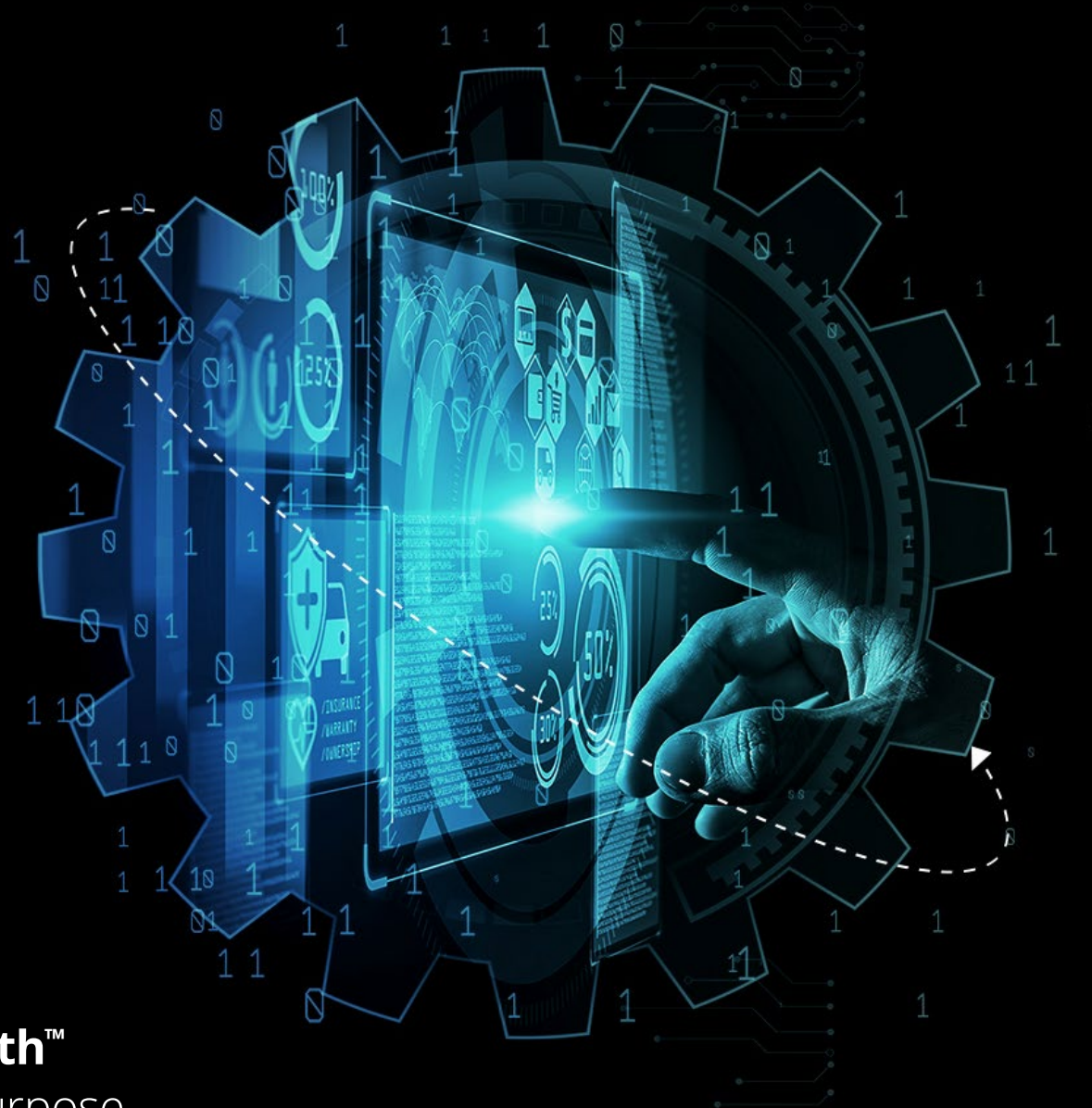


**Deloitte.**



**Partnering in the Age of With™**  
Your tax data with renewed purpose

We are now in the Age of With,<sup>TM</sup>  
when companies are harnessing the  
power of “with” to identify unique  
advantages through analytics and  
artificial intelligence.



# Tax expertise made greater with machines

Tax departments are charged with providing greater value to the business than ever before. And they are well-positioned to do that, considering the hidden benefits that can be made visible.

