



Tax transforms, business wins: an industry perspective

Enhancing the tax function makes an impact at leading consumer products organizations

The call for tax department transformation

In our work with clients across industries and around the world, we see firsthand that CFOs and other stakeholders are asking tax executives to raise their game and proactively partner with the broader business. Increasingly, these leaders are looking for transformation of the tax function to add more value to the organization.

Indeed, pressure is mounting for tax departments in all industries to expand in scope and impact as their organizations grapple with increasing competition, globalization, and technologies in the midst of stricter and more globally aligned tax regulations. In addition to the traditional responsibilities of tax planning, reporting, and management, tax executives face urgent expectations to mitigate risk and lead decision making across the organization.

Responding to the emerging demands involves a shift in how—not necessarily what—work is performed. It requires enhancement of the tax department's responsibilities to be in line with overarching business strategies. Transformation can

elevate the capabilities and performance in ways that incremental change cannot. It can increase tax's value to the organization by:



Enhancing operational efficiency—Freeing up personnel to perform value-added tax planning activities with increased compliance and reporting efficiency driven by technology and process standardization.



Improving risk management—Increasing transparency and formalizing risk procedures that can help effectively address financial statement and audit risk.



Increasing strategic and business alignment—Becoming a value-added tax function that is aligned with the organization's strategies and partners closely with business units.

Deloitte has worked with a number of consumer products organizations to gain perspective, plan for change, and start their tax department transformation journeys. Let's take a closer look at the issues the tax departments of these companies face, and how they are heeding the call to transform.

Tax department transformation in consumer products: Drivers, solutions, and value

In our tax work with leading consumer products companies, our clients note some key issues that are keeping them up at night:

Increased M&A and divestiture activity that requires quick, actionable insights into tax issues and consequences

Legacy systems and processes that hinder tax department agility and data transparency

Organizational mandates for tax functions to do more with less

Understanding and complying with statutory and regulatory changes

Heightened international expansion that requires increased global coordination

In response to these many drivers of change, consumer products tax departments are looking for solutions that address their challenges in four key areas, which we call Deloitte Transformation Enablers:



People

Deploy people to more value-added activities.



Process, technology, and data

Make better use of their data by leveraging new technologies.



Operating model

Simplify processes and policies, streamline their operating models.



Risk and policy

Manage risk and policy changes globally.

Using this framework, Deloitte helps clients critically analyze the need for transformation and create the necessary changes. Here are two examples of how Deloitte is delivering value to consumer products clients, tackling their complex issues and assisting them in the deployment of solutions:

1. Business driver:

Finance transformation creates opportunity to transform indirect tax function

Solution: Indirect tax software selection and implementation

Value delivered: Improved efficiency and decision-making capabilities, and enhanced efficiency and control

A leading consumer products client was undergoing a finance transformation and implementing SAP with another vendor as part of the effort. Deloitte's team helped the client understand the value of adding an indirect and direct tax component to the overall transformation. By demonstrating value-added features of an Deloitte was selected to implement the technology. As a result, the client now has tighter control of its indirect tax function, greater accuracy in its indirect tax calculations, and improved efficiencies and decision-making capabilities. The company has recently requested Deloitte Tax to continue its involvement in the transformation. alternative indirect tax software package,

2. Business driver:

Need to redesign and automate processes to increase efficiencies in Tax function

Solution: Tax provision and compliance process redesign, software selection, and implementation

Value delivered: Higher data quality, managed risks, more strategic deployment of tax personnel

A major consumer products client was looking to create efficiencies in its tax function, which was heavily reliant on spreadsheets and manual processes. Focusing first on tax provision, the Deloitte team worked with the client to streamline work flows, examine tax software alternatives, and implement selected software. After seeing the resulting value delivered, the client engaged the Deloitte team to similarly transform its tax compliance function. Redesigning and automating its tax provision and compliance processes has allowed the client to maintain better data quality and mitigate risks while freeing up tax personnel to focus on planning and strategic activities. The software provider recognized the success of these projects by naming the client a runner-up for its Excellence in Tax Process Transformation award.

Leading the future of the tax department

Overall, we see an increase in the number of insurance and health plan companies exploring tax department transformation—they are looking for more usable data, mitigated risk, and to redeploy people to focus on value-added activities. Deloitte's Tax Department Transformation practitioners help clients start with a solid plan, analyzing tax department performance and providing perspectives for the journey and an actionable roadmap for change. For more information or to contact Deloitte, visit www.Deloitte.com/us/taxtransformation.

Contact:

Jim Piazza

Consumer Products Tax Leader
Deloitte Tax LLP
+1 973 602 6784
jpiazza@deloitte.com

Jodie Beining

Tax Transformation Leader
Deloitte Tax LLP
+1 414 347 7902
jbeining@deloitte.com

Scott Shafer

Tax Transformation Leader
Deloitte Tax LLP
+1 312 486 5340
sshafer@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This communication is for internal distribution and use only among personnel of Deloitte Touche Tohmatsu Limited, its member firms, and their related entities (collectively, the "Deloitte network"). None of the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.