

Understanding the Changing Role of Business Tax Functions

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Panel



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Agenda

1 Macrotrends affecting the shape of the tax function including geopolitical uncertainty, legislative changes and increase in tax risk

2 What will the role of a company's tax function look like in the future?

3 What will the impact of this be on the structure of tax operations?

4 What areas will emerge and what operational features will seem less viable in the future?

Global and organizational volatility



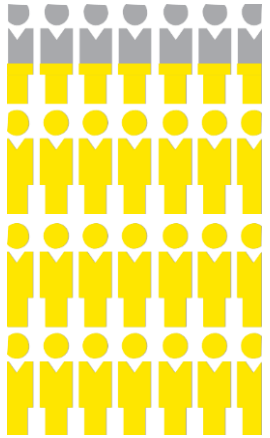
Poll question 1

How will complying with the various transparency initiatives (e.g., country by country reporting, common reporting standard, SAF-T, other electronic transactional government filings) impact the workload of your (finance and) tax function:

- ▶ Significant increase
- ▶ Moderate increase
- ▶ Slight change
- ▶ No change
- ▶ Decrease

Companies lack the resources to deal with rapid change

Most companies do not have adequate resources to respond to new tax legislation



87%

responded that they do not have adequate resources

Most companies report a lack of resources in place to monitor, evaluate and respond to legislative change.

This could provide challenges as the changing tax legislative landscape will affect both the risk profile and taxes paid by all organizations.

Recent transparency initiatives will increase workload for the tax and finance function



88%

expect an increase in workload to result from the various transparency initiatives

The vast majority (88%) expect an increase in workload to result from the various transparency initiatives underway.

The Organisation for Economic Co-operation and Development's (OECD) base erosion and profit shifting (BEPS) program of reforms is culminating in the largest set of changes to the global tax system in more than 100 years.

Furthermore, sweeping tax policy and legislative changes in one jurisdiction – such as the enactment of tax reform in the United States – can trigger changes around the globe as countries seek to remain competitive and protect their tax base.

The increasingly connected nature of tax administrations globally, enabled by digitalization, is resulting in greater demands on the tax and finance function.

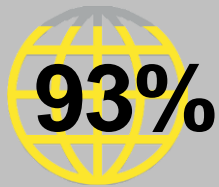
Poll question 2

How confident are you that your organisation has the appropriate process, controls, technology and governance to effectively manage your reputational and tax risk profile?

- ▶ Extremely confident
- ▶ Very confident
- ▶ Somewhat confident
- ▶ Not very confident
- ▶ Not confident at all

Companies fear inability to manage inconsistent positions

Maintaining consistent positions in various tax jurisdictions is a challenge



are concerned with maintaining consistent positions

- ▶ 34% are very or extremely concerned
- ▶ 59% are somewhat concerned

The risk of taking inconsistent positions across tax jurisdictions is a concern for nearly all organizations:

- ▶ There is widespread concern over the risk of taking inconsistent positions – likely linked to growing transparency requirements and information sharing globally
- ▶ 93% of companies are concerned about the risk of taking inconsistent positions
- ▶ More than a third of organizations (34%) are very or extremely concerned

Confidence in having the right resources to effectively manage reputational and tax risk profile is low

Percent that are not very or not extremely confident

64%



New transparency requirements and more targeted (and robust) enforcement activity are requiring a greater focus on tax and reputational risks by tax and finance functions.

In the face of these challenges, 64% of organizations were not very confident that they have the appropriate process, controls, technology and governance to effectively manage their reputational and tax risk profile.

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