

How much automation of tax flows is possible?

28 June 2018

How to manage the CFO's expectations?

| Before | Now |
|---|---|
| Planning -> Compliance | Compliance -> Risk and opportunity management |
| Limited automation | Search for process efficiency and automation |
| <p style="text-align: center;">CFO's perspective</p>  | <p style="text-align: center;">CFO's perspective</p>  |
| Tax and TP function = profit center | Tax and TP function = "cost center"!? |

Introduction to best practices

What are your key challenges?

- Compliance cost;
- Data sourcing;
- Data reconciliation.

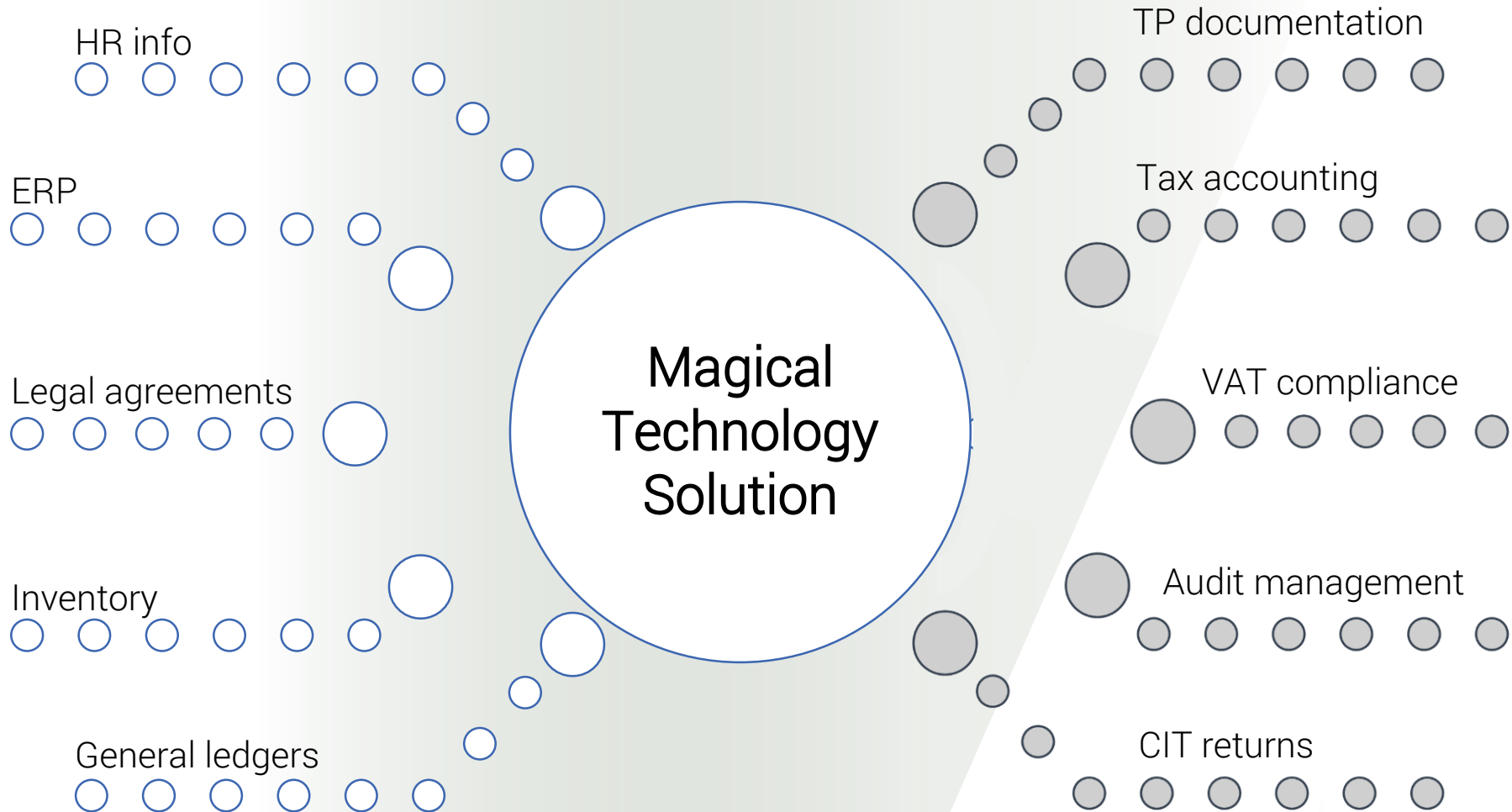
Which areas can tax technology cover?

