

## Tax Operating Model and Technology Update

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## Tax Operating Model and Technology Update Panellists:



**Piyus Vallabh**

**Tax Partner  
Deloitte Singapore**



**Brendan Egan**

**Tax Senior Director  
Deloitte Singapore**



**Jason McGarvey**

**Tax Partner  
Deloitte United Kingdom**

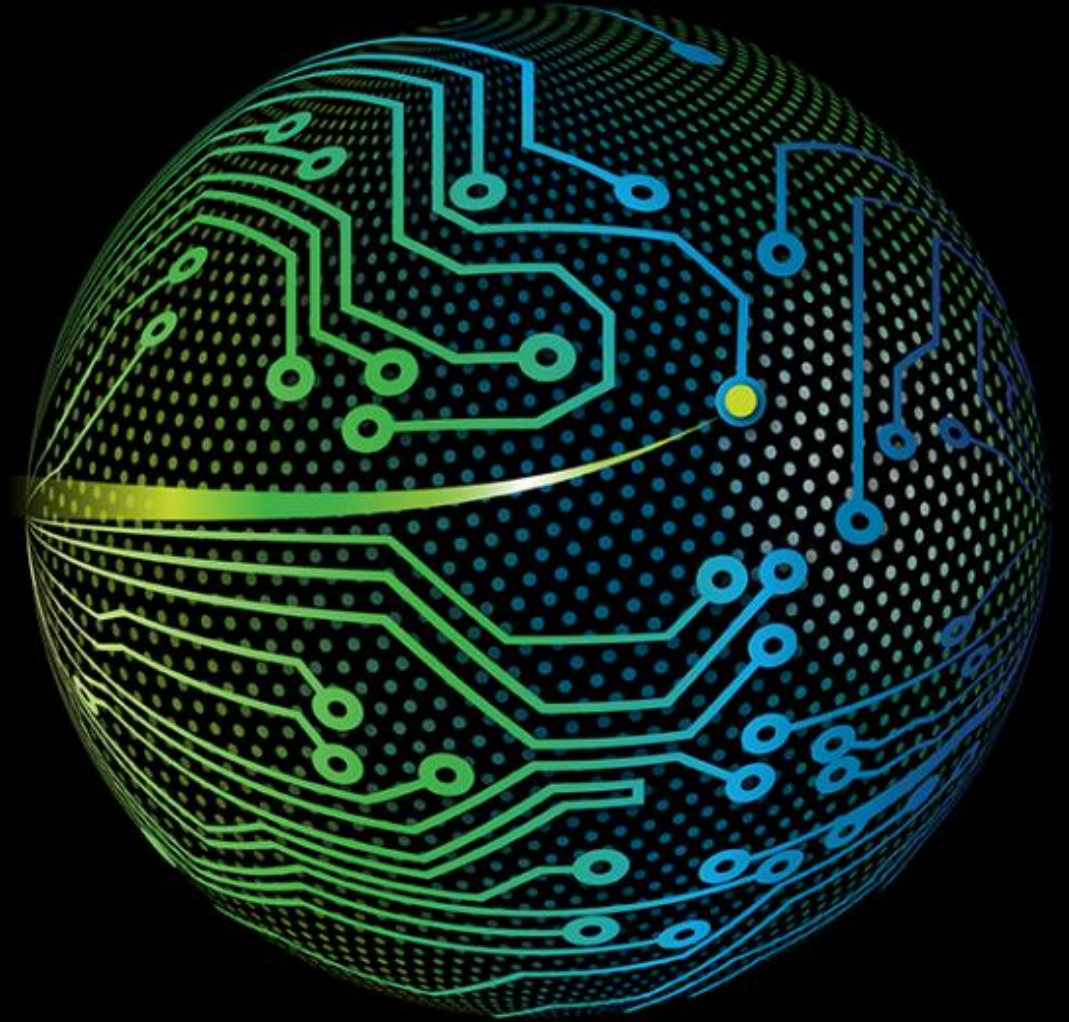


