

State of Tax, Legal & People

How to shape your tax function today

21-5-2024



Welcome

- If this webinar is watched live, you will be eligible for 1 PE point
- Grab a post-it, or two
- With the button '[Ask a question]' you can ask your questions directly
- For other questions, please contact your PwC consultant or fill in the form on [pwc.nl](https://www.pwc.nl)
- Webcast and presentation will be made available afterwards
- Evaluation form afterwards

Agenda



We invite you to embark on a journey with us.

We don't have all the answers, but we have a clear direction, we know what's happening in the market and we will share some insights in what works and doesn't work.

01

Introduction



Introduction



The world of tax is changing.

Again.

And again.

And again.

And it will keep changing.

Introduction



Globalization



NextGen software



Broader expectations

Introduction



The tax function needs to **adapt** and **evolve** to these challenges and opportunities

The tax function **can be** a strategic partner and a trusted advisor in the digital age

Introduction



93% actively explores how to use new technology in their tax functions

55% feels they're not giving enough thought, as an organization, to the strategic benefits of digital transformation in their tax function

64% finds it difficult to put together a business case for transformational change in the tax function

58% finds it difficult to articulate the value the tax function brings to the organization as a whole

58% feels they do not adapt to the changing needs of internal clients fast enough

Introduction



Our research indicates that:

tax is **underutilized** and **underinvested** and often **lacks influence** in and around strategic decisions.

02

Tax is awesome



Tax is awesome



Tax is awesome



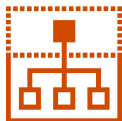
Gatekeepers

Data hoarders

Problem-solvers

Tax is awesome

Embrace change in your



Operating model



Technology & data architecture



Emerging technologies

03

Choices for tax



Choices for tax

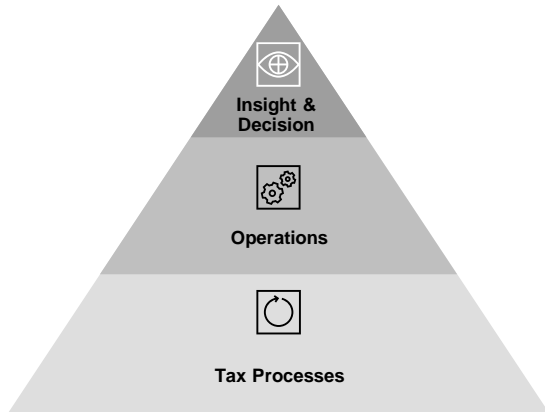


There is no **one size fits all** tax operating model.

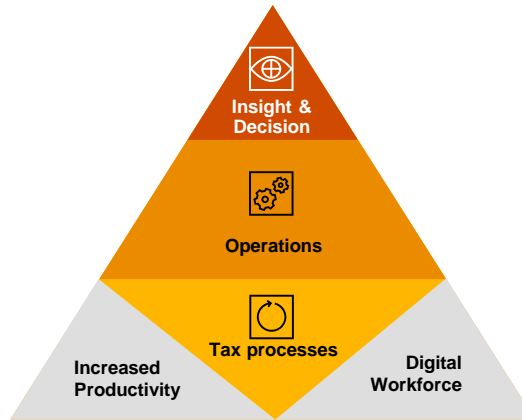
There are only **choices** – what works and what doesn't work.

