Deloitte.

myInsight
Data Classifier
Tax data, tamed *with* technology.

The amount of data involved in today's tax compliance processes is growing exponentially. With assistance from emerging technologies, forward-thinking companies are turning the complexity and risk this poses into opportunities to excel. Deloitte's web-based, AI-powered tax data classification tool can help tackle this complexity with clarity, achieve accuracy with speed, and inspire action with confidence.
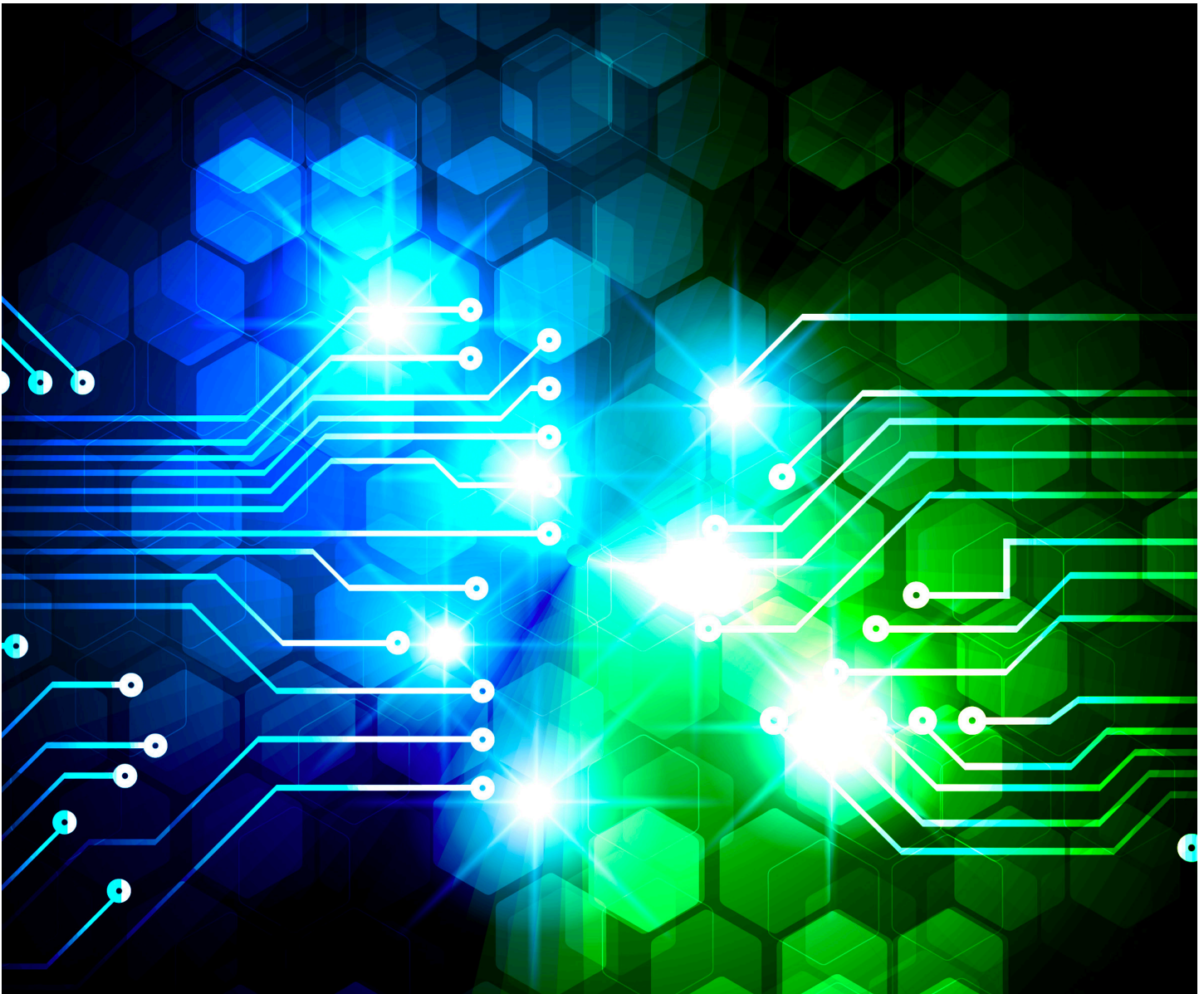
Tax teams today are tasked not only with executing their core responsibilities while subject to both internal and external scrutiny, they are also being asked to account for and capitalise on growing sets of data that stretch the capabilities of even the most advanced spreadsheet masters.

Forward-looking companies looking to truly harness the power from their

tax data are leveraging emerging technologies to transform their tax computation processes and the workload that the tax department undertakes. Machine learning, language recognition, and automation systems are helping tax teams successfully navigate ever-evolving regulations and increasing demands for transparency, while providing a level of speed and exactness that even

the largest of tax teams struggle to achieve.

As technology brings accuracy and consistency so comes clarity in both the execution and outcomes of day-to-day tasks—and in making the choices that can help a company move forward with greater confidence.

Data isn't going away. In fact, there is more of it than ever before.

An ever-deepening sea of tax data, which is not just numbers but words too, must be properly captured and classified—not only to ensure compliance but to also protect a company from risk and poor publicity, while safeguarding its earnings.