**Scott Newton**

**Tax Manager  
Deloitte Singapore**

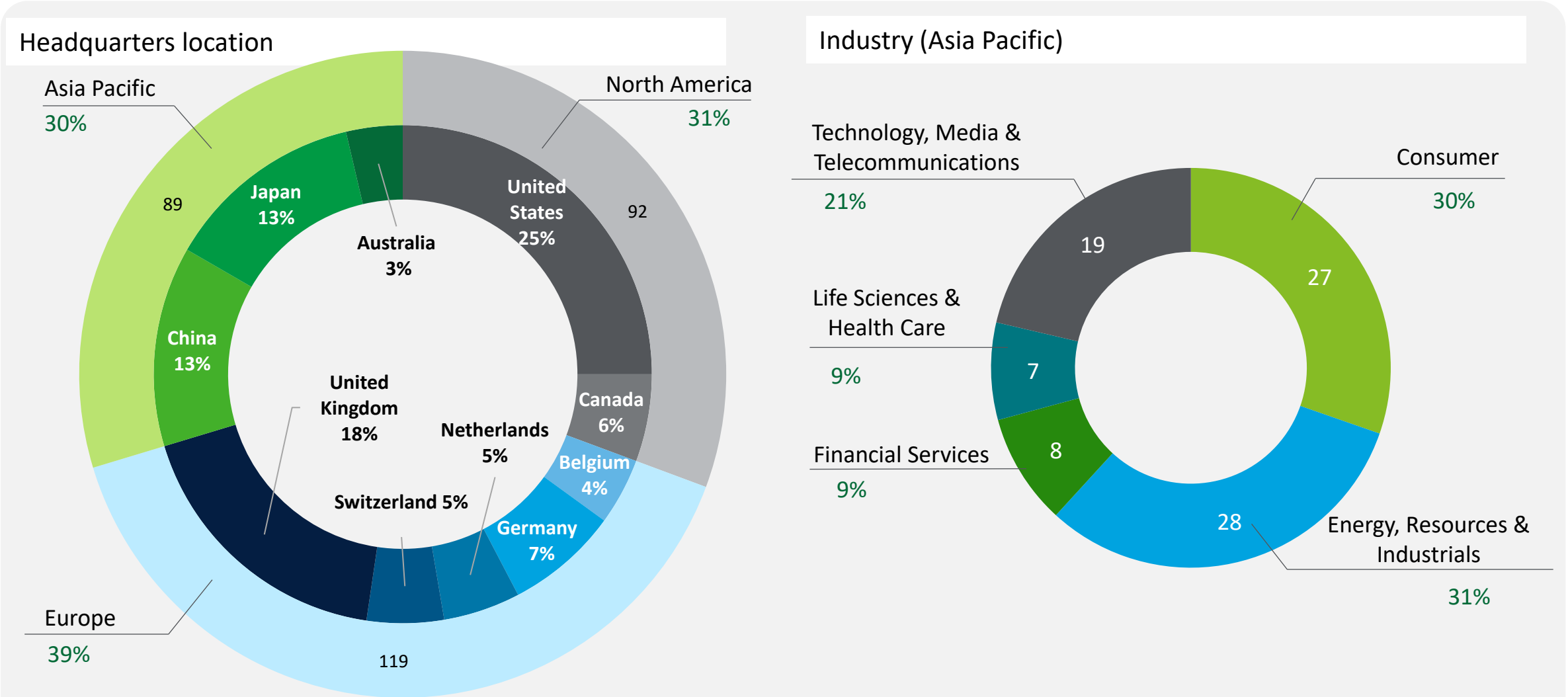


# Tax Operating Model Trends



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## Deloitte Survey—Demographics for Asia Pacific



# Tax Operating Model Trends

Top 5 trends: Emerging themes from Deloitte's 2023 research

## **Trend 1:**

Holistic data management and integrated systems are required for insight-driven global compliance

