



# The changing world of the tax professional

---

The world of the tax team is changing. A substantial increase in obligations around tax legislation has resulted in an increase to annual local and international reporting requirements. On top of this, a demand for increased tax transparency and the ability to provide granular reporting and audit is making the role of the tax professional increasingly pressurised, increasingly focused on mundane, manual tasks and increasingly at risk of missing deadlines and making errors.

---

## Growing reporting obligations

In 2017 alone the UK's finance bill was the largest on record running to 762 pages. New international reporting including the OECD's Common Reporting Standard (CRS) and BEPS/ Country by Country Reporting have come into force in Ireland and the UK. On top of this, from 2020, HMRC's Making Tax Digital (MTD) initiative to modernise the UK's Corporation tax system will result in a four-fold increase in corporate tax reporting obligations.

## Transparency

In conjunction with the increased *volume* of reporting, tax authorities are also looking for *greater transparency* in reporting with improved access to the full scope of a company's raw accounting data. They want more data, more regularly and in ever more detail. This desire for information marks a change from simply looking at the general ledger and will give regulatory bodies a more detailed and granular understanding of how much tax should be paid.



Furthermore, there will be more transparency in the processes used for audit purposes: tax authorities will be and are looking closely at *how* numbers are generated as well as the numbers themselves. It's not just the data provided that is scrutinised: tax authorities look at complementary data to check that everything tallies.

In the UK, HMRC is already using standard business reporting as a basis for tagging, risk analysis and targeting companies for investigation and audit;

- The Irish Revenue have introduced real time reporting of payroll taxes from January 2019
- BEPS (better known as Country by Country reporting) requires organisations with a group turnover of greater than €750 million to submit detailed transactional detail on operations and group transfer pricing for every country they operate in on an annual basis.

### Increased workloads

The new wave of reporting regimes such as the OECD's Common Reporting Standard (CRS) and Country by Country reporting have put increased pressure on tax teams. In the UK, Making Tax Digital alone could result in a doubling of Corporation tax workloads at a time when tax teams are already spending 50-80% of their time on submissions; this will drive the need for additional resourcing. In Ireland, PAYE modernisation is only the first step in a move towards increased real time reporting across tax heads. However, Chief Financial Officers are already struggling to justify funding for skilled staff and expensive advisors to conduct manual activities and are instead calling for more focus on applying commercial considerations to tax planning decisions rather than being bogged down in administrative tasks.

In our view organisations can approach this challenge in the following ways:

- Existing teams and advisors will have to become more efficient and do more for less
- Invest in additional resources to meet their tax compliance requirements
- Outsource their compliance activities to advisory firms
- Change working practices to drive efficiency through better collaboration between departments
- Use technology to drive operational efficiencies through innovation and automation of manual processes.

### Increased Risk

Increased obligations, workloads and issues around data management will drive increased risks of missed submissions dates, penalties, additional scrutiny from, and exposure to, the tax authorities and potential reputational damage. Tax teams will need systems that enable them to track at a glance where the organisation is in the submissions process, who is doing the work or monitor which individual or client is likely to provide information late, thus identifying the level of risk to the organisation in real-time.

Organisations relying on risk management processes based on spreadsheets, phone and email around the globe or even across different floors of a building will struggle to get the information that's required to meet these challenges.

For larger organisations and advisors, it will be important to consider a number of elements:

- Keeping track of submissions and the status of them, across separate reporting entities
- Tracking data quality
- Monitoring who is doing the work and which individual, client or department is likely to provide information and when, as well as anticipate delayed responses
- Allowing better audit drill down and tracking of all decisions, detail of information created, when and by whom and rationales at each step of the compliance cycle.

This will present organisations with three choices:

- Invest in additional resources to meet their tax compliance requirements
- Outsource elements of their compliance process to third parties
- Leverage technology to reduce operational risk through automation of manual processes.



### Inefficient processes

Increased workloads will also increase the amount of time and bureaucracy needed to input, complete, review and sign off of individual workstreams. For organisations with large numbers of compliance obligations this will result in process bottlenecks as deadlines approach, rework loops, reduced accuracy of submissions and productivity of staff.

To address this organisations will need drive operational efficiencies through better planning of their resource requirements through increased visibility of their internal workflows, productivity of teams and identification of areas where they can improve their operational efficiency such as targeted staff education.

### Addressing the issue

We believe organisations will need to reduce the manual elements of their compliance/submission processes to reduce costs and free up skilled staff and advisors to provide valuable tax advice to their companies or clients.

They need to move away from risk management processes based on spread sheets and phone calls to central systems that allow management and teams to manage, track and quality check their end-to-end compliance process and identify areas to drive better efficiency and productivity.

### How can organisations achieve this?

We believe this will mean organisations and tax professionals having to embrace innovative technology to automate day-to-day tasks, reducing workloads, total project timescales, costs and risks associated with human 'touches'. Organisations with an appetite for technology can already automate their end-to-end processes, from the collection, cleansing and storage of financial data, creation and preparation of computations, simplification of the tax sensitisation process to reporting needs, all overlaid with a single portal for control of risk and management of processes.

The end-to-end compliance automation process consists of the following elements, solutions for which are available today:





### How can Tax Systems help?

We design innovative products and solutions for corporations and advisors who want to use technology to increase the accuracy, auditability, control and efficiency of their processes while saving time around delivery of manual compliance processes, freeing up skilled staff to undertake more complex and valuable tasks.

We deliver this by combining our long-standing knowledge and experience of the processes and needs of large corporates, SMEs and accountancy firms with our expertise around current legislation and encode it into our range of intelligent compliance solutions, all backed by our superior in-life services.

Our goal has been to build out from our market-leading Alphatax product to create a broad portfolio of compliance solutions and services, based on a common software platform allowing simple sharing of data between systems, simple drill down into information across the entire process and robust audit capabilities.

Tax Systems supports the end-to-end Corporation tax compliance and regulatory lifecycle from review of compliance risk profile and of the efficiency of your processes and teams, to data collection, storage and integrity checking, through to regulatory computations, filing and internal reporting.

---

For more information, contact us at: **01784 777 700** or [enquiries@taxsystems.com](mailto:enquiries@taxsystems.com).

