Meeting the Challenges of Digitizing Tax

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Agenda

- What are the challenges of digitizing tax?

- How are businesses using technology to meet these challenges today?

- What should you consider for a tax automation project?

- Looking ahead – application of newer technologies

What are the challenges of digitizing tax?

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Challenges

➢ Knowledge
- Legislative changes
- Resources

➢ Data
- Data management and data transformation
- Volume of transactions
- Frequency of filings

➢ Risk management
- Global tax teams/ visibility/accountability
- Accuracy
- High tech tax audits

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How are businesses meeting these challenges today?

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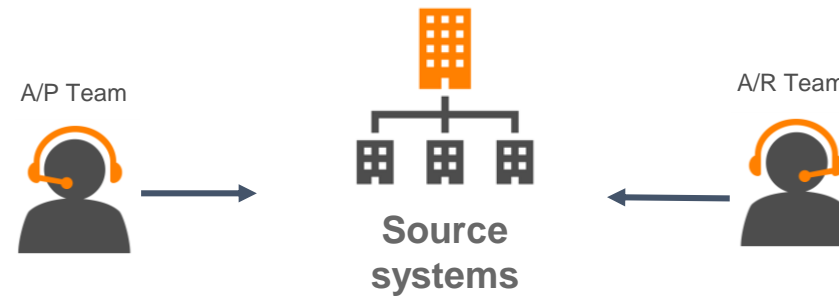# End-to-end Indirect Tax Automation

➤ **ONESOURCE Determination**
- takes the latest tax rates and rules and uses logic to calculate the correct rates of tax/VAT to apply at a transactional level
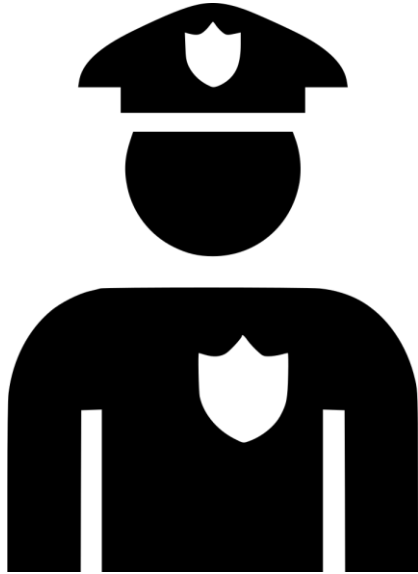
➤ **ONESOURCE Compliance**
- automates the indirect compliance reporting process
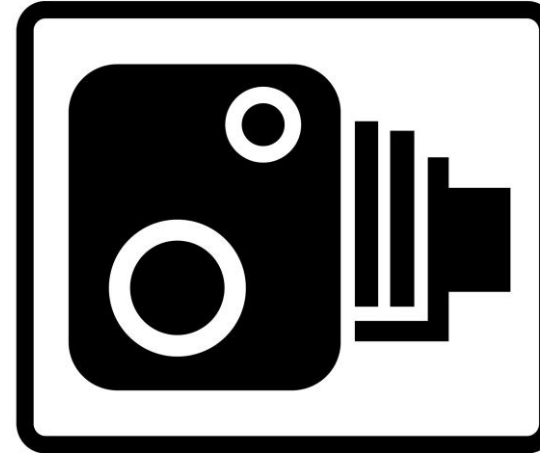
ONESOURCE Determination