## **Trend 2:**

While the top priority for tax transformation is complying with changing tax laws and regulations, costs and efficiency still matter

## **Trend 3:**

Outsourcing is a prime strategy to access technology capabilities

## **Trend 4:**

Tax isn't just done in the tax department anymore

## **Trend 5:**

Future skills requirements are giving rise to the "hybrid tax professional"

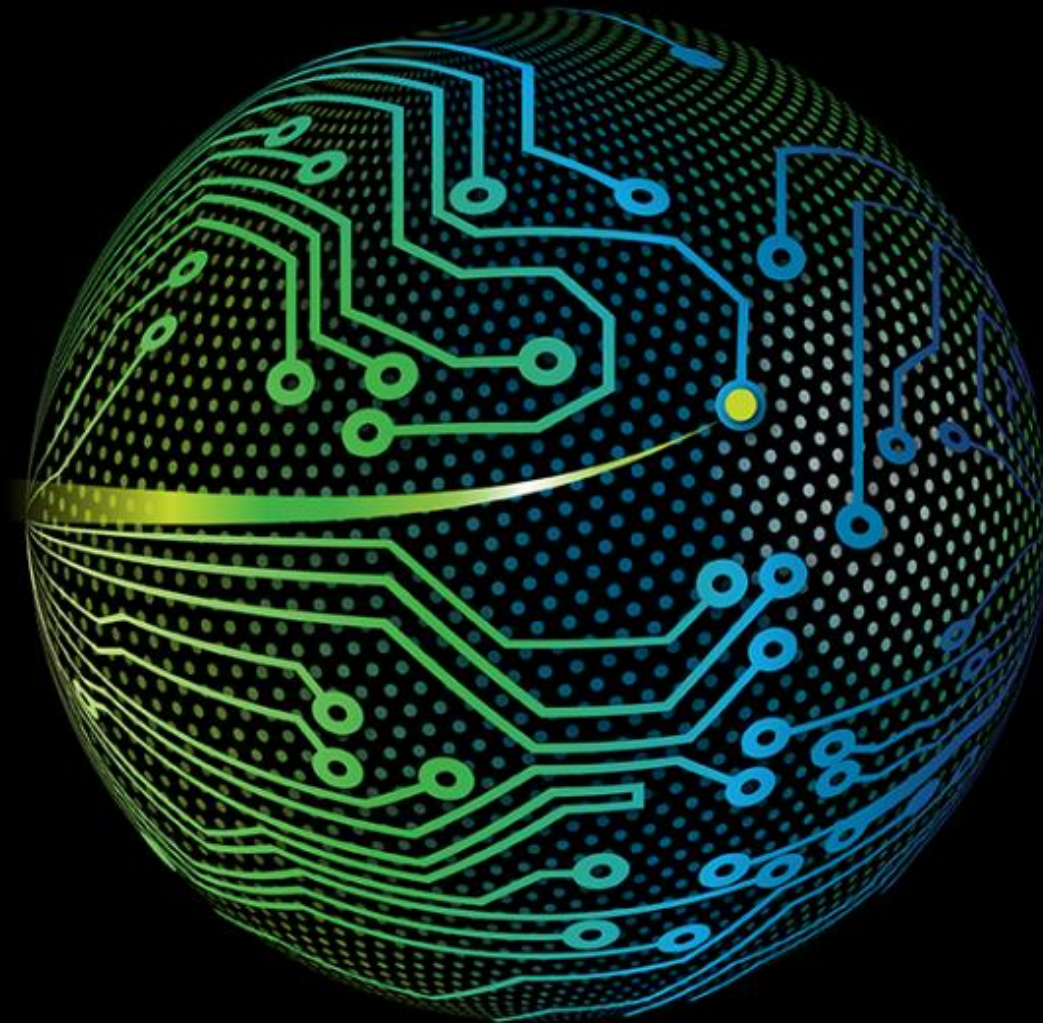
# Tax Operating Model Trends

Trend 1: Holistic data management and integrated systems are required for insight-driven global compliance