- Routine compliance;
- Automated data pick-up;
- Data analytics.

What benefits can you expect?

- Cost savings;
- Data integrity;
- Useful insights.

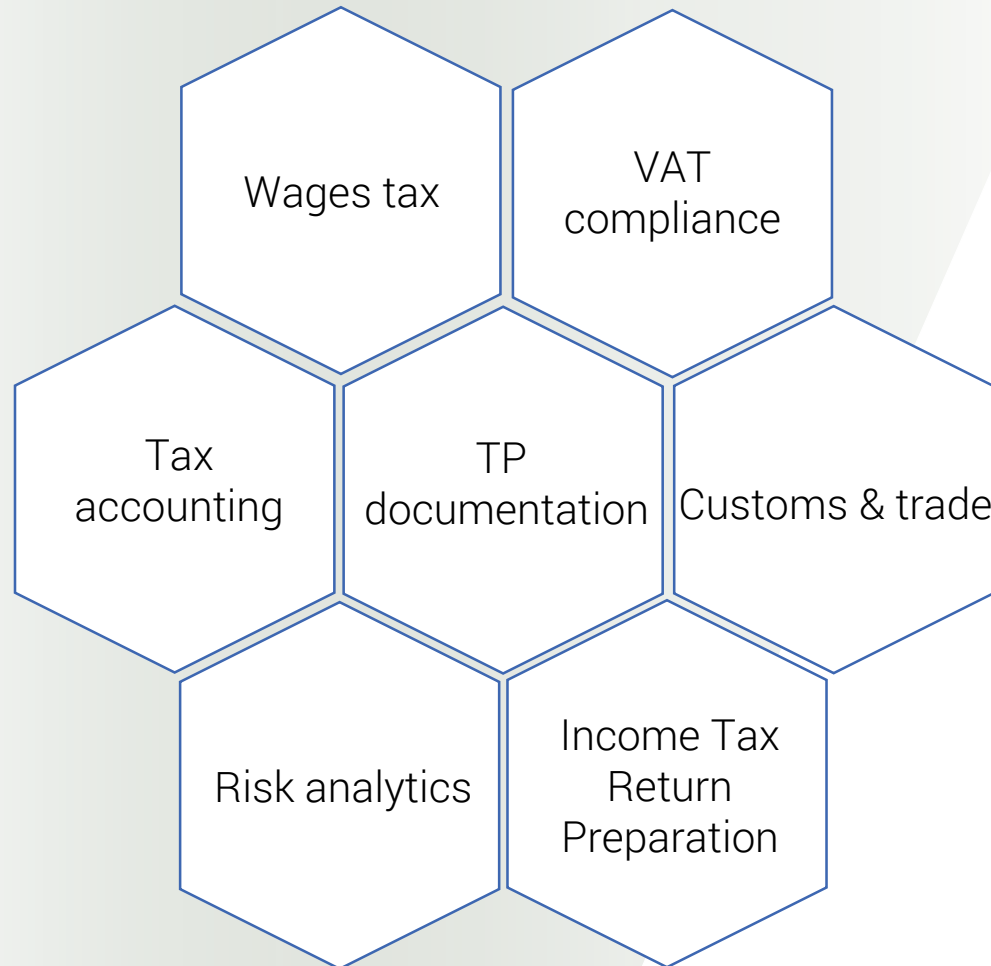
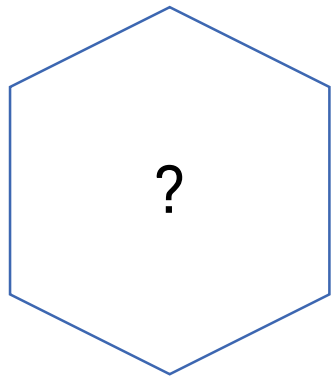
Introduction to best practices



