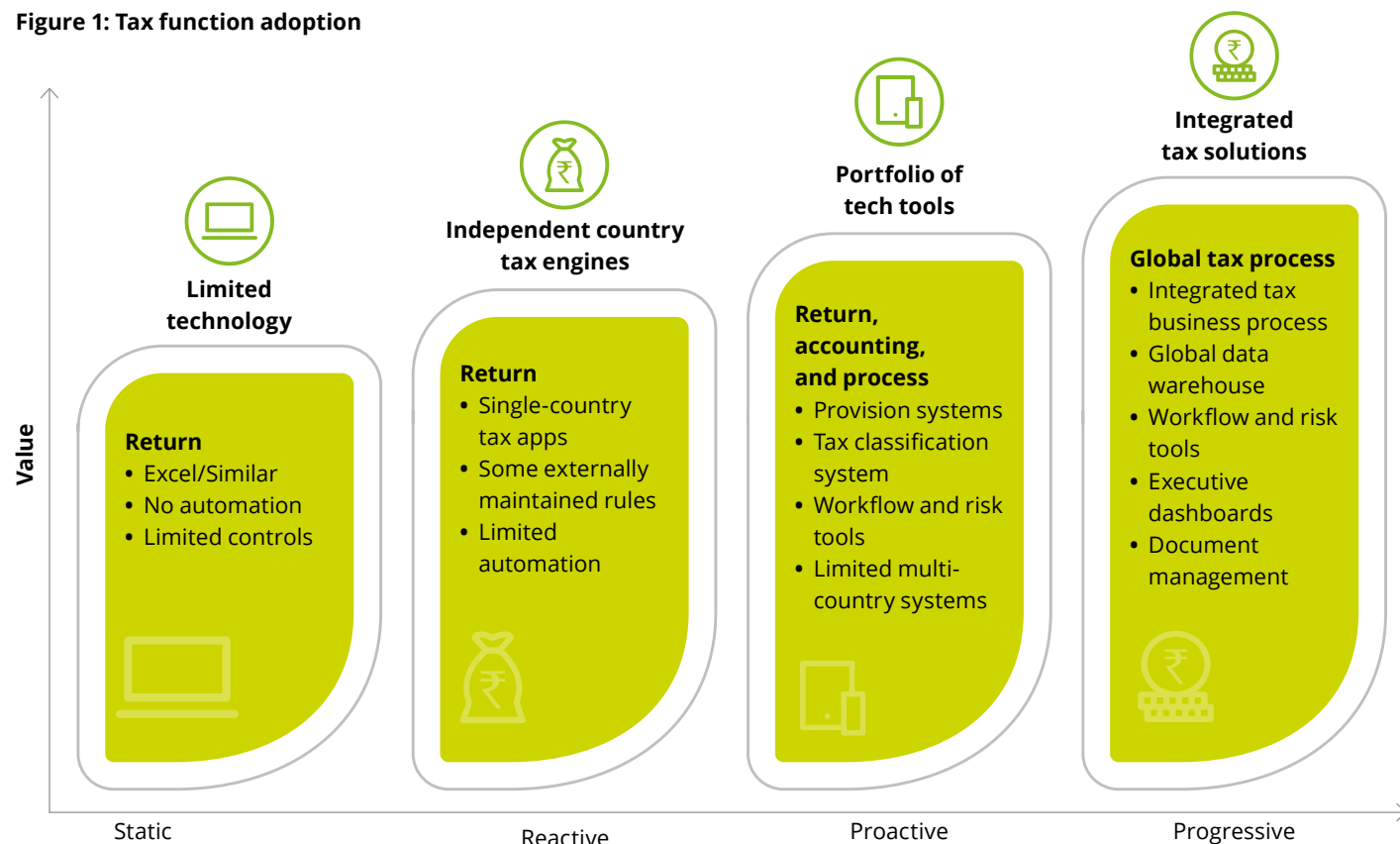
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# Accurate automation

The industry is seeing a rising adoption of technology in several functions to optimise resources, and increase efficiency and transparency. The tax function is also witnessing a similar disruption. The evolution of tax function adoption can be seen in Figure 1:

Figure 1: Tax function adoption



In the present scenario, organisations have large pools of data that may not be useful in its current shape. Hence, companies use technologies such as artificial intelligence, blockchain, and machine learning, to efficiently use data. One of these being data analytics that supplies relevant data to help decision makers take informed decisions, extract useful information, and reach effective results. However, the tax function usually lags behind in effectively using these technologies.