To keep pace with the growing complexity of tax laws and changes around the world, companies of all types are turning to their tax executives for strategic counsel on issues. Tax professionals are being asked questions such as:

- *What should the organizational chart look like to maximize tax efficiency?*
- *How should the business be structured operationally across locations?*
- *Where should divisions allocate investments?*
- *How can the company optimize its tax decisions in total, given the range of choices?*



## Tax expertise made greater with machines

But the story doesn't end there. In the US, while corporate tax rates have decreased, the complexity of complying with the rules has intensified, spurring a search for new ways to work more efficiently.

In this demanding environment, what's the best way for tax professionals to move forward? The answer lies in the Age of With: Human expertise made greater with machines. The Age of With is about businesses shifting their thinking from humans versus machines to humans *with* machines. It's about embracing technology and new ways of working to increase agility; automate high-volume, repetitive tasks; and shift human

focus in the tax department and across the organization to activities that drive competitive advantage.

The benefits of embracing tax AI are increased speed, greater accuracy, and better decisions. But realizing these benefits takes more than just process automation. It means rethinking the tax function's role in today's complex business climate.

The C-suite needs input on tax issues affecting all facets of the business—providing unprecedented opportunities for tax teams equipped with the right tools and processes.



# Deeper insights through tax AI and analytics

Leading tax departments are generating deeper insights from the large volume of data they collect, helping business leaders identify issues and seize opportunities. They're doing so by employing advanced AI and analytics tools that can aggregate and draw conclusions from multiple data sources, and provide solutions purpose-built to address the specific challenges faced by individual tax departments.

The good news is that such technologies are now available, and some organizations have begun to build their work processes around them. According to Deloitte's second edition of the *State of AI in the Enterprise*, early adopters of AI and cognitive technologies are ramping up their investments, launching new initiatives—and reaping positive returns.

In fact, 83 percent of the executives we surveyed reported either moderate or substantial benefits from their initial AI projects.<sup>1</sup> These opportunities haven't been lost on tax executives. Cognitive technologies and advanced analytics can allow tax departments to accomplish tasks such as:


- Analyze global compliance data to help business leaders anticipate trends, spot anomalies, and reduce global effective tax rates;
- Streamline quarterly and annual tax provision processes while leveraging the data generated for better insights for tax planning; and
- Verify in real time the tax treatment of individual transactions across multiple jurisdictions, for improved business operations.

Using AI and analytics to unleash the full power of your data can enhance the tax function's efficiency and value to the company, while enabling other parts of the business that rely on tax data to benefit as well.

Tax departments have the opportunity to transform their core compliance and planning responsibilities by providing meaningful insights and analysis to other core functions in the organization.

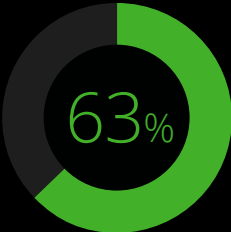


# What CFOs say about business analytics

 **73%**  
Company strategy is dictated by what they learn from analytics

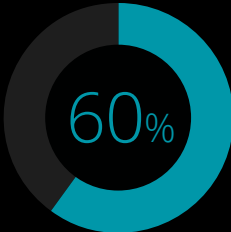
 **70%**  
Analytics will be much or somewhat more important to the company's overall business performance in the next three years

Types of business analytics show evolving use cases in the tax function<sup>2</sup>



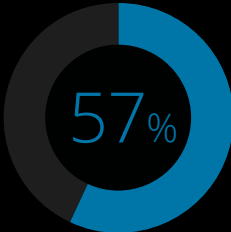
Basic analytics

**Example**  
Dynamic and interactive dashboards



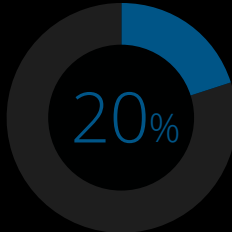
Basic business intelligence

**Example**  
Standardized reports leveraging historical data



Advanced analytics

**Example**  
Predictive modelling



Artificial intelligence (AI)

**Example**  
Machine learning and adaptive decision making



# Moving to strategic partner

Moving the tax function to a strategic partner starts with good data. And that requires involvement when ERP decisions are being made, so the data arrives in a format that's useful with limited validation and preparation.

