

**Deloitte.**



**Tax Management Consulting**

Leading tax departments through change



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# Transformation...

## An inflection point for tax executives

A growing imperative for tax departments is to actively **engage** the business, **leverage** enablers, and **participate** in and **capitalize** on transformation activities within and beyond the tax department



Businesses have been undergoing or pursuing many types of transformation in recent years, such as enterprise resource planning (ERP) systems, finance function modernization, supply chain transformation, shared service centers, and offshoring/onshoring/reshoring. Each initiative is intended to enable greater productivity, process efficiency, and cost reduction, and to make the business more competitive.

In many cases, tax departments have been only tangentially involved in these initiatives. Until now... It's time for tax executives to change that paradigm. Especially, when so many business stakeholders are demanding more from the tax function. Deep tax department involvement has become more of a requirement than an option. Tax executives should be advocating for their seat at the table, influencing enterprise-wide business decisions.

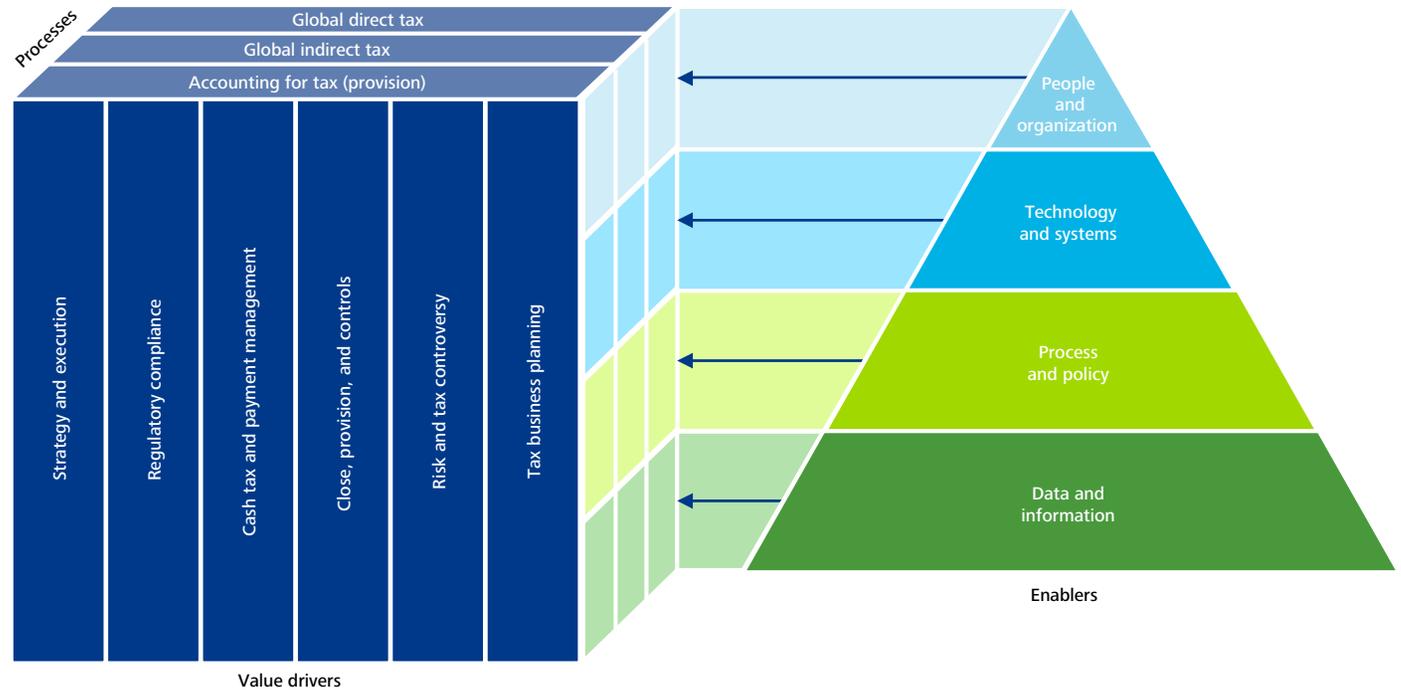
A growing number of tax leaders who are taking a visionary approach leverage organizational transformation projects to significantly improve their own tax operations. Then, with new-found efficiencies in tax operations, they can add greater value to the decision-making process, thus establishing tax as a strategic partner in the business and an active participant in these transformational projects from the earliest stages to completion.

