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## Press Release

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## New tax landscape places major burdens on companies, says PwC report

An expanding compliance burden, more audits and the potential for increased and double taxation – those are the challenges facing companies due to the rapidly evolving global tax landscape, says a PwC report.

The demand for greater tax transparency - reflected in the agendas and action plans of the Organisation for Economic Co-operation and Development (OECD), the G20, the European Union, and the United Nations – is placing more pressure on tax functions to better manage tax and related risks by strengthening the control environment that governs reporting processes.

Overall, the tax function will need to expand its core capabilities relating to risk management and governance, data, processes and technology. In addition, due to the potential business and reputational risks associated with many transparency initiatives, the tax function will need to be more engaged with the C-suite stakeholders about such issues.

The second part in PwC's thought leadership series, *Tax Function of the Future*, explores predictions relating to global tax legislation and regulation, as well as risk management and how legislative and regulatory change will mandate transformation.

### Country-by-Country Reporting to have significant impact

Mark Schofield, PwC global Tax Reporting & Strategy leader, says: "Companies are voicing concern over how disclosures of wider tax and financial information on a country-by-country basis to tax authorities will be interpreted and potentially misused, including the broader implications of such information ending up in the public domain."



PwC identifies the most immediate and sweeping initiative faced by tax functions to be the OECD's Country-by-Country Reporting (CbCR) recommendation and template. CbCR will have a significant impact on the tax function and how it must engage with the wider organisation to be ready for initial compliance, as well as meeting recurring annual obligations.

Changes to the tax function will also be shaped by other pending initiatives under the OECD's Base Erosion and Profit Shifting (BEPS) Action Plan, as well as unilateral government actions that could upend existing international tax norms, including the requirement by certain territories for the disclosure of a company's tax strategy.

So what do companies need to do? "They should think differently and strategically to address these risks while proactively engaging with their broader organisation and potentially the public," says Mark Schofield. "Now is the time for companies to create a multi-year plan to expand their tax function capabilities, integrate new reporting requirements, and provide the business case for operational investments.

"While risk and compliance obligations may be the main drivers for change, there may be several positive benefits to reap along the way - such as management having greater real-time business insight due to enhanced access to information."

## Notes

To access this publication and more information on PwC's predictions for the Tax Function of the Future, go to [www.pwc.com/taxfunctionofthefuture](http://www.pwc.com/taxfunctionofthefuture) or <http://pwc.to/1F3J8cs>

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