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## ***News release***

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*Contact* Rowena Mearley, PwC media relations  
Email: Rowena.j.mearley@us.pwc.com  
Tel: +1 646 313 0937

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### **Tax transparency and reform leave nowhere to hide for tax functions of the future on data demands – PwC**

Employees in tax functions need to fundamentally change the way they use and gather data if they are to meet the growing demands on business of tax transparency, reform and technology enabled decision making.

PwC's latest research into the *Tax function of the future - Unlocking the power of data and analytics* examines the data challenges the tax function faces and why it is important to manage the information that is crucial to tax operations.

The tax function is one of the largest consumers of data within an organization, spending more than 50% of their time gathering tax data, while spending less than 30% of their time on strategic tax analysis, with many tax executives reporting that obtaining tax-ready information is an impossible problem for them to address\*.

With tax reform and transparency high on the agenda of business and government, the report points to how thousands working in tax management risk being overwhelmed by information demands and systems that cannot deliver, costing organisations time and money.

Tax functions face significant challenges in gathering high-quality and timely data, holding back their ability to contribute more strategically to enterprise-wide decisions. Tax data is housed in multiple locations including billing systems, or sales platforms, often contains inadequate detail and often must be manually reviewed, reconciled, and manipulated to be useful for tax purposes.

The report underlines how many of the data challenges facing the tax function are not tax issues per se, but enterprise issues. It requires tax to take the lead on communicating and facilitating cross-functional meetings with information technology (IT), finance, and other groups within the organization in order to ensure adequate representation and understanding of tax requirements.

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

“The business world is grappling with the reality of the digital demands on organisation and the tax function cannot be left behind. Too much time is being wasted on the inefficient collection and review of non-integrated data. Robust, secure, technology-enabled solutions are needed to collect, verify, and report tax information.

“The quality and timeliness of data must improve in order for tax functions to respond quickly and credibly to increasing transparency mandates, ensuring outputs correctly reflect the tax implications of business activities, and strategically contribute to enterprise-wide decision-making.”



Increased transparency and stricter reporting requirements mean tax functions have to respond to more frequent demands from authorities for detailed information. This need will only increase as initiatives such as the Organisation for Economic Co-operation and Development's (OECD's) base erosion and profit shifting (BEPS) project, including its country-by-country reporting (CbCR) requirement, continue to drive the need for more information.

PwC predicts the tax function will fundamentally change the way it uses and looks at data using enterprise resource planning (ERP) systems, business intelligence (BI) tools, and online tax data hubs to provide the tax function with tax-ready information.

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

“As the shift from data gathering to analysis that informs decision making shows, there's more to tax management than spreadsheets. Improving how data is collected and deployed means tax functions can use data analysis techniques currently rarely utilised on tax data – but vital to business decision making. Trend analysis, 'what if' scenario planning for M&As, and the ability to identify inconsistencies in tax treatments mean the tax function of the future can turn data into business ready information.”

The report warns that tax functions working in a new data-driven world will have to take more responsibility for data security due to concerns over confidential information being inadvertently released or shared publicly.

*\* Tax technology: Creating a strategic asset, a 2013 joint PwC-Manufacturers Alliance for Productivity and Innovation survey (MAPI survey).*

## Notes

To see the PwC report *Tax Function of the Future series*, visit [www.pwc.com/taxfunctionofthefuture](http://www.pwc.com/taxfunctionofthefuture)

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