## Technology in tax function

Aspiration to file a perfect tax return in just one click is unrealistic, as most of the organisations maintain and collect data from multiple sources that needs to be reconciled to conduct analysis.

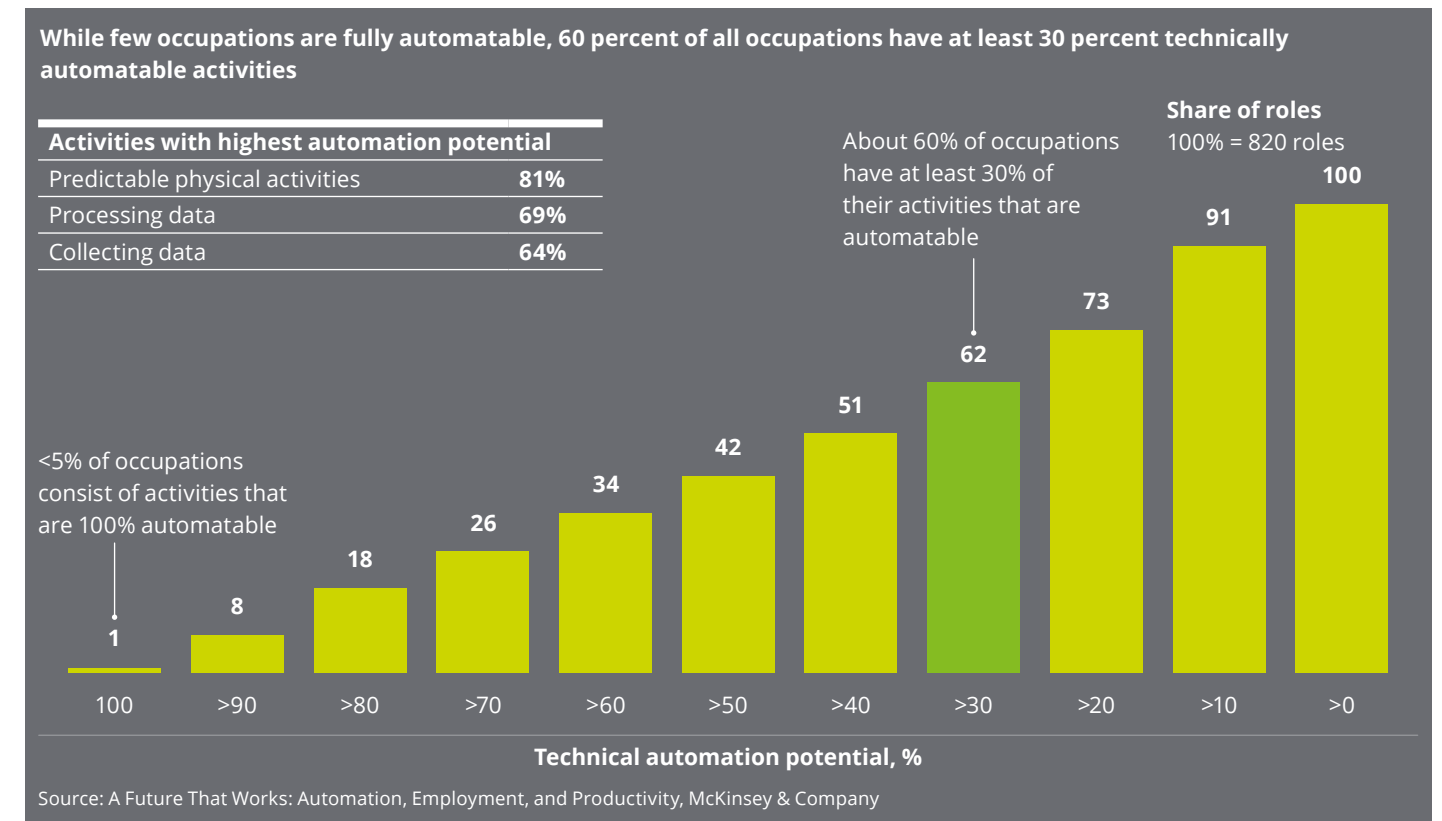
Moreover, the data contains anomalies or is incomplete. The data maintained in organisations' ERP systems cannot be directly used because several transactions that are not recorded in ERP systems have to be manually considered to comply with tax legislation.