**Figure 1.** Highest priorities for Asia Pacific tax departments over the next three to five years



# Tax Technology





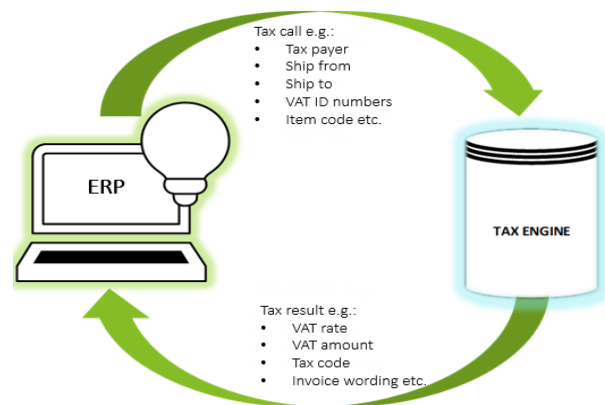
# Indirect tax automation

## Core solutions in the market

### The three core indirect tax solutions

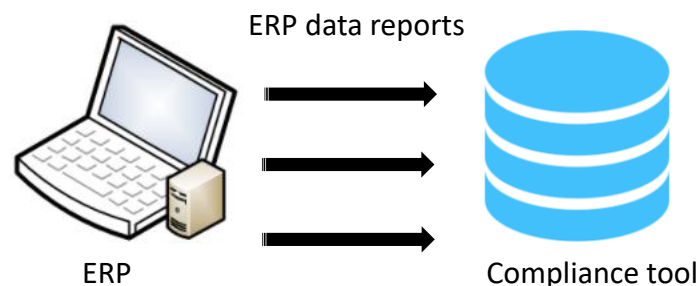
#### Tax engine

- Third-party software application sits 'upstream' of ERP transactional data
- Interfaces with the ERP to extract transactional data and return tax determination results
- Automates calculations in real-time
- Ability to accommodate changing tax rules and logic
- Ability for tax department to gain more control of operations



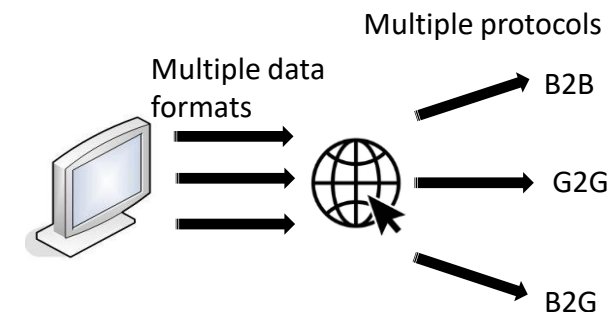
#### Tax compliance tool

- Third-party software application sits 'downstream' of ERP transactional data
- Usually supplied with ERP transactional reports but can interface directly with ERP data
- Sorts, categorises, analyses and cleanses data to create reports which can be directly submitted to the authorities



#### E-Invoicing tool

- Connects directly with ERP transactional data to automatically process and publish documents
- B2B, B2G & G2G
- Supports multiple formats
- Supports multiple protocols