Choices for tax

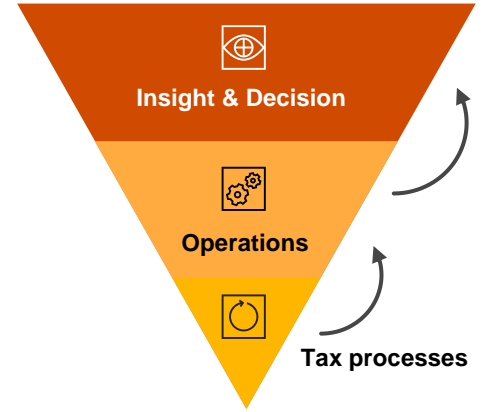
Traditional Model



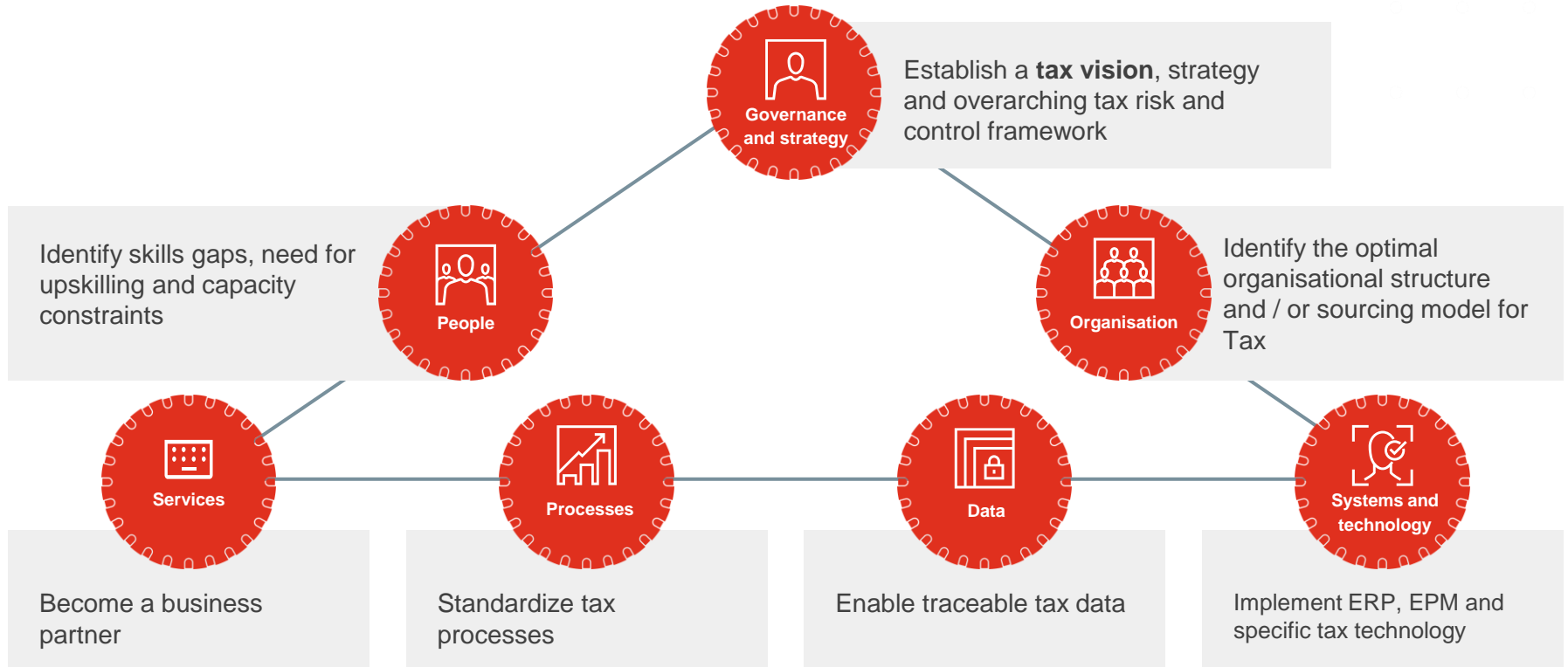
Interim 'Fit' State



Sustainable Future State



Choices for tax



Choices for tax



TRADITIONAL SOURCING MODEL

Uncentralized, bulk of tax function activities performed in-house, proximity to tax authorities and business partners

SHARED SERVICE CENTRE MODEL

Centralization, standardization and automation of data, processes and technology

MANAGED SERVICES PROVIDER MODEL

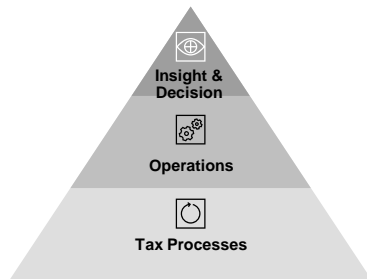
Outsourcing of certain tax function activities to an external MSP to leverage resources, technical knowledge and experience

HYBRID MODEL

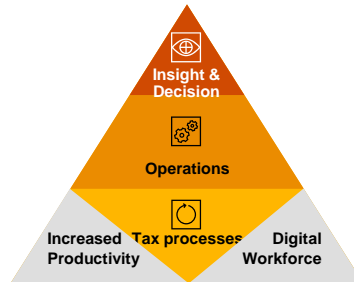
Combination of the component parts (e.g. group tax, SS and MSP) dependent on the priority and allocation of activities assigned to each of those components