The path to tax department transformation is no doubt challenging. Deloitte's Tax Management Consulting (TMC) practice can help you navigate the changes—both those you already see and ones that are not yet visible. Our tax function assessment framework (Figure 1) provides a comprehensive perspective for planning for the tax consequences of any transaction from when it is recorded to when it is reported. We call this “record to report.” We analyze change to the organizational

Deloitte TMC helps tax departments pursue a streamlined, transparent, and efficient tax function that capably addresses compliance and planning issues while expanding its strategic support of the broader business enterprise.

model, processes, technology, and data elements, and we assess, prioritize, and explore improvement opportunities. Practical benefits of the framework include process efficiencies, cost savings, and more effective resource deployment. Strategic, ongoing benefits include additional time for value-added contributions to the business and access to the data necessary for informed decision making.

**Figure 1. Tax function assessment framework**



Our tax function assessment framework explores several dimensions — value drivers, processes, and enablers — through which tax-related decisions are to be examined:

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**Understand value drivers.**

It is important to consider decisions in the context of tax value drivers that link broader corporate goals and objectives to the tax outcomes. Any action you take should result in value creation in one or more of those areas.



**Engage the business to improve existing data flow and processes.**

Businesses often have complex and diverse structures today. Organizing work flow, data capture, and data management by functional areas offers an organized and scalable approach to process improvements for the targeted value drivers.

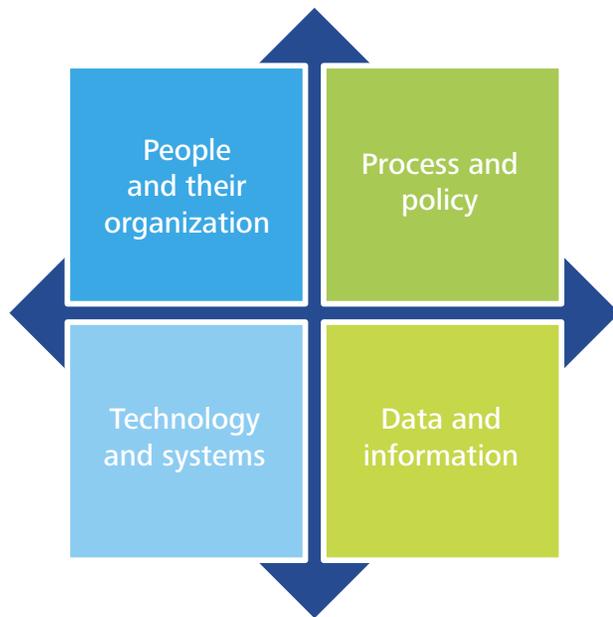


**Leverage enablers.**

Four primary enablers are critical to a high-performing tax function: 1) people and their organization, 2) process and policy, 3) technology and systems, and 4) data and information (Figure 2). The people within the tax function, the tools and resources provided to them, and how they are deployed figure significantly

into the tax function's ability to add value to the organization. Thoughtfully devised processes and policies enable people to use systems and technologies consistently and effectively. Systems and technology are required to capture, store, and maintain the integrity of data. And data is the foundation for tax and finance decisions.

**Figure 2. Primary enablers of tax function performance**



Using the tax function assessment framework, Deloitte TMC can help you critically analyze the tax strategy and compliance decisions you and other business stakeholders face. We can help you assess and prioritize activities that have the potential to take your tax department to the next level.

# The changing role of tax executives



Today, tax executives are being asked to serve as:



**Strategist**, providing specific tax direction and aligning tax department activities with corporate financial strategies.



**Operator**, balancing tax department costs and service levels to fulfill tax compliance and planning responsibilities.



**Catalyst**, driving action across the tax organization to support strategic and financial goals.



**Steward**, protecting and preserving the assets of the organization.

Vital to each role is aligning organizational responsibilities and related tax resources with the vision and strategy of the business to generate exceptional results. This includes weighing whether certain activities are core to the business and, if not, finding alternative approaches for them to enable focus where it matters most.

Tax Management  
Consulting — your  
resource for  
transformation



Deloitte TMC brings together highly experienced, fully dedicated specialists from relevant operational areas to address your priorities. We often start with a Deloitte Tax Transformation Lab, a risk analysis, and/or sourcing considerations. Then, we can help identify priority areas and deploy a global team under a single point of contact for your convenience. We apply those resources when and where you need them to address your transformation needs.