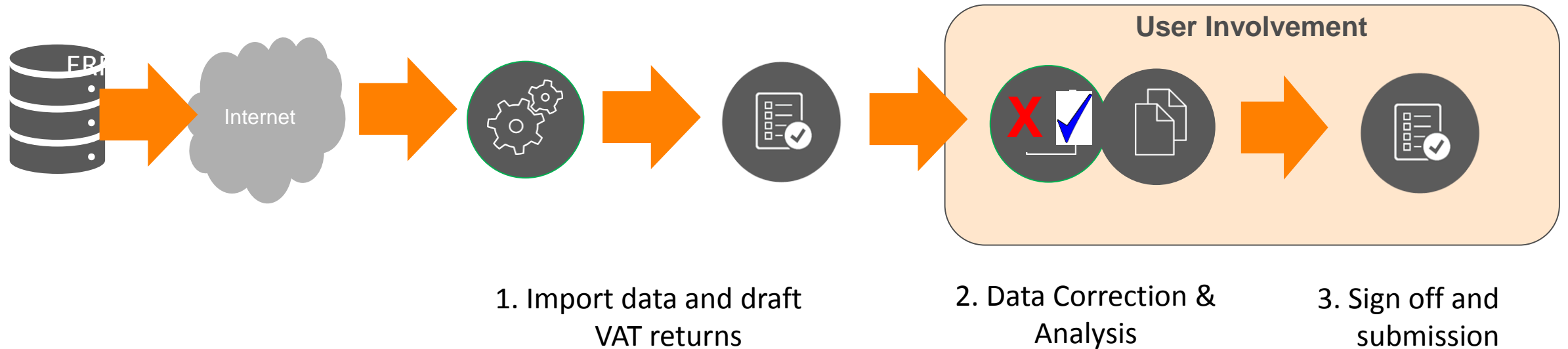Tax Rates   Tax Rules   Tax Logic   Company Policy   Tax Control Framework   Enterprise Reporting

1. Tax Treatment Request

2. Tax Response

A/P Team

Source systems

A/R Team

Why ONESOURCE Determination?

Current state

Future state

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ONESOURCE Indirect Tax Compliance

User Involvement

1. Import data and draft VAT returns

2. Data Correction & Analysis

3. Sign off and submission

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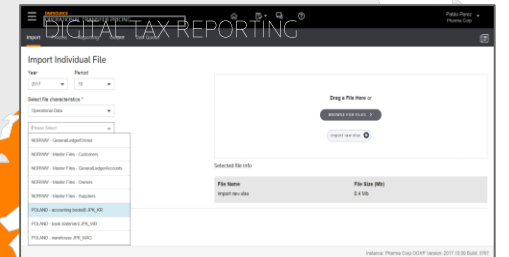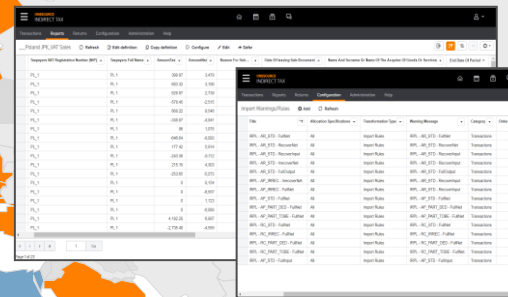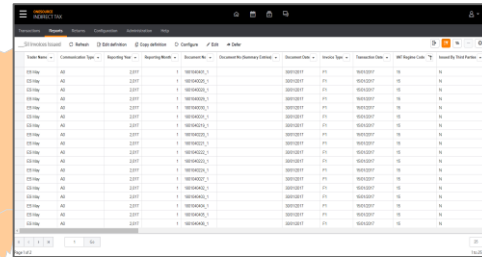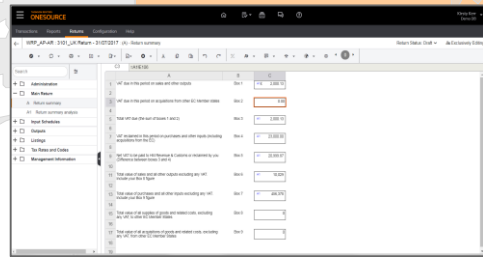
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ONESOURCE Digital Tax Reporting

VAT \ GST Returns

SII \ MTD \ ...