Choices for tax

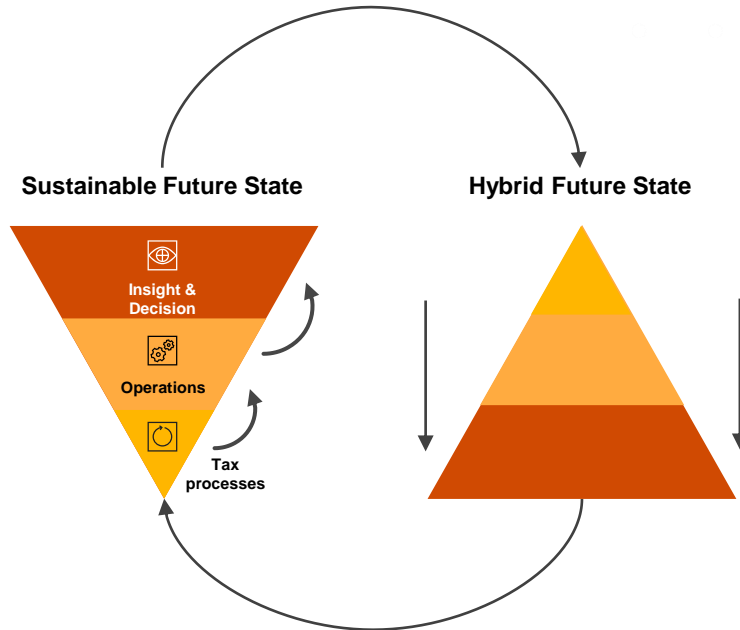
Traditional Model



Interim 'Fit' State



Pursuit of happiness



Continuous improvement

Choices for tax today

Is our operating model operating at good or best in class across each area?

Is tax providing what its stakeholders need?

Is my operating model in line with peers in relation to cost and FTEs?

Are there significant challenges and pain points in my operating model?

Is tax aligned to the business strategy?