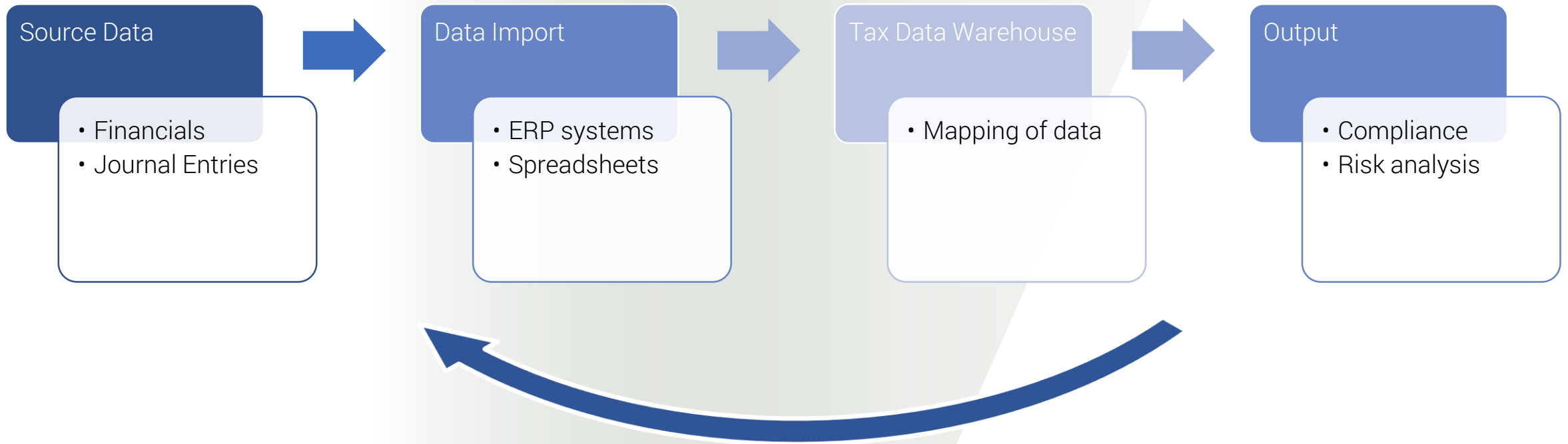
Your Tax technology plan



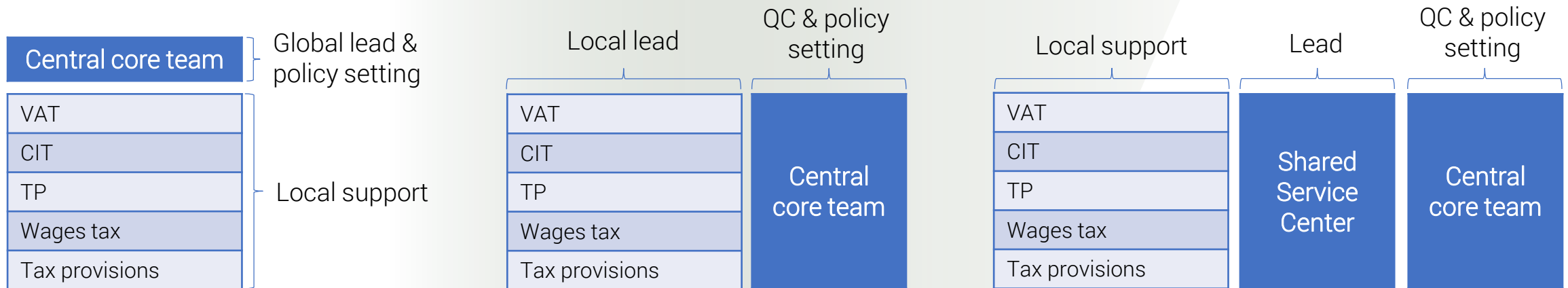
Ingredient 1 – Objectives



Ingredient 2 – Output reverse engineering



Ingredient 3 – Organization & governance

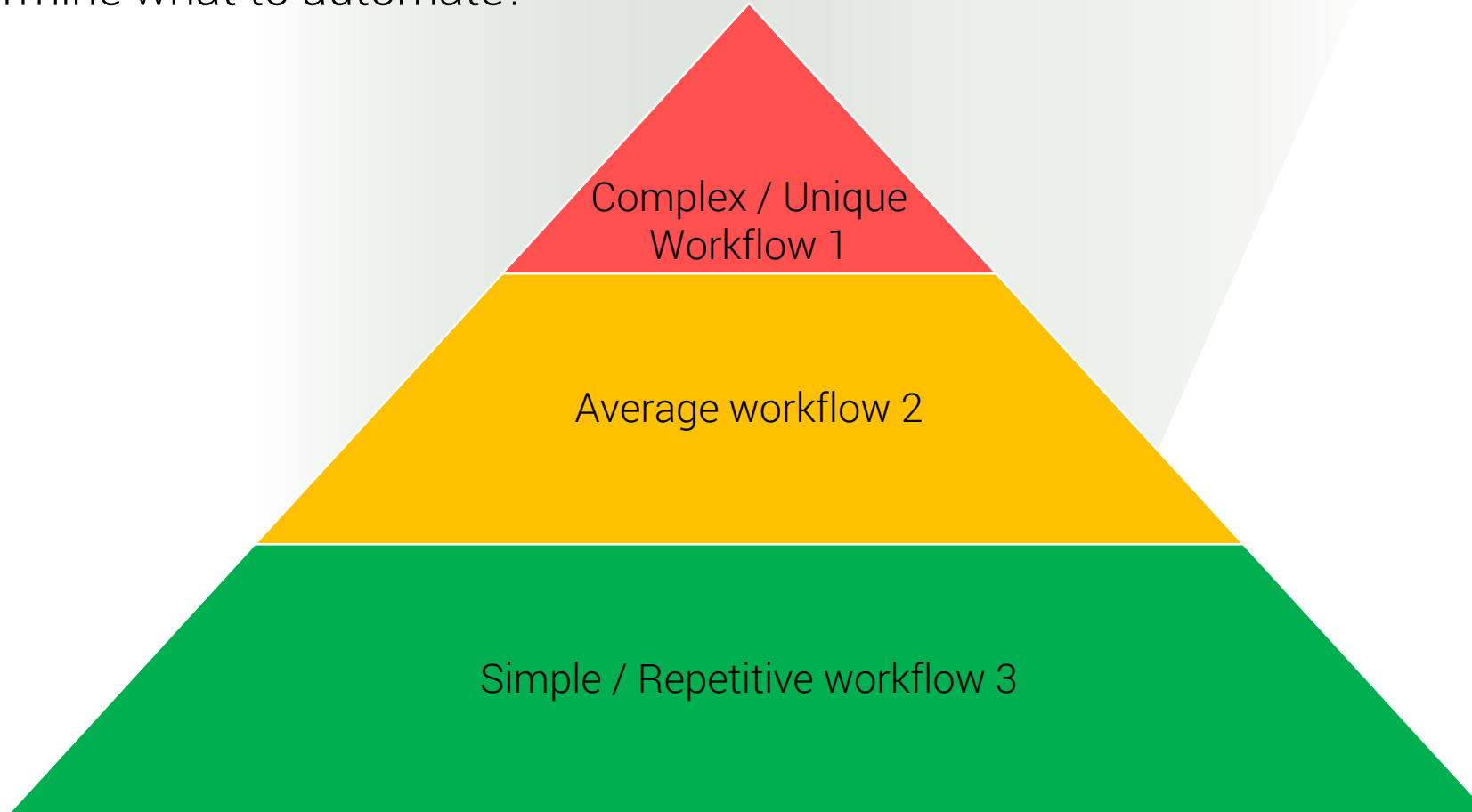


Ingredient 3 – Organization & governance

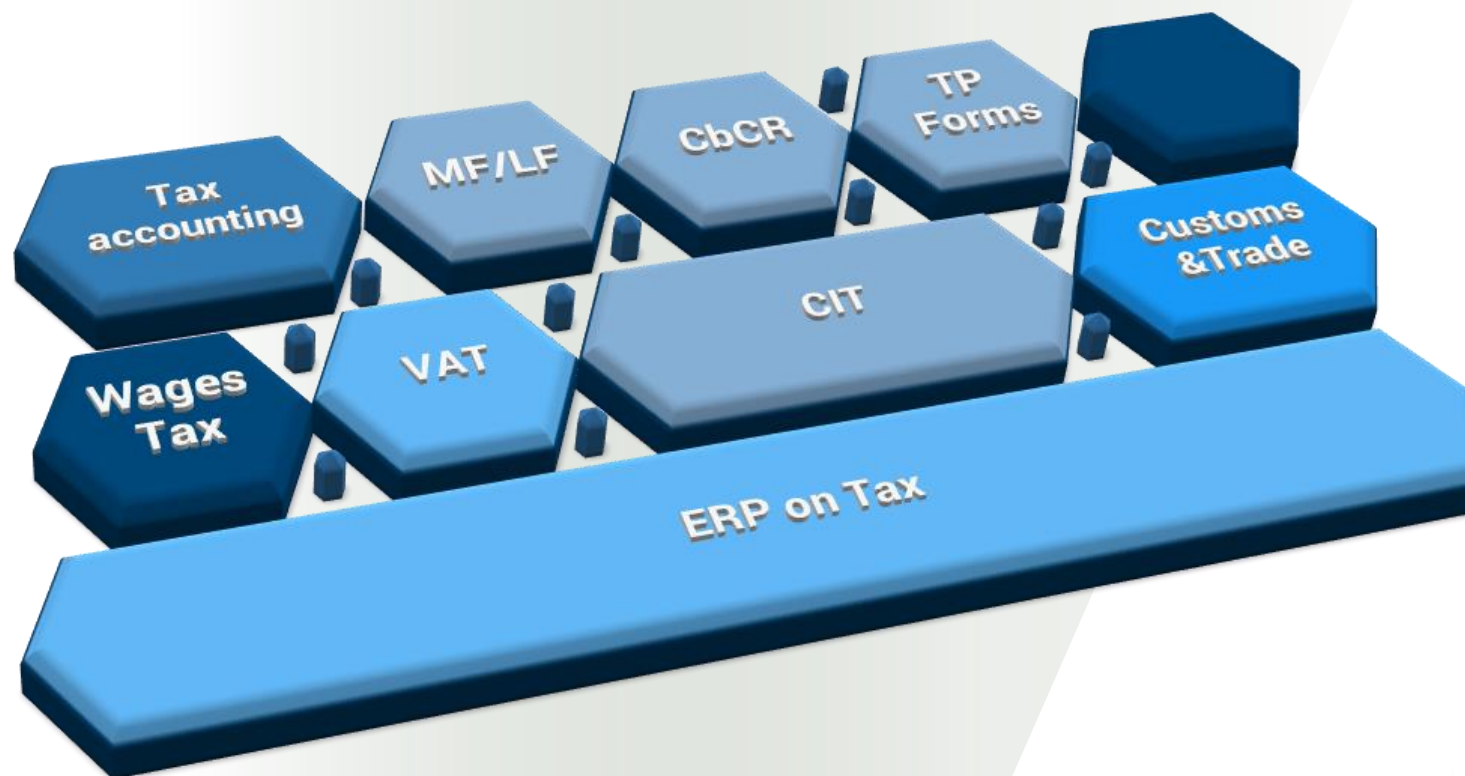
| | Head of Tax | Lead TP | Deputy TP | TP Operational | Central finance team | Local tax team | Treasury team | Legal team | Business team |
|---|-------------|---------|-----------|----------------|----------------------|----------------|---------------|------------|---------------|
| 1. Development / maintenance of TP documentation | I | A | R | R | C | C | - | I | - |
| 2. Consultancy – advisory and implementation | A | R | R | R | C | C | C | I | I |
| 3. Audit support | I | A/R | R | R | R/C | R/C | C | - | - |
| 4. Risk Management | A | R/C | R/C | R/C | R/C | R/C | C | - | - |
| 5. Systems (central data management & retrieval) | I | A | R | R | R/C | C | C | - | - |
| 6. Capacity planning – insource/ outsource | I | A | R | R | R/C | C | - | - | - |
| 7. Global benchmarking platform (outsourced to third parties) | I | A | - | R | R/C | - | - | - | - |
| 8. Sign-off TP documents | I | A | R | R | - | - | - | - | - |
| 9. Legal agreements – set up and implementation | - | C | R | R | I | I | I | A | I |