**SAF-T
VAT Extracts**

**SAF-T
Non VAT Extracts**

WORKFLOW DEADLINE TRACKING

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RPA for SII filing in Spain
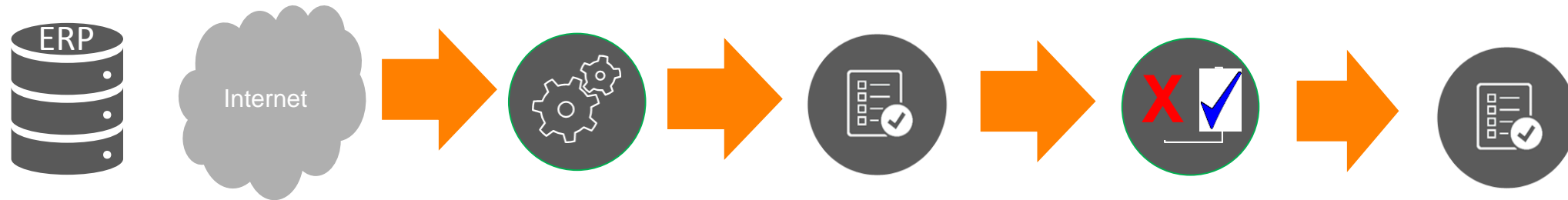
Automated:
1. Import
2. Data transformation
3. Data validation (optional manual intervention)
4. Submission

Challenges

- ✓ Knowledge
  - Legislative changes
  - Resources

- ✓ Data
  - Data management and data transformation
  - Volume of transactions
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- ✓ Risk management
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What should you consider for a tax automation project?

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Key Considerations

1. Design

- Alignment with a business transformation project

- Address master data issues

- Where to start ? (Value but not the most difficult)

- Requirements - Do not try solve everything at the start

- Process transformation

2. Deployment

- Consider Certified Implementation Partners

- Ensure that the right people are available

- Train internally - 1st line support are super users

3. Go-Live

- Adoption of the solution - Making life easier / add value across business

- Understand the solution to maximize benefits (Eg: Not burden with workflow steps, use to do lists

- After going live - Use your Thomson Reuters Customer Support Manager and attend client events

Looking ahead – application of newer technologies

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Looking Ahead

➢ ONESOURCE platform

- Pan tax view and control
- Next Gen platform
- New and valuable tax analytics

➢ API's

- Quick and easy access to data
- Partnership with Alteryx

➢ Artificial intelligence

- Big data analysis
- Pro-active reverse audits
- Error checking and adjustments

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Connecting with Alteryx

➢ Data transformation
- API for loading transactions into Indirect Compliance
- Specific to each business
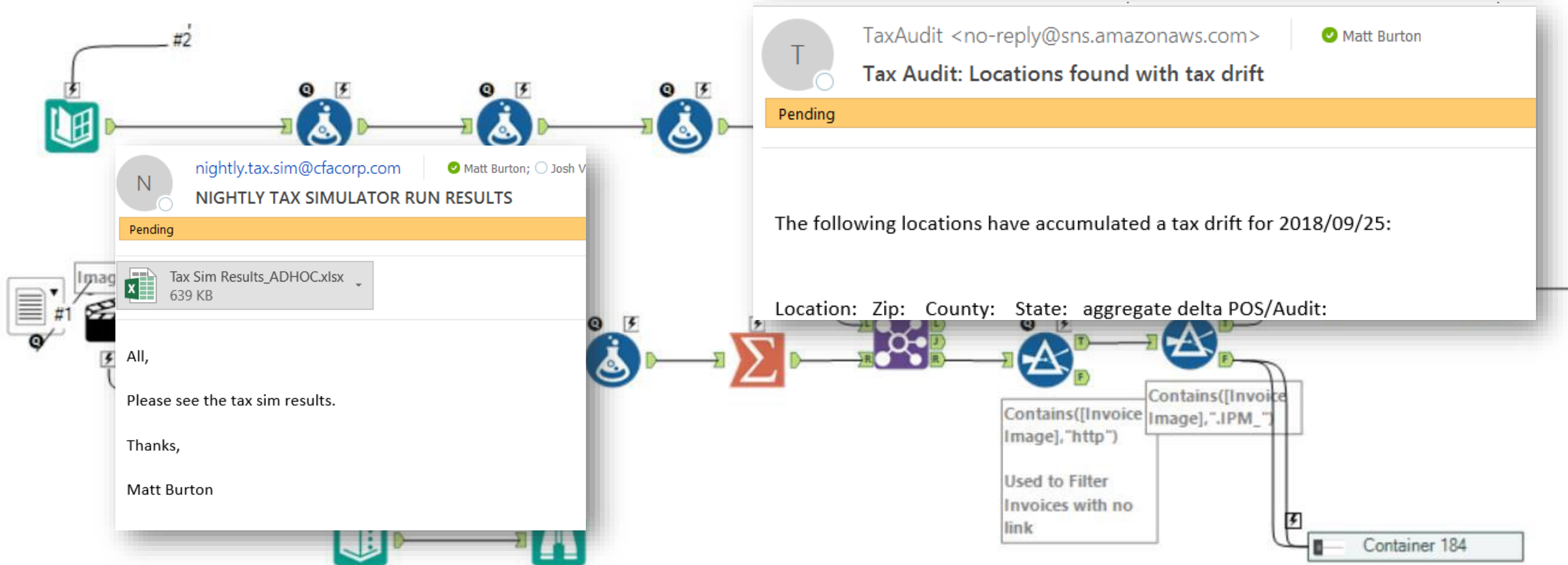- Efficiency/simplify