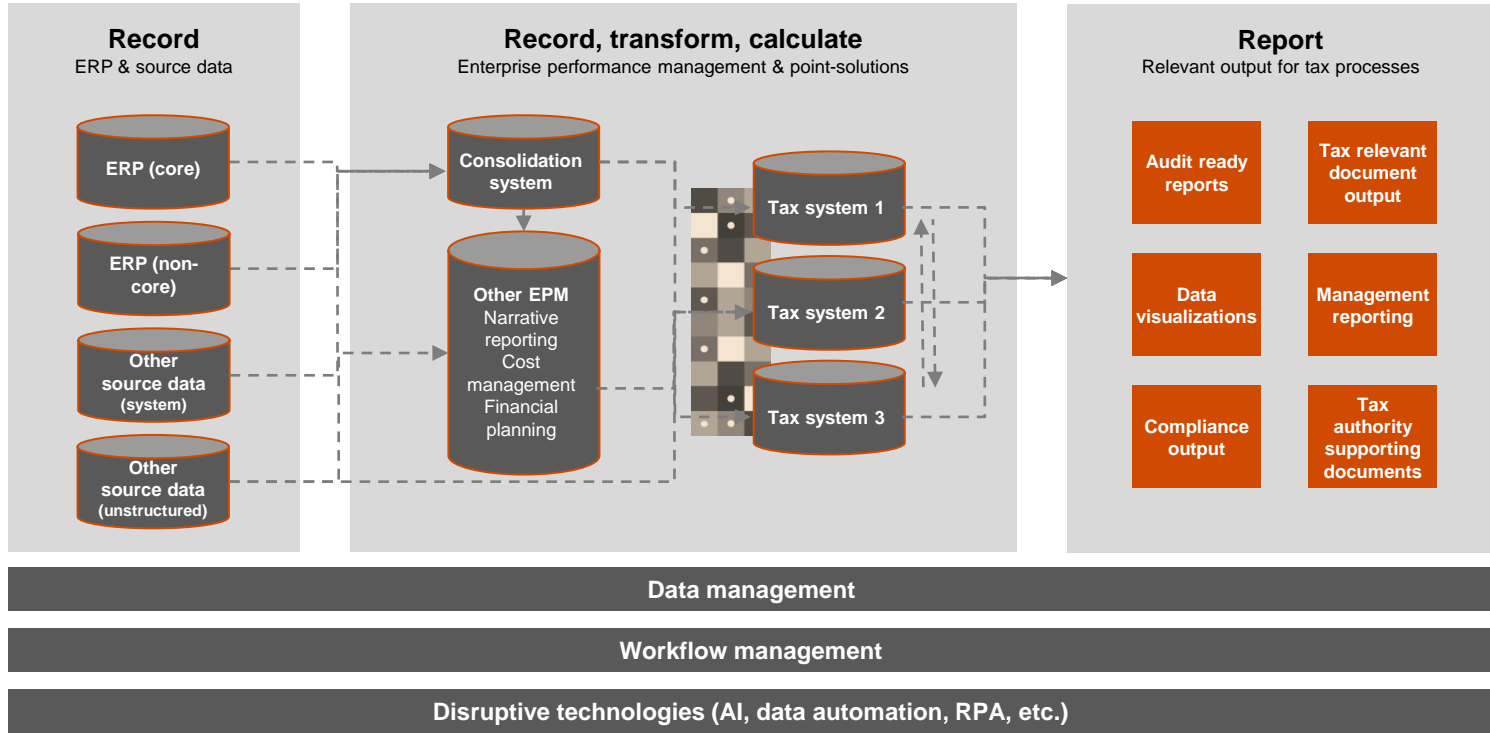
04

Tech-powered



Tech-powered

Record to Report cycle



Tech-powered



Point solutions



Platform solutions



Integrated financial solutions

Tech-powered



Buy

vs.



Build

Considerations to buying 3rd party technology:

- Your requirements (and some additional functionalities that you might not need directly) are available **out-of-the-box**
- 3rd parties will have a **product roadmap** in place highlighting extensions or potential new functionalities
- **Maintenance** and **upgrade support** require little in-house commitment
- Potential **cost of licensing** to consider
- The technology might require (substantial) **data integration**
- **Security** considerations in terms of data hosting or quality management aspects
- **Customer support** is usually available, but SLAs need to be in place
- Buying 3rd party technology will often require support from a system integrator or broader implementation partner. Not all of these are equipped to handle **tax-specific requirements**.

Considerations to building/customizing your systems:

- **Full control** over the design, configuration and maintenance of the system.
- In-house resources that are **familiar** with the existing solution architecture and design that are capable to implement and support changes
- **No 3rd party licensing costs**
- In-house resources must be able to translate design requirements or **require** an **external party**
- **Cost of building** will involve the availability of in-house resources which may need to be diverted from other projects
- **Time constraints** might require more resources or external support
- **Technical debt** may arise due to unexpected bugs or additional development to improve the solution.
- **Maintenance responsibility** could require more and dedicated resources
- **System auditability** and availability of technical documentation

Tech-powered



55-75%

According to Gartner, 55-75% of ERP projects either fail or don't meet their intended objectives.

Tax requirements: Apply the 80-20 rule

Tech-powered



Think end-to-end processes

Use what is there

Easy is better

Tech-powered **today**

A decorative graphic consisting of a grid of small orange dots. The top row has four dots, the middle row has four dots, and the bottom row has four dots.

Data is not sexy, but it's
where it all comes together.

A faint, light gray background graphic of a stylized brain or neural network. It features a central rounded rectangle with several lines extending outwards to circular nodes, resembling a circuit or data flow diagram.

05

Emerging technology





The pace of change has never been this fast, yet it will never be this slow again.

Emerging tech

In December
2022 ChatGPT
took the world
by storm.

Microsoft Teams

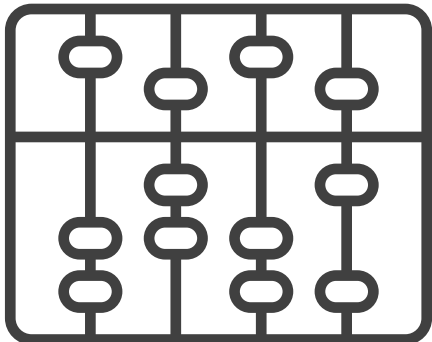
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Nikie van Duurling (NL)

Organized by
Nikie van Duurling (NL)