**Agile support for dynamic requirements:**

Deloitte TMC can support your organization on discrete projects, assist you in multiple areas, or work with you on an ongoing basis to develop a strategic plan, including a tax technology roadmap, that is broad-based and prioritized yet flexible enough to accommodate inevitable change over time. Our tax technology professionals can help your tax function, both domestic and global, connect with the broader enterprise through common or integrated technology and access to data — one hallmark of a transformed tax department. Our focused one-day *Tax Labs* and broader *Tax Department Analysis* program (see next section) are two of the innovative approaches we can use to help you set the course.

**Bridging the tax and technology divide**

The effectiveness of a high-performance tax department relies on access to and use of data and technology. Deloitte is well-positioned to help you address this imperative. Across the United States, we have more than 8,000 tax professionals in addition to 16,000 other Deloitte technologists who specialize in business information systems for the broader enterprise. These specialists offer a wealth of knowledge about the intricate web of tax-technical, tax-technology, and business information systems issues that tax executives manage today. We speak the languages of tax, finance, and technology, so we can help all stakeholders understand the scope of transformation and the value it can deliver.



# Tax Department Strategy, Risk, and Operations

Technology is dependent upon process automation.  
A detailed understanding of current processes and a thoughtful design of future processes with a lens to the capabilities that technology offers is critical.

### The challenge

Central to any tax department's effectiveness is a cohesive global tax strategy reinforced by a detailed implementation roadmap. An important step is to assess your existing tax department strategies and map them to your organization's broader strategies.

- What is your organization's risk tolerance, and how do you align your tax policies and procedures with that?
- Does your enterprise manage its intellectual property and other critical assets tax efficiently?

- How do product and service flows impact global cash flow and tax positions?
- Which activities are core to your tax department's effectiveness, and which might benefit from an outsourcing or cosourcing arrangement?

Organizations are expecting their tax function to bring more value to the business — from an operational as well as strategic perspective. Yet the growing number of regulations to address on a worldwide basis amid declining personnel and resources makes it challenging for tax departments

to respond to those expectations without creating unwanted risk.

Meanwhile, the skills and knowledge that helped tax executives get to where they are today from a leadership perspective won't necessarily lead to success tomorrow. Some relatively new competencies expected of tax executives include process and project management, technology, tax data archiving and analytics, sourcing models, efficiency, sustainability, and automation. Deloitte TMC helps tax departments prepare for and execute in such areas.

## How Deloitte helps

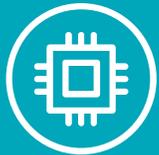
Deloitte TMC provides a forum and an informed perspective on your tax department's options.

Our *Tax Labs* can help your team design a plan to meet the opportunities and challenges coming your way. For example, the *Tax Transformation Lab* is a one-day experience that helps tax executives and CFOs jumpstart change within the tax department by focusing on their vision for the department, identifying and prioritizing opportunities for improvement, and mobilizing around initiatives to create value for the organization. Our *Tax Executive*

*Transition Lab*<sup>™</sup> is also a one-day experience designed to help newly promoted or hired executives seamlessly transition and thrive in new roles. The session focuses on three important resources managed by a tax executive: time, talent, and relationships.

Our *Tax Department Analysis* program provides a fact-based analysis of your tax department's operations, identifying opportunities to create a more streamlined, transparent, and effective tax function. Our tax management consultants have the tools and experience to help your organization analyze the root cause of

challenges and potential opportunities for improvement, and we can create an action plan to take your tax function to the next level. The analysis focuses on identifying an effective organizational structure (potentially including a mix of shared services, onshore, offshore, and outsourced solutions), efficient processes, and appropriate technology.



# Tax Technology Implementation and Process Design

Through a combination of skills, methodologies, and practical experience, we can help you fill the tax information void often created when tax-critical transactional data is not properly planned for, captured, and made accessible in the ERP system.

### The challenge

Technology options abound and evolve inside and outside of tax departments, so the role of technology continually grows more important in the tax and finance functions. Organizations that have installed an ERP or consolidation system, or are considering an implementation, often overlook the tax-related functionality now built into these systems and the impact of these systems on the tax department.

Also, in recent years, tax software vendors have added tax functionality and increased reporting capabilities to their suites of products. Enhancements to these tax-specific systems provide a variety of methods to automate and reduce the

spreadsheet-based processes that are prone to introducing risk into the business's tax accounting, compliance, and reporting.

Finally, enterprise software firms have recently introduced new solutions and functionality into the tax arena further expanding the need for organizations to understand everything that is available to them. Often overlooked, but perhaps most important, is the fact that technology is dependent upon process automation. A detailed understanding of current processes and a thoughtful design of future processes with a lens to the capabilities that technology offers is critical as part of any technology transformation.