➢ New analytics
- Pro-actively merge with VAT reporting process
- Effective tax rate analysis
- Monitor sales per jurisdiction

➢ Strategy approach
- Movement to real business value-add type reporting
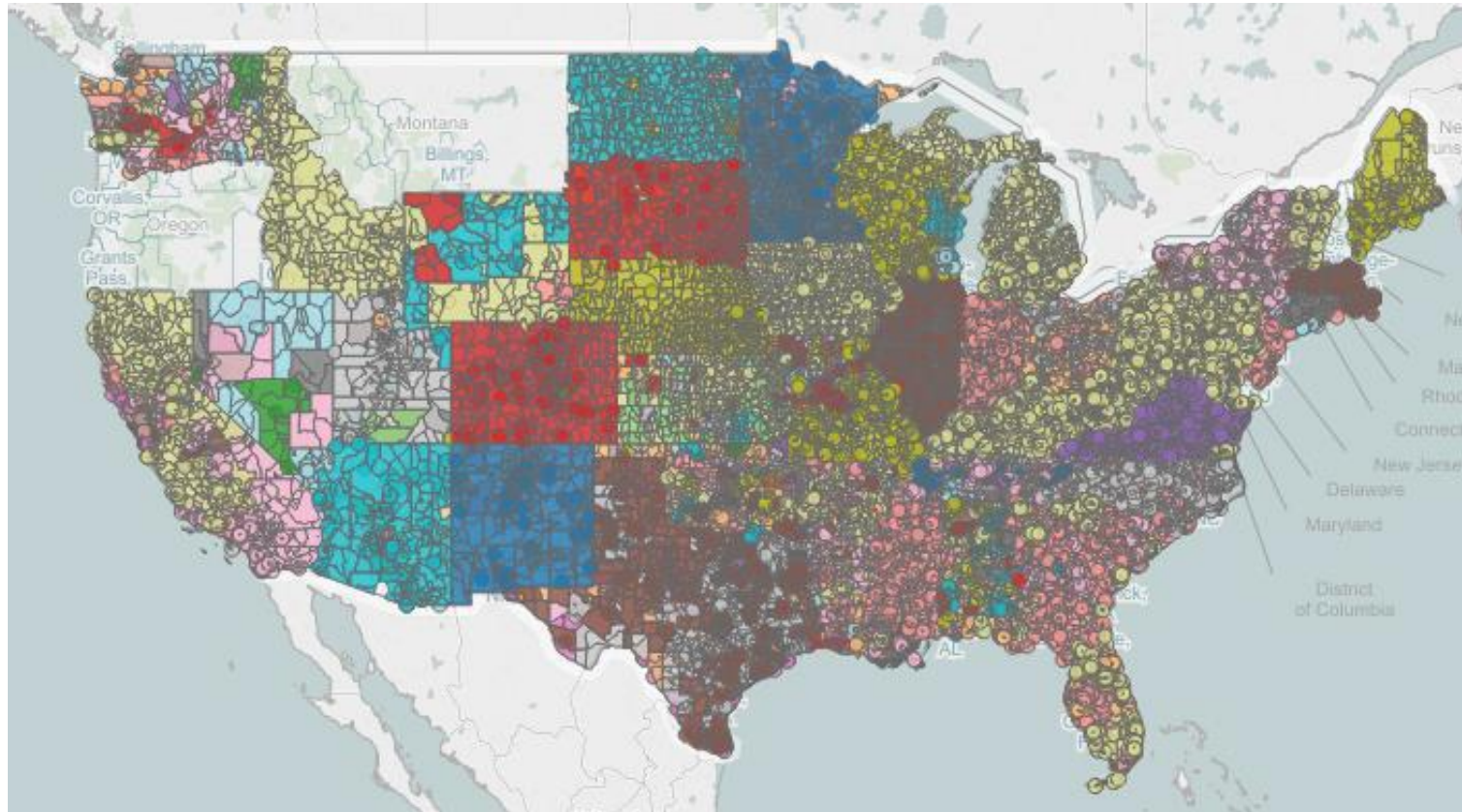- Make connection between policies and the bottom line