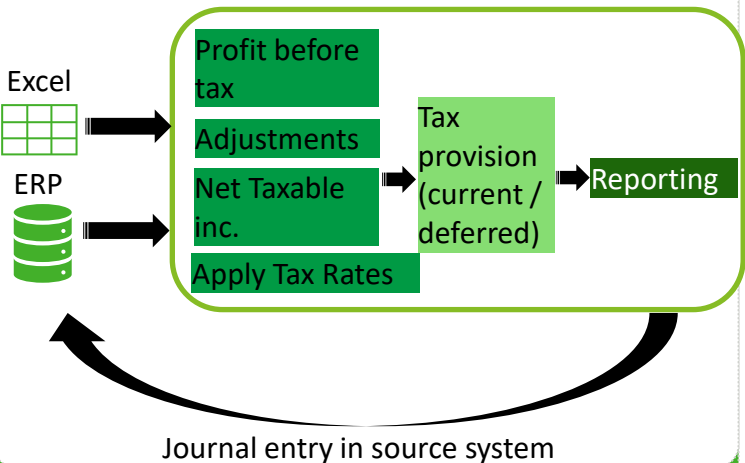
# Direct tax automation

## Core solutions in the market

### The three core direct tax solutions

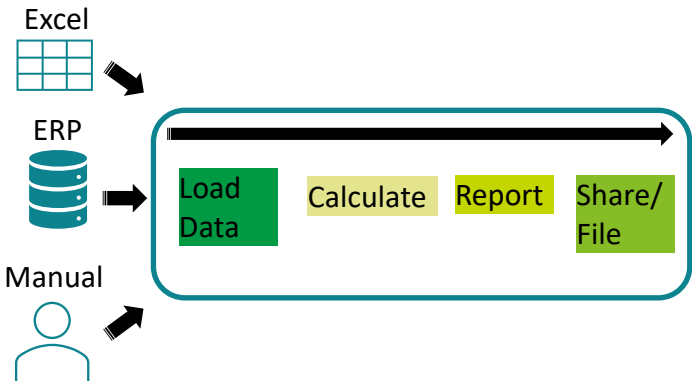
#### Tax Provisioning

- Third-party software application which interfaces with Excel spreadsheets and your ERPs
- Automate calculations from source data to journal entry to disclosures to focus on analysing results vs. arriving at them
- Faster Reporting for Financial Close
- Drive data accuracy, cleanliness and security



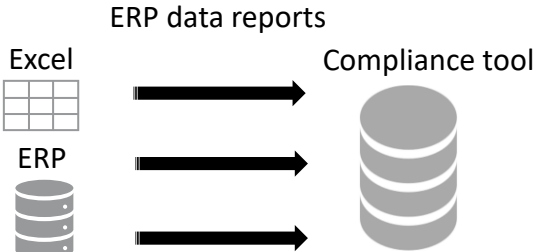
#### Pillar 2

- Technology solution for Pillar 2 is still evolving as every country is adopting at a different timeline.
- Seen an emerging of multiple providers such as Thomson Reuters/Orbitax, CCH and Longview etc.
- Challenges around countries adopting at different timeline, hence there is lack of one solution which fits all from data collection up to filing with local authorities.