Ingredient 4 – Workflow selection

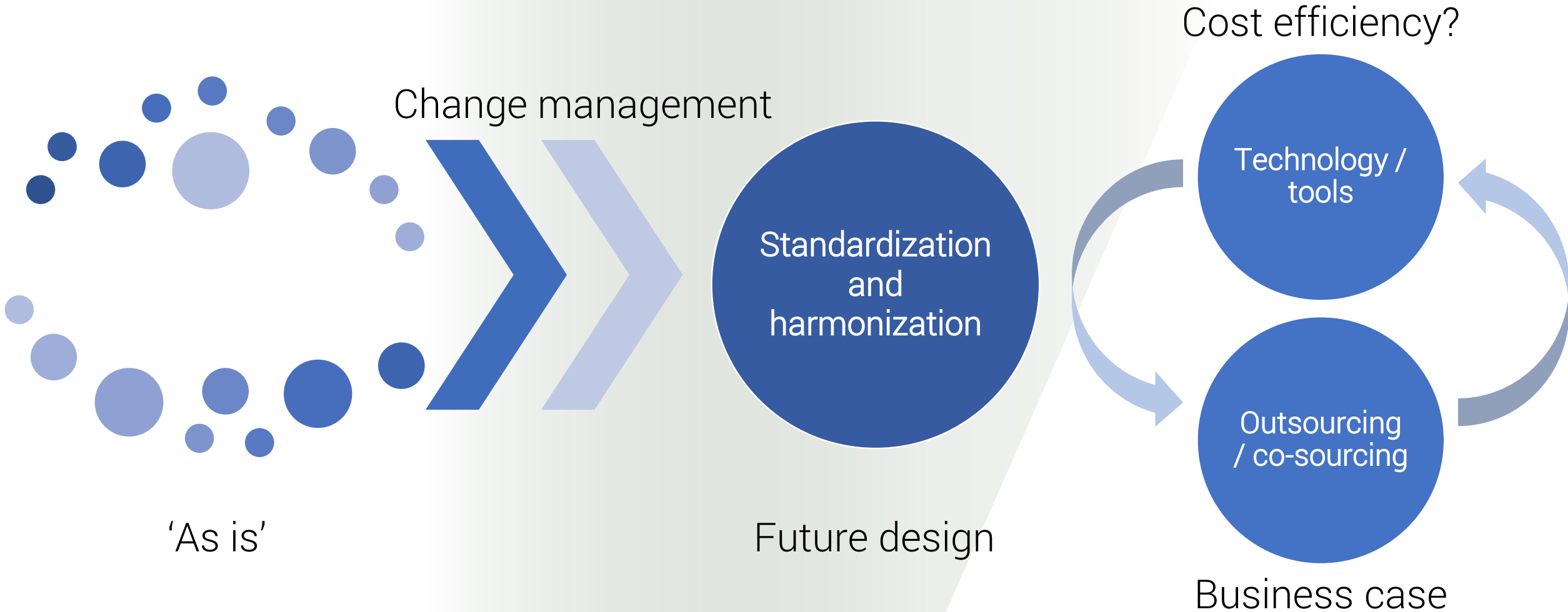
How to determine what to automate?



Ingredient 5 – Functionality selection



Ingredient 6 – Project implementation



Ingredient 6 – Project implementation

Project critical success factors

Which elements are fundamental to achieve the project goals?