Time spent wrangling data might never be reduced to zero, but it can be cut significantly. Most companies we have analyzed spend between 35 and 45 percent of their time on information-gathering activities—and some as much as 60 percent—while leading organizations spend only 15 percent.<sup>3</sup>

Now is a good time to be thinking about these issues because new ERP versions like SAP S/4Hana and Oracle Cloud are prompting many organizations to migrate to new systems in the coming years.

These systems upgrades, coupled with tax reform in the US and tax regulatory changes around the world, provide an opportunity for tax leaders to influence data decisions that will have an impact for years to come.



## Moving to strategic partner

You fixed your data issues. Now what?

Of course, once the new ERP addresses your data issues, the real benefit comes from extracting value from the information you generate.

Sophisticated analytics can provide fresh insights into what's happening across the business, letting you measure changes in value drivers, make adjustments, and divert positions.

The lower corporate tax rate in the US, for instance, has led many companies to consider the tax implications of their operating structure, supply chain, and sales and distribution channels. Your ERP can supply the data for this analysis if it's set up properly, and AI and analytics can help your tax specialists do the work to answer the hard questions.

Likewise, AI technologies can be used to evaluate the taxability of individual transactions in near real-time, empowering the business to make more confident, tax-aware decisions.

Now is a good time to be thinking about the value hidden in your tax data and the benefits of AI investments, because new versions of SAP S/4Hana and Oracle Cloud are prompting many organizations to undertake enterprise-wide migrations.





# Know your value drivers

Find the levers that can take your team from back office to business accelerator

To help your tax team stand out from the back-office crowd, start by identifying key value drivers and critical data points to monitor in real time. Then take it a step further by using advanced tax technology and data analytics to identify trends and changes over time—which you can then bring to business leaders across the organization.

Because of AI and analytics, you're not just answering the question that was asked of the data. You're building off your data sets and existing software tools to address your specific needs and generate fresh insights.

Places to look may include:



Supply chain

Including organizational shifts in sourcing and movement of goods



Tax reform changes

Such as new provisions under the GILTI, BEAT, and interest expense regimes



Global indirect tax

Including VAT, sales and use taxes, customs duties, and tariffs



Transfer pricing

Recognizing the dependence on both organizational and outside data



R&D credit

Teaming with the business to analyze activities entitling the organization to tax credits



# Think big. Start small. Act fast.

When setting out to improve your tax processes, the hardest part can be knowing where to begin. These steps can help point you in the right direction.



## Think big.

Start by sizing up your opportunities. Talk to people in your organization to identify recurring instances across the business when significant time is spent inefficiently today—perhaps for scenario analysis or strategic planning. Be sure to include your finance colleagues in the brainstorming, as they often face similar challenges.



## Start small.

Next, prioritize your opportunities based on potential value added, risk, and ease of implementation. Start with things that have a wide impact and think beyond financial benefits. For instance, the value might be increased efficiency, mitigated risk, or new benefits from prior technology investments. To gauge risk and ease of implementation, consider everything needed to build and maintain your project. But don't start from scratch. Look at what's being done in other departments. Are there resources you can leverage?



## Act fast.

Once you've identified your one or two top priorities, develop a proof of value that outlines hurdles, risks, and available assets. Then socialize the benefits to help others understand. It's critical at this stage to let end users react to what you're planning, so you can gauge your change management challenges and tailor the end product to users' needs. You don't want to get your idea to the finish line only to learn it's not being adopted because you didn't get enough input from the people who are expected to use it.



The tax department can fundamentally increase its value to the business by combining the right data with sophisticated tax AI and tax analytics.



# 5 questions

Answer these five questions to unlock the hidden value in your tax data.

1

Where could I act proactively to add more strategic value across the business?

2

What percentage of my time is spent on strategic vs. compliance issues, and how could changing my work tools and processes affect this?

3

What AI and analytics tools and resources exist across the organization that I can tap into?

4

How much time do I spend preparing data—and how much time do other departments spend reformatting the data I supply?

5

Have I considered all the ways tax reform is going to change my organization's tax positions and operations?



# Let's talk

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## Endnotes

1. Tom Davenport, Jeff Loucks and David Schatsky, *State of AI in the Enterprise*, 2nd Edition, Deloitte, 2018, p. 3, accessed September 21, 2019.
2. *Deloitte Becoming an Insight-Driven Organization Survey*, 2018.
3. *Deloitte Tax market experience*, 2017 to 2019.





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