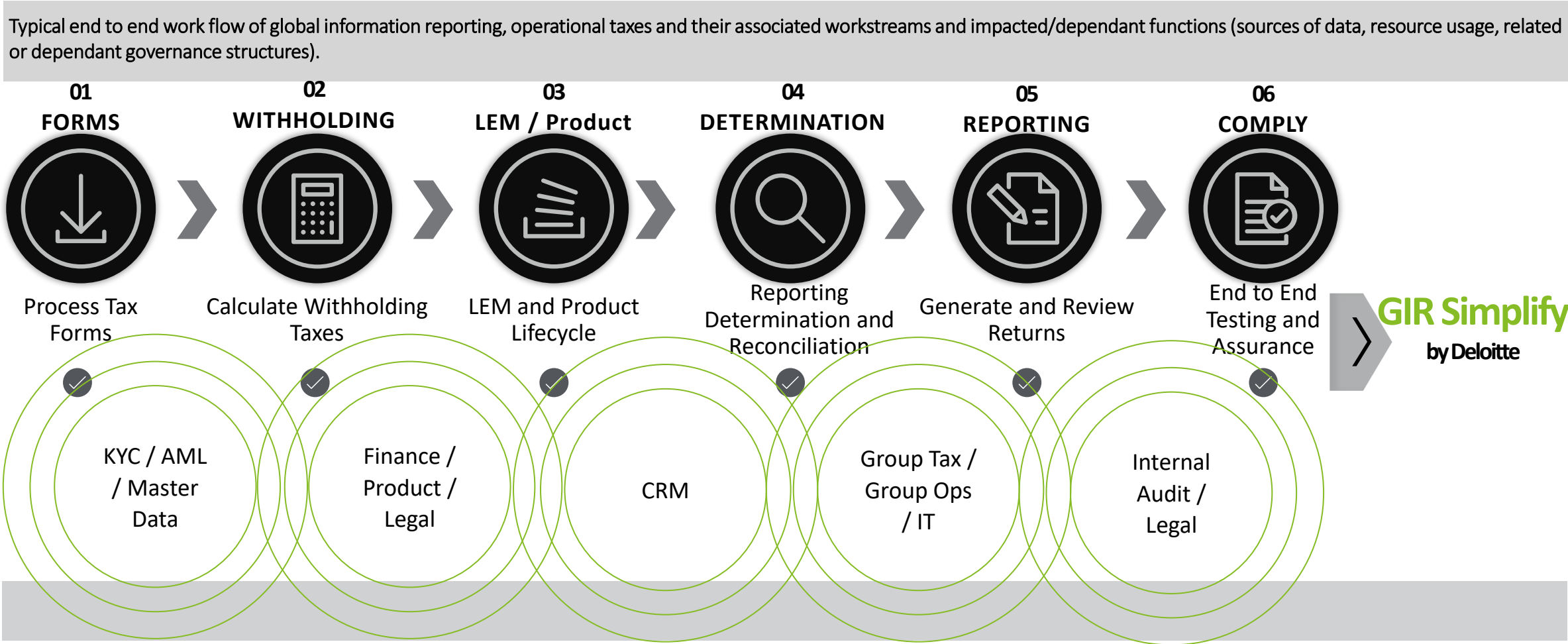


#### Transfer pricing

- Third-party software which connects from Excel or your ERP
- Very unique and localised to each country and no single vendor to address – there is no global solution.
- We have seen a lot of income tax compliance being outsourced due to no global solutions.
- Vendors include Thomson Reuters and CCH.



# Global Information Reporting (GIR) and Operational Tax Lifecycle



# Automation Opportunities

## BAU

- Annual processes should become daily BAU processes. Straight through processing should replace all human processes. Risk based actual oversight can then begin.

## You need to lay the foundation

- Global Information Reporting works for Governments, it only gets worse. Save money by building the foundation now. Re-evaluate that 2016 business case to build point solutions rather than strategic data processes.

## A “system” is the minimum

- Spreadsheets are too high risk from a data governance and management perspective. Reporting needs to be justified end to end.

## Smart Reporting Engines

- Regulatory content management is expensive, and customised reporting extraction is expensive. Reg Tech has come a long way in terms of one tool, one set of data, compliance with multiple regs.

## Risk based remediation

- Technology now exists to drive remediation towards the next best case, investing in solving iteratively the next X accounts, could solve X<sup>2</sup> worth of risk.

## Move Reporting Analysis up to Reporting

- Validate onboarding, change in circumstance processing and reporting indication upfront. Data should be onboarding and schema compliant from Day 1

## Digital Forms Processing

- Use of client facing onboarding portals to digitise data from onboarding event

## Integrate Data Collection with KYC Lifecycle

- Integrate Tax Data Collection into KYC/AML data collection and remove all duplicate sources of data creation.

## Product Driven Onboarding

- Don't collect tax forms on mass unless there is a) an in-scope product and b) the business model is uncontrollable for new product addition.

## No Form Journeys

- Remove the concept of a separate tax form if not required (excluding fixed US or local tax form requirements)

## Integrated Tax Remediation

- Continual historic tax remediation as part of KYC client lifecycle or integrated outreach programmes.





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