

Compliance with a purpose

Tax leaders today face a slew of challenges in how to best approach compliance given the ongoing explosion of innovative technologies, ever-increasing regulatory scrutiny, and calls for enhanced transparency. Reimagining the compliance process itself allows companies to both drive efficiencies and deliver more valuable insights to the organization.

In short, it is possible to bring more purpose to tax compliance.

Let's face it, the traditional tax compliance shop was often tasked with achieving compliance for compliance's sake. But today, the data generated throughout the tax lifecycle, from tax provision through tax returns and beyond, is a key value component for use

by the entire Tax function and the broader business. The breadth and depth of the data offer extraordinary insights when harnessed across the organization.

We see two simple shifts in how leading organizations are transforming their compliance functions to realize new value: streamlining work by moving to a consolidated, rather than entity-by-entity, approach in preparing tax returns; and leveraging the work and data from the tax provision process. Let's take a look at each of these in more detail.

Keeping it together

Consider the value of a streamlined compliance process in which you can accelerate your review time with automation and data-driven insights—and minimal investment.

You would be able to make informed decisions faster and more efficiently. You would further mitigate potential error risks. You could refocus your time to non-compliance, higher-value work. You would be able to drive deeper insights and value from the tax data.

Income tax compliance preparation and review has historically been a “by entity” process involving the “bottom-up” compilation of tax return calculations, as well as the review of multitudes of printed or extracted tax software reports. Not surprisingly, this approach can lead to voluminous preparation work – often spanning a period of 10 months or more – and often inefficient and inconsistent review across the myriad of entities in multinational corporations.

By approaching compliance preparation as batches of tasks that are most efficiently completed across multiple entities at once, tax teams can greatly streamline the preparation process. Technology solutions compliment these efforts by supporting the iterative extraction of tax software data and using automated reconciliations to validate the accuracy of the calculations. This can significantly impact the integrity of the data reported on the range of schedules included in an e-filing submission. Applying this technology-enabled, data-focused approach greatly simplifies the review process, and can accelerate filing by more easily accommodating late changes in tax return forms.

Combining relatively simple tools with a new approach to the compliance process can fundamentally transform the way tax data is analyzed, improved, and filed with tax authorities. And, in line with the rising focus on bringing a stronger sense of purpose to the tax compliance function. Analytics integrated into the redesigned process means the data can be leveraged across the organization to bring deeper insights for more informed decision-making.



Connecting provision to compliance

What if you could integrate your tax provision and compliance calculations? This would mean performing year-end tax calculations once – rather than multiple times for multiple processes and accelerating compliance efforts while reducing risk.

Many organizations continue to maintain separate approaches to their income tax provision and tax compliance processes. Rather than leveraging the work and data from the provision process into compliance, they spend an inordinate amount of time and effort to revisit and recalculate the data already compiled during provision earlier in the year. This is often due to simplifying assumptions made in the provision process, and because provision and compliance teams operate independently of each other.

Leading organizations today are using software solutions to improve their provision processes. The automation capabilities of these provision solutions can often be better leveraged to require fewer recalculations during the compliance process. An integrated income tax process enhances data accuracy in both provision and compliance, and thus streamlines the rework and subsequent reconciliations involved in the compliance process.

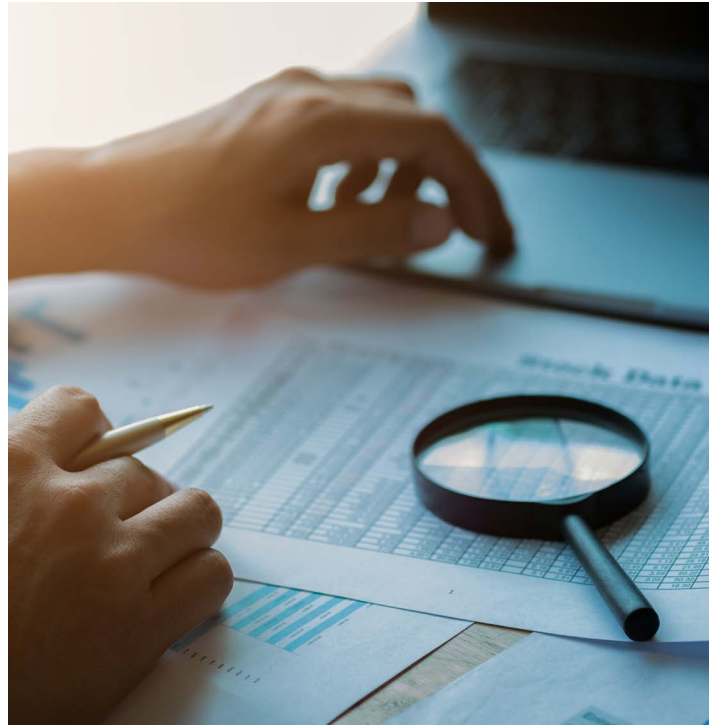
These new approaches can accelerate compliance efforts, reduce risk, and achieve more efficient results. They also align the renewed purpose of compliance to add heightened value across the tax lifecycle by enhancing data availability, accuracy and integrity throughout.



Reimagining—and bringing purpose to—tax compliance

There is no one-size-fits-all approach to implementing process improvements, deploying new technologies, and upskilling talent to deliver more value. Any approach to transformation must be personalized to consider an organization's current state, data availability, and strategic priorities.

Few would dispute that realizing more value from the tax compliance process that consumes the majority of many tax professionals' time through any given year is a worthwhile goal. The purpose of tax compliance can far exceed the basic functions of delivering timely and accurate filings. With increased data integrity, efficiency, and integration throughout the process, tax compliance professionals are freed to uncover and share actionable insights with colleagues across the organization – and to tackle with confidence the unending stream of regulatory changes impacting their roles.



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