### How Deloitte helps

Leveraging our numerous alliances with the major tax technology and enterprise technology firms, Deloitte TMC can help you explore various tax-specific opportunities with regard to tax technology and financial systems. Our tax technology and process services are provided by specialists with extensive experience that is complemented by their thorough understanding of relevant tax technical issues. We bring value by providing process and data flow analysis, technology selection services, and tax systems integration/automation based on our experience with a wide variety of organizations and can team with alliance partners, as needed, to deliver broad-based, end-to-end solutions.

Through a combination of skills, methodologies, and practical experience, Deloitte TMC can help you fill the tax information void often created when tax-critical transactional data is not properly planned for, captured, and made accessible in the ERP system.

We bring innovative approaches to automate calculations in tax processes ranging from R&D credit and Section 199 calculations and tax provision computations to transfer pricing analysis, compliance activities, and technology-enabled tax basis balance sheet assessment, development, and reporting. Our services may include one or more of the following:

**Process mapping and redesign** — prior to any changes in your ERP or tax technology, this service involves reviewing existing compliance, planning, and tax accounting processes to identify a more efficient and value-driven set of processes. Through this effort, Deloitte helps many of the world's largest tax organizations transform the way they operate.

**Software selection and implementation** — helping you decide which software may best fit your organizational objectives and requirements; implementing systems new to your organization; or re-implementing systems that were installed inadequately and are not performing in accordance with your expectations or require an upgrade. We can help you take advantage of out-of-the-box and advanced capabilities of software packages, including custom reporting, workpaper delivery, training, and go-live support tailored to match any process and software use patterns.

**Tax-efficient implementation** — helping you assess, research, and implement opportunities for potential tax savings directly and indirectly related to the ERP and tax technology implementation. Opportunities often include tax credits and deductions, training incentives, transfer pricing, US sales and use tax, value-added tax (VAT), and other savings.

**Data identification** — working with you to identify and communicate data requirements in a standard format that implementation specialists will understand for a wide range of taxes, including domestic income and franchise

taxes; sales and use, VAT, and other indirect taxes; tax depreciation, property, and payroll taxes; and transfer pricing and other international taxes.

**Data interfaces** — developing interfaces or improving spreadsheet-based models that can dramatically decrease a tax department's time spent on collecting, manipulating, and consolidating data consumed by tax. We can also help define the conversion requirements for tax data, so legacy-based tax information is properly installed and maintained in the legacy systems to accommodate planning and tax record retention requirements.



# Tax-Enabled Enterprise Systems

By strengthening alignment between your ERP and tax systems, we can help you simplify and streamline the data collection and management processes.



### The challenge

Central to any tax department's Many midsize and larger businesses have deployed ERP and consolidation systems and related indirect tax engines to automate transaction processing and financial data collection, analysis, and reporting for various functions, including the tax function. Although the information gathered and stored in these systems is critical to all tax planning and reporting activities, many of these systems were configured and implemented without appropriate tax department input. As a result, a significant amount of information is not tax-sensitized, causing frustration and inefficiencies for tax departments and introducing unnecessary tax risk.

There can also be far-reaching tax implications to how these enterprise systems are purchased, leased, located, and configured. Few companies consider these implications upfront when they can provide the greatest benefit to the organization. Additionally, the increasing integration of performance management applications into ERP platforms is providing organizations and their tax departments new ways to monitor, measure, and manage business performance.

## How Deloitte helps

Deloitte TMC can help your organization design and configure enterprise systems and bolt-on tax systems to deliver tax-sensitive data, improve processes, and mitigate the risk of inaccuracies. We will work with your tax and information technology (IT) functions during new ERP implementations, upgrades, or conversions to produce the critical, tax-relevant data and information needed to streamline all impacted tax processes.

By strengthening alignment between your ERP and tax systems, we can help you simplify and streamline the data collection and management processes. Access to required tax information at the source and at the proper level of detail is

foundational to the automation of income tax provision, tax compliance, and strategic tax planning. It also facilitates internal audits and external examinations, providing documentation trails, access to data years after the fact, and consistency regardless of tax department turnover or other organizational changes over time.

With respect to financial consolidation solutions, consideration is given, but not limited to:

- Data discovery and requirement sessions to understand your current processes and determine requirements to enable a more efficient and automated future state.
- Enabling enterprise performance

management tools to streamline close consolidation reporting, financial planning and analysis, and ad-hoc analytics reporting.