Tax computation processes can be mundane but also extremely complex and are a drain on resources that could be better spent on big-picture, value-added pursuits.

And, get those computations wrong and a tax authority's inquiry could result. With that comes requests for additional data and reporting. One suspect area can lead to another ... and suddenly a misplaced tax deduction becomes an organisationwide review. Depending on the outcome, this may result in penalties being assessed in any number of areas.

Achieving accuracy *with* **speed.**

The amount of data in today's business world is only increasing. Deloitte's tax Data Classifier tool is helping a broad range of our clients, across a number of tax function activities, each complete detailed data analysis and reporting in a timely and efficient manner. For one client, a Financial Times Stock Exchange 250 retailer, this meant a 60 percent reduction in time spent preparing tax packs. For a listed power and utilities company it meant greater confidence in the analysis of its transactional data. For a water authority, it meant a time savings in data analysis of 85 percent from year two onward.

The tax Data Classifier application uses a blend of rules-based decisions and builds from there. By employing artificial intelligence and natural language processing featuring fuzzy logic matching capabilities, the tool "thinks" more like a human and learns from a user's tax decisions but has the power to churn through large volumes of data.

> Fuzzy logic matching can classify and clarify the inconsistencies that invariably creep into the tax computation process. For example, it can process six variations of a supplier's name, knowing how they should actually be combined. It can know that expenses filed by employee JR Smith, Jon R Smithe and J. Robert Smith are all probably one John Robert Smith. It also can contextualise language, recognising that a cost to train staff is different from the cost of staff train travel.

> Clients using Data Classifier are experiencing **time savings of up to 85 percent and heightened confidence** knowing that all of the data—not just samples—has been classified.

This in turn brings about benefits beyond the bottom line. The ability to establish consistency and logic across reporting systems and teams reduces the chance for error and it creates a built-in audit trail for reassurance.

Accurate and transparent reporting makes for less-painful tax inquiries, fewer chances for penalties, and a heightened reputation with the tax authorities and others. Reporting up and across the enterprise gets easier. And thanks to Data Classifier's transparency around how decisions are made, no one has to second-guess a predecessor's previous decisions.

Ultimately, increased confidence in decisions allows tax professionals to step beyond the security of legacy approaches to find greater tax savings for their organisations. And that is infinitely more gratifying than preparing for a revenue authority inquiry.

Mastering complexity *with* **clarity.**

Data Classifier was designed with tax professionals, not coders, in mind. The simplicity of its design and ease of use allows tax teams to control how rules are applied to data points through the system, while providing them with the ability to update the analysis as rules change.

The technologies embedded in Data Classifier allow it, in turn, to learn from each update and highlight where human judgment is needed—providing tax teams with the ability to both track and override machine decisions and gain meaningful insights needed to effectively and efficiently move forward in the tax process.

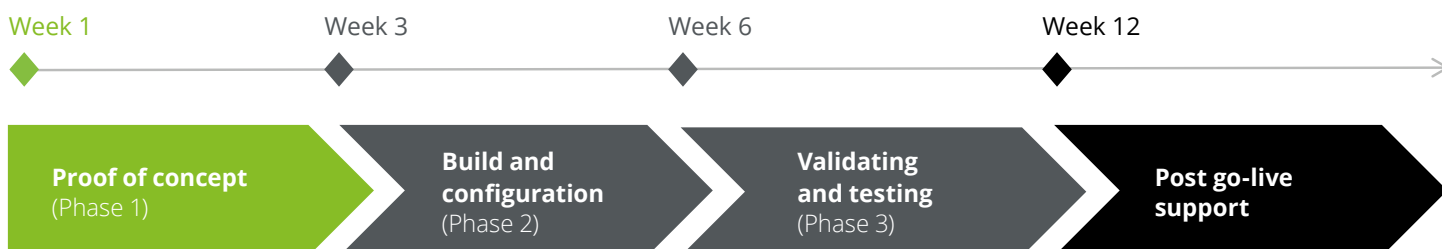## Inspiring action *with* **confidence.**

The heart of any tax team remains its people and the knowledge and experience that they bring to their tasks.

Advances in AI and machine learning are providing today's tax professionals with powerful tools for faster and more-precise calculations, insights, and decisions, and ultimately better outcomes. By supporting the skills of a tax team with technology, organisations are finding freedom from the rote work of tax compliance along with confidence that no data has been left unexamined.

And that provides more time to focus on the strategy and tactics that contribute to the broader organisation.

Just 8 to 12 weeks to sounder tax decisions.

Data Classifier. We apply this knowledge to each client's unique situation and pain points, and working together develop a bespoke solution that is driven by the client and its needs.

Week 1   Week 3   Week 6   Week 12

| Proof of concept (Phase 1) | Build and configuration (Phase 2) | Validating and testing (Phase 3) | Post go-live support |

Your data stays behind firewalls, remaining safe throughout the development process.

Depending on the complexity of a client's program, development and implementation of Data Classifier can be as short as eight to 12 weeks. Using a base system embedded with standard rules, we build a solution customised to your needs. Because you ultimately determine and operate the system, we provide training to key staff who control the process, with follow-up help and regulation updates available as needed.