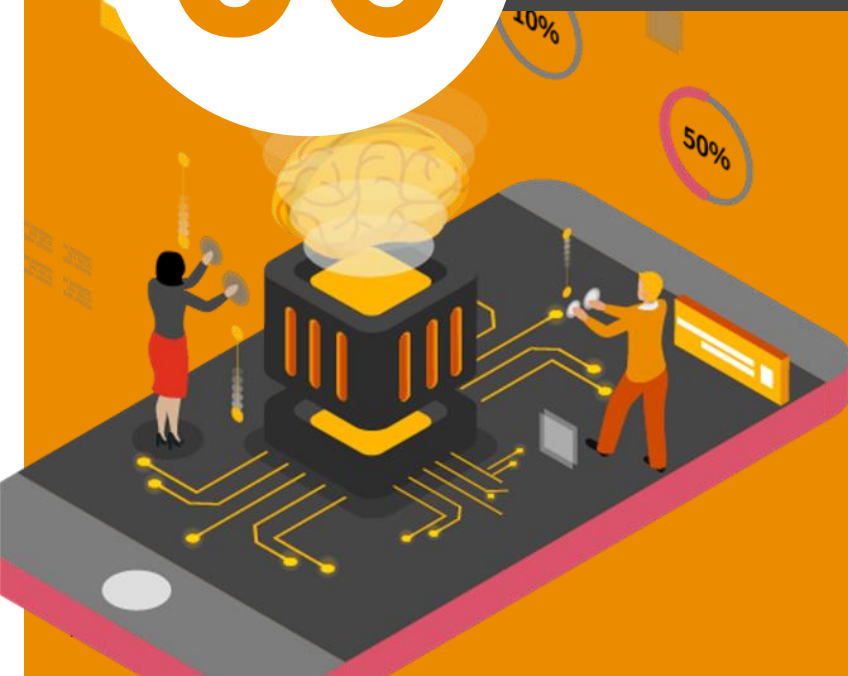
Emerging tech **today**



- Align with your organization
- Be a frontrunner

06

Transform: put things on paper



Transform



Change is a given.
So change your
mindset.

Transform



1
Harness your data, adopt the right technology & empower your people

2
Connect with a wider range of decision-makers. Articulate your value

3
Build the business case. And then sell it.

Transform

Harness your data, adopt the right technology & empower your people



Understand your situation



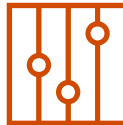
Identify your needs

Transform

Connect with a wider range of decision-makers. Articulate your value



Who are your stakeholders



Align tax values with theirs: decreasing risk, finding cash, avoiding liabilities, increasing productivity, supporting new business

Transform

Build the business
case.
And then sell it.



- Provide insights
- Optimize tax positions
- Avoid litigation
- Support strategic initiatives across functions
- Cut costs
- Reduce risk
- Focus on value-added activities

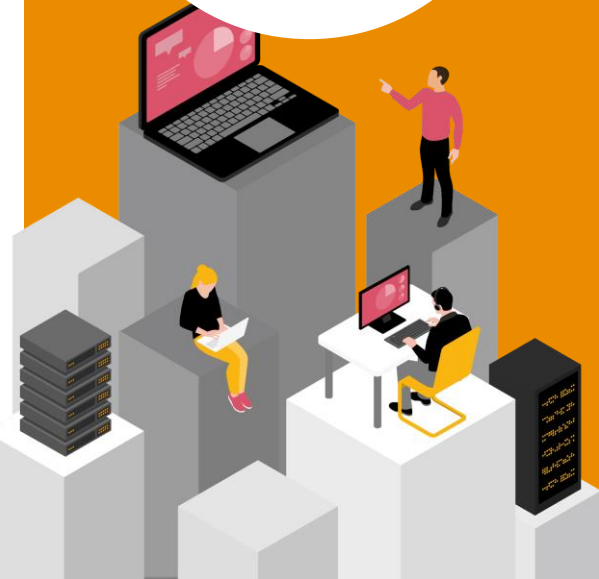
Transform



Reframe the
conversation.

07

Closing



Key takeaways



Change is ***constant*** – choose a structure that allows you to adapt quickly.



You can't always get what you want, but you may get what you need. Use your needs to get your wants.



The cost of doing is going down, but the cost of waiting is going up.

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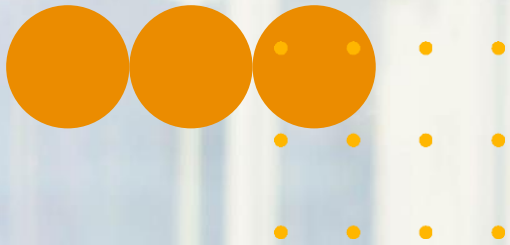
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Thank you!



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