- Streamlining the close consolidation processes and data-sourcing that impact US Generally Accepted Accounting Principles (US GAAP), statutory, and International Financial Reporting Standards tax reporting.

Deloitte is a leader in technology implementations, IT transformation, and business improvement, so you can be confident in our experience in technology and related issues, as well as tax.



# Indirect Tax Automation

We can help your organization identify indirect tax business requirements, design integrated tax systems, configure ERP systems, and integrate tax-connected applications to business and tax process efficiency and effectiveness.



### The challenge

The growing number and complexity of indirect tax requirements in the United States and other countries, including sales and use, VAT, and excise taxes, have significantly impacted many organizations. The need to integrate robust indirect tax solutions with ERP systems for the automation of indirect tax determination, calculation, and reporting is now a paramount concern for many businesses. The master data captured and transactions processed in ERP systems form the basic building blocks of compliance in a complex and dynamic environment. However, many of these systems are deployed without the development and documentation of

a robust set of tax requirements. As a result, a significant amount of information is not tax-sensitized. This can result in noncompliant tax solutions that impact the business day to day, including customer-facing documents, vendor payments, inventory costing, and many other activities.

Another complicating factor for many organizations is that the employees often tasked with administering indirect taxes are not tax specialists and have little or no understanding of complex tax rules. As a result, mistakes are common, and indirect taxes often represent a major source of risk and revenue leakage.

### How Deloitte helps

Deloitte TMC can help your organization identify indirect tax business requirements, design integrated tax systems, configure ERP systems, and integrate tax-connected applications to business and tax process efficiency and effectiveness. We work with your business, tax, and IT functions during new implementations, upgrades, or conversions to integrate tax into the enterprise transformation.

By deploying broad-based, tax-enabled ERP systems, we can help you identify potential opportunities for creating business and tax value. We also help you gain access to required tax information at the source to establish a foundation that allows your tax department to layer-on downstream tax-connected applications that enhance the effectiveness and efficiency of the tax function.



# Tax Data Management

Our approach to tax data management aggregates information from different sources, integrates a portal to the data, and generates meaningful reports, workflow, and dashboards to help you make informed decisions.

### The challenge

Tax departments today must manage in an environment of increased responsibility but fewer resources. Responding to this challenge requires quick and consistent access to standardized information. Yet too often, tax departments spend too much time looking for current and historical information, such as documents, required data to perform analyses, and information embedded in emails. Outdated collaboration approaches, such as email, conference calls, and meetings are also inefficient and time consuming.

Moreover, the most frequently used tools, such as spreadsheets and databases, require time-consuming manual processes with the embedded risk of errors and inconsistencies. Over time, these tools and processes may become complicated and have the potential to materially impact the quality and timeliness of tax calculations. Without proper governance and oversight, these tools and processes can become a hindrance to tax departments that are trying to meet the demands of the broader business for quicker and more accurate tax information.

In today's increasingly aggressive regulatory environment, tax departments need quality controls around the processes that can capture the status of the organization's global statutory and internal obligations with appropriate reviews and sign-offs. Paper-based and even spreadsheet-based process management, along with outdated collaboration methods, are simply no longer sustainable approaches for many organizations.

## How Deloitte helps

Deloitte TMC can assist you with the development and implementation of tools for the timely collection, consolidation, and validation of tax data in an automated and controlled fashion. We can show you how to structure centralized tax data management, so tax-related personnel and processes across the enterprise use common data residing in a central repository or data model with a tailored user interface. Our approach to tax data management aggregates information from different sources, integrates a portal to the data, and generates meaningful reports, workflow,

and dashboards to help you make informed decisions. In this way, the data used for tax purposes can be continually monitored and managed throughout the tax data life cycle.

Our approach provides the stability, scalability, and reduced risk that are often lacking and associated with interconnected spreadsheets. To help improve your response time and efficiency when faced with tax authority requests, we can also assist you in implementing tax record storage and recovery processes. We also offer tools that can help you streamline

the tax reporting and tax examination processes. For example, we have tools that automate VAT and US sales and use tax compliance processes, as well as efficiently extracting master and transactional data to support financial transactions, such as transfer pricing.



# Tax Data Analytics

Analytics allows you to change your mindset from “what I need to do” to “what I need to know.”



### The challenge

Tax authorities increasingly are using data analytics capabilities to drive their tax enforcement efforts. Many organizations are also using analytics to address their most complex business issues. In this context, tax departments that aren't equipped with their own analytics capabilities are finding themselves at a significant disadvantage. How can you leverage tax data analytics to generate valuable insights into tax department performance, risks, value drivers, and other tax-related activities across the enterprise for strategic business planning purposes?

