



News release

Date 11 February 2016

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Pressure to streamline finance functions opens business up to risks, if changes don't consider tax needs.

Programmes to streamline and improve finance functions that do not consider the tax function related impacts of their changes, could fail to deliver their cost saving benefits.

PwC's latest [Tax Function of the Future](#) report, examining the impact on tax functions of broader transformation programmes in finance teams, warns that the implications could also open organisations up to new potential financial, reputational and operational risks.

Streamlining and reorganising finance functions has been common in large organisations after the economic downturn, driven by regulation, cost cutting or business changes.

The report highlights how the operations and processes of both tax and finance teams have had to undergo significant re-evaluation to support new business, regulatory and investor requirements, adapt to technology, and provide better support for business decisions, often with low levels of investment for increased resources.

In addition, as a result of expansion into new markets, and the increasing information requirements from external markets and regulatory bodies, finance teams are increasingly responsible for operational changes related to core areas of tax expertise including intercompany transactions, transfer pricing, new tax and accounting policies and requirements. BEPS alone is likely to require multinational companies to disclose to tax authorities an unprecedented level of information related to their business globally including operations, profits and employees putting pressure on both tax and finance functions.

But reorganisations are often failing to join up finance transformation initiatives with tax requirements that could leave many organisations facing a bigger bill for integrating and upgrading technology and processes, than the original savings the change programme created.

Mark Schofield global tax reporting and strategy leader, PwC comments

“Tax is a highly complex business function, often only fully understood by those running it, so it's no surprise that integration with changes in the finance team does not happen readily. But in reality, you can't have a tax team without a finance function and vice versa.

“Tax teams are built on the information the business gathers and shares through its finance team, and tax costs are critical to understanding the financial health of a business. Transformation programmes in finance teams that don't understand and integrate tax requirements, functions and skills could end



up conflicting with the most basic requirements of both of their team’s responsibilities, creating tax risk and undermining the effectiveness of business decisions, not to mention waste valuable investment.”

The report highlights how data analytics, tax – ready information, and increased use of automation, promises to eliminate time consuming and error – prone manual tasks and spreadsheets, while also supporting higher performance in the business. The move will mean new opportunities for tax professionals.

Mark Schofield global tax reporting and strategy leader, PwC adds:

“The tax professional of the future is radically different to traditional perceptions. Alongside professional qualifications, they are tech savvy, highly skilled in data analytics, statistics, business and management skills and decision making. This transformation is already underway in some businesses, and provides stronger insights that in turn leads to better business decisions and performance.”

Notes

PwC’s Tax Function of the Future series examines why and how the skills, responsibilities and role of tax professionals and tax teams will change. The series makes predictions for how tax functions will operate in the future given new legislative and regulatory challenges and what the implications are.

Find out more at www.pwc.com/taxfunctionofthefuture.

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