Project approach

How to execute your tax technology plan?

Tax technology planning in practice: case study 1

Facts:

- US headquartered manufacturer of electronic products with subsidiaries in 27 countries across the globe;
- MNE is required to file Country-by-country reporting;
- Finance reporting is automated through Hyperion Financial Management (“HFM”);
- Internal service recharges testing and reporting is based on spreadsheets and is performed manually.

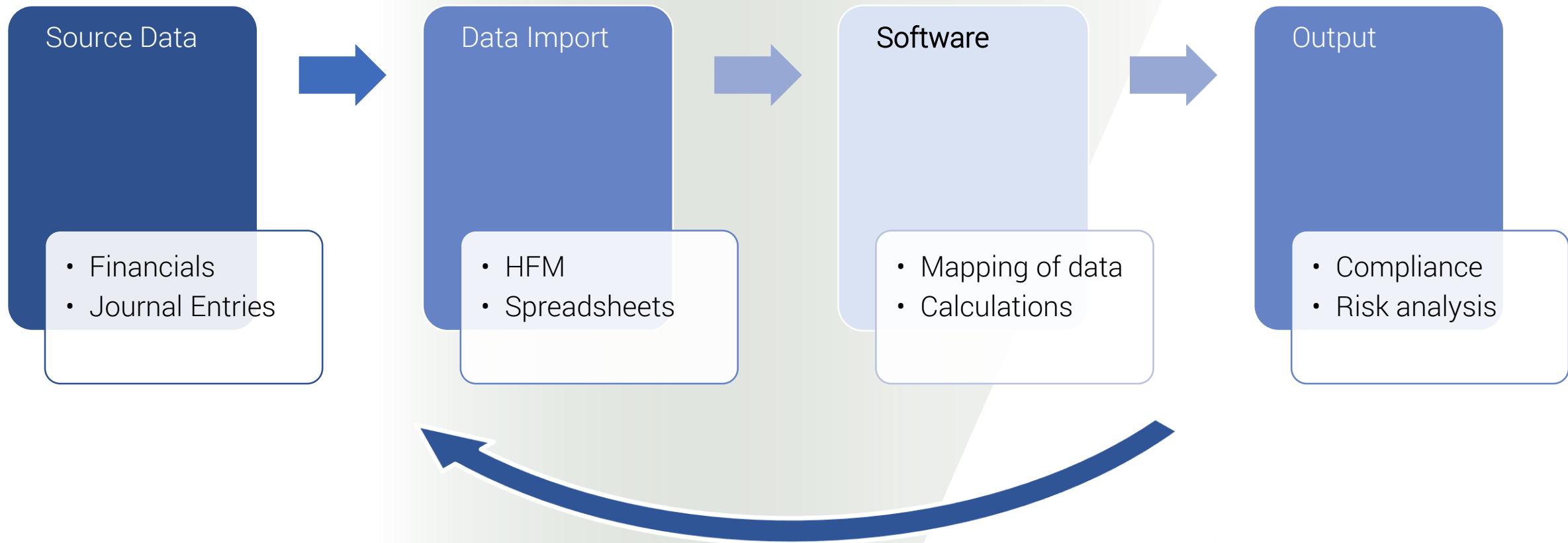
Objectives:

- Automate transfer pricing calculation, reporting and forecasting;
- Facilitate Country-by-country reporting.

Expected benefits:

- Increase of internal team efficiency;
- Decrease of compliance costs;
- Integrity of data;
- Simplified calculations.

Tax technology planning in practice: case study 1



Tax technology planning in practice: case study 2

Facts:

- EU headquartered manufacturer of apparel with subsidiaries in 35 countries across the globe;
- MNE is required to prepare Local files;
- MNE does not have common ERP for all subsidiaries;
- Core team includes 1 Head of tax and 2 Managers.

Objectives:

- Automate Local files preparation and review.

Expected benefits:

- Increase of internal team efficiency;
- Decrease of compliance costs;
- Standardize documentation;
- Avoid local team interference with centrally defined information.

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