## How Deloitte helps

Through tax analytics, we show you how to analyze your organization's data to identify patterns, uncover anomalies, and create value. Tax analytics can help your organization perform tax benchmarking, trend analysis, and predictive analysis to gain deeper insights into tax processes and profiles. We can assist you with creation of tax data tools to access and analyze all types of tax data, as well as management of the master tax data and automation of the manual integration between systems.

Analytics allows you to change your mindset from "what I need to do" to "what I need to know," based on the premise that data is the foundation for tax and finance decisions. But, it generally takes technology to capture, store, and maintain the integrity of this data. It also takes solid processes and policies to enable the consistent and efficient use of data and systems, so it can be developed into valuable information to contribute to the business. Deloitte can show you how tax analytics may help you:

- Look forward rather than backward
- Identify cash savings
- Discover and simulate rather than "slice and dice"
- Predict what may happen rather than just understand what did happen
- Estimate effects of changes to facts and circumstances
- Improve information rather than just analyze it



# Global Compliance and Reporting Services

Our Global Compliance and Reporting Services practice collaborates with multinationals to manage their complex compliance and reporting obligations around the world.

### The challenge

As multinational businesses continue to expand into new markets, the complexity of managing tax risks and complying with reporting requirements multiplies exponentially. Along with maintaining clear visibility and control, you need a way to keep up with increasing regulatory changes, which often require organizations to provide more data, and to respond to more rigorous enforcement by tax authorities. At the same time, there is constant pressure to increase efficiencies and reduce costs.

The rapid evolution of tax technology and the maturity of shared services centers provides multinationals with the opportunity to meet these needs in a high-quality, cost-effective way. Are you taking advantage of these possibilities? Are you ready to employ a global approach to compliance and reporting?

### How Deloitte helps

Deloitte assists multinationals with innovative and practical ways to manage their complex compliance and reporting obligations around the world. A central coordination team oversees the delivery of services by experienced local teams in each jurisdiction using advanced technologies, standardized processes, and a demonstrated engagement management methodology.

Our model is scalable and designed to align with your evolving needs. We have an established network of compliance centers of excellence — including “near-shore” centers in Europe, Asia Pacific, and Latin America, and a robust “far-shore” center in India — that enable standardization and process efficiencies. We see a strong correlation between statutory accounting and reporting and local tax compliance,

and we can work with you to integrate these processes to enhance efficiency and lower costs. Additionally, we can advise you regarding alternative sourcing models, such as collaborative sourcing (cosourcing).

Our service offerings provide you with:

- Clear visibility across your global footprint
- Confidence that your compliance requirements are being addressed
- Access to local, in-country resources with in-depth knowledge and understanding of local requirements to keep you apprised of regulatory changes
- Support and insights to influence enterprise decision making



# Navigating changes that are transforming your world

Deloitte TMC can help you assess your current organization, processes, technology, and data and create a roadmap for transformation.



With a number of important trends converging to make the business and regulatory environments both more complex and challenging, the demands being placed on tax departments are also growing, both in scope and complexity. Meeting these demands means making existing tax operations more efficient and sustainable while simultaneously developing new capabilities to allow effective partnering with the broader business. The resulting transformation could require extraordinary efforts from corporate leadership, the board, the finance function, and the tax department itself.

Deloitte TMC can help you assess your current organization, processes, technology, and data and create a roadmap for transformation. We help you create new standards for effective practice in tax processes, controls, and output, drawing on our deep experience to deliver a combination of tax, technology, and consulting capabilities. We can help you evolve a new role for the tax department, one which proactively manages change, creates value for the organization, and meets the challenges of quality assurance and control.

We bring a disciplined yet flexible approach — necessary to support a smooth migration from your current state to the next level of transformation for your tax department, no matter what that entails. Our team includes specialists from a wide variety of backgrounds, disciplines, and industries. As issues and opportunities appear, we are ready to apply the resources necessary to guide and reinforce your in-house tax resources.

While uncertainty may permeate the global economy, it doesn't need to be a barrier to the performance of your tax department. From record to report, Deloitte TMC can provide you with scalable, flexible, and cost-efficient options to address the transformation of your tax operations.

**Learn more about Deloitte's Tax Management Consulting services at [www.deloitte.com/us/movetaxforward](http://www.deloitte.com/us/movetaxforward)**

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