The tax authorities need enhanced measures to get and process higher quality data. For example, the Brazilian government implemented a digital bookkeeping system to digitise invoicing during product transactions. The UK launched an initiative 'Making Tax Digital' to ensure that taxpayers secure their digital tax accounts and record tax information digitally.

For accurate data automation, transactions should be checked by invoice number, supplier name, etc., to avoid duplication. Thus, tax analytics should help organisations make more informed decisions and add value to the tax function.

According to a McKinsey report, automation is a global force that will transform economies and workforce, as shown in Figure 2.

Figure 2: Automation in industry

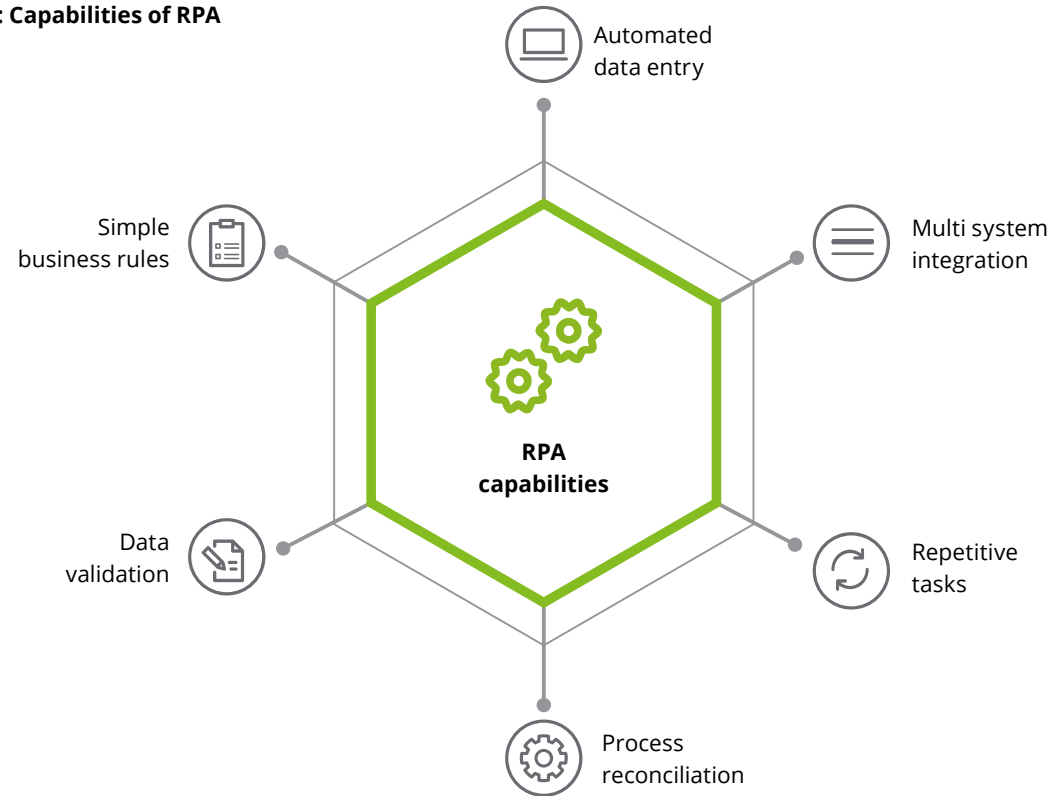


Data processing and collection has huge potential for automation. However, maintaining high accuracy is important. To ensure this, organisations use various technologies discussed in the subsequent sections.

## RPA for data analysis

Robotic process automation (RPA) involves using computer-coded robots that work on structured data and logic-driven robots that execute programmed rules. Therefore, RPA enhances productivity and assigns activities to employees based on the importance level. This automation technology can be used to independently perform simple functions, such as interpreting, deciding, acting, and learning.

**Figure 3: Capabilities of RPA**

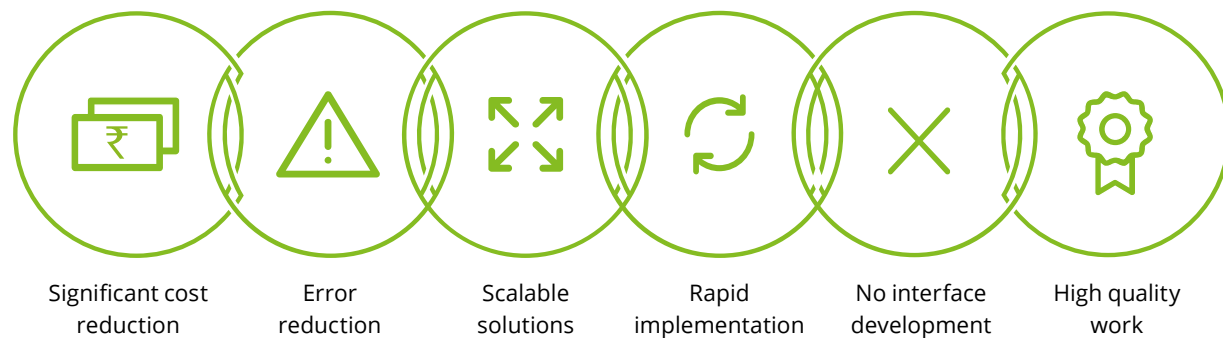


## Use of RPA in tax function

RPA can navigate technology platforms and can be efficiently used in the tax function.

RPA is suitable for processes with a high automation potential. It can be used to gather relevant data from an ERP system and review accounts to ensure consistency among transactions within a specified time period. The technology can be used to complete and review tax return workbooks, and fill out and submit tax returns and related payments.

RPA has several advantages, including the following:



Robots are expected to undertake more than just automating processes based on rules. Their scope can be expanded to include the automation of end-to-end processes. RPA can help in seamless automation, along with workflow tools.

## Intelligent OCR for data automation

Optical character recognition (OCR) is primarily used to extract information from a machine readable format. In simple words, it can convert scanned documents or images into a digitally editable format using machine learning techniques. Similarly, the OCR technology can convert handwritten text characters into a machine-readable format.

Intelligent OCR can help simplify processes that require inputs in various formats (such as typed and handwritten text, and images). OCR can be implemented in several processes such as:



## Challenges for accurate automation

Every technology has its own limitations. Despite these technologies being fit for data automation, they can face challenges in some cases, such as incorrect image resolution, overwritten notes on data, inability to comprehend poorly scanned images, unlabelled invoices, multiple scans, and duplication.

## Intelligent automation

For a specific business outcome, considering return on investment of automation is critical. Understanding costs, effects, risks, and their effective management, and impact and adoption by workforce is important. This could be done by developing a human-centered design, which should explain why robotics and intelligent automation is needed, and how it can serve the organisation's larger purposes. Automation can increase efficiencies and cut costs for routine tasks, improve workers' ability, and integrate technologies to yield better results.

## Summary

Automating data processing to reduce manual intervention and errors, and increase efficiencies and accuracies, is important. To adopt RPA, an organisation must collaborate across functions to evaluate solutions and develop a roadmap for cross-functional working.



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