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Alteryx

Utilise Alteryx to analyse transactions nightly for exceptions or variance

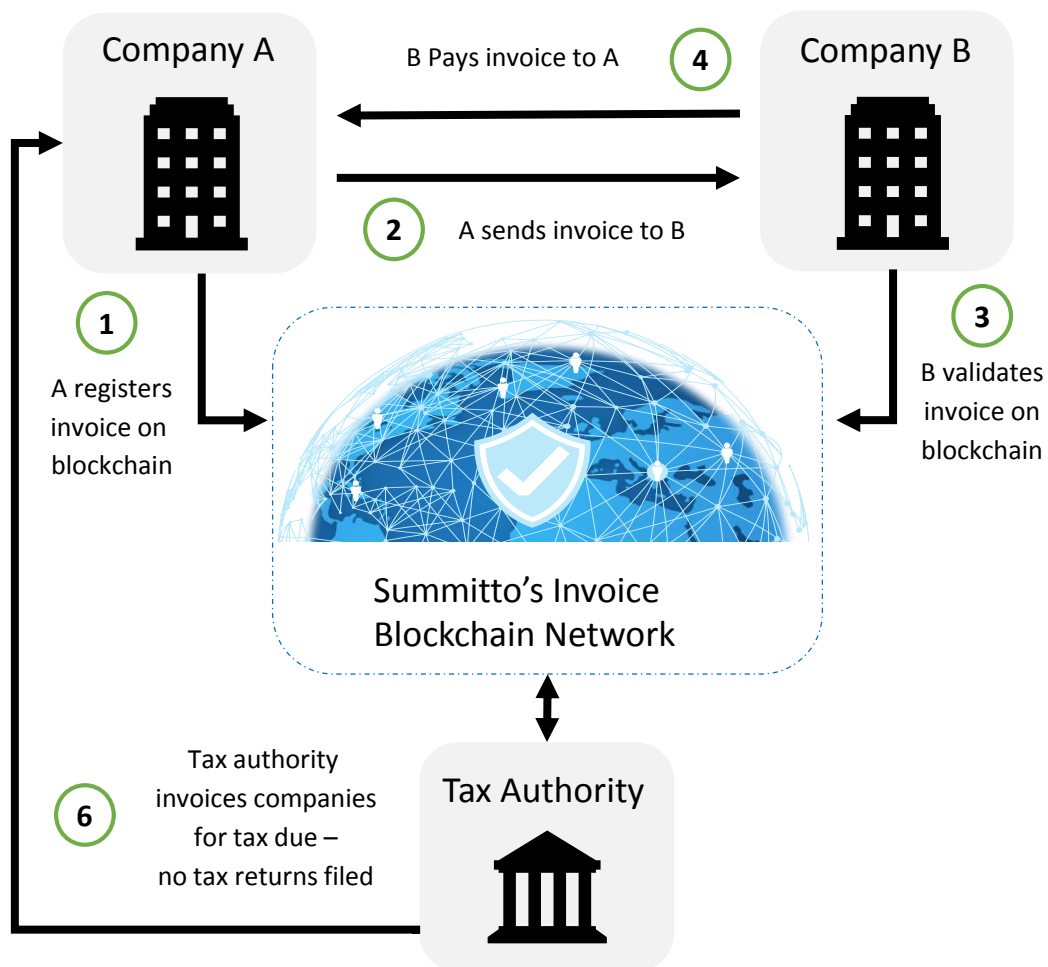Credit: Matt Burton, Chik-fil-A

Big Data Visualisation

Credit: Matt Burton, Chik-fil-A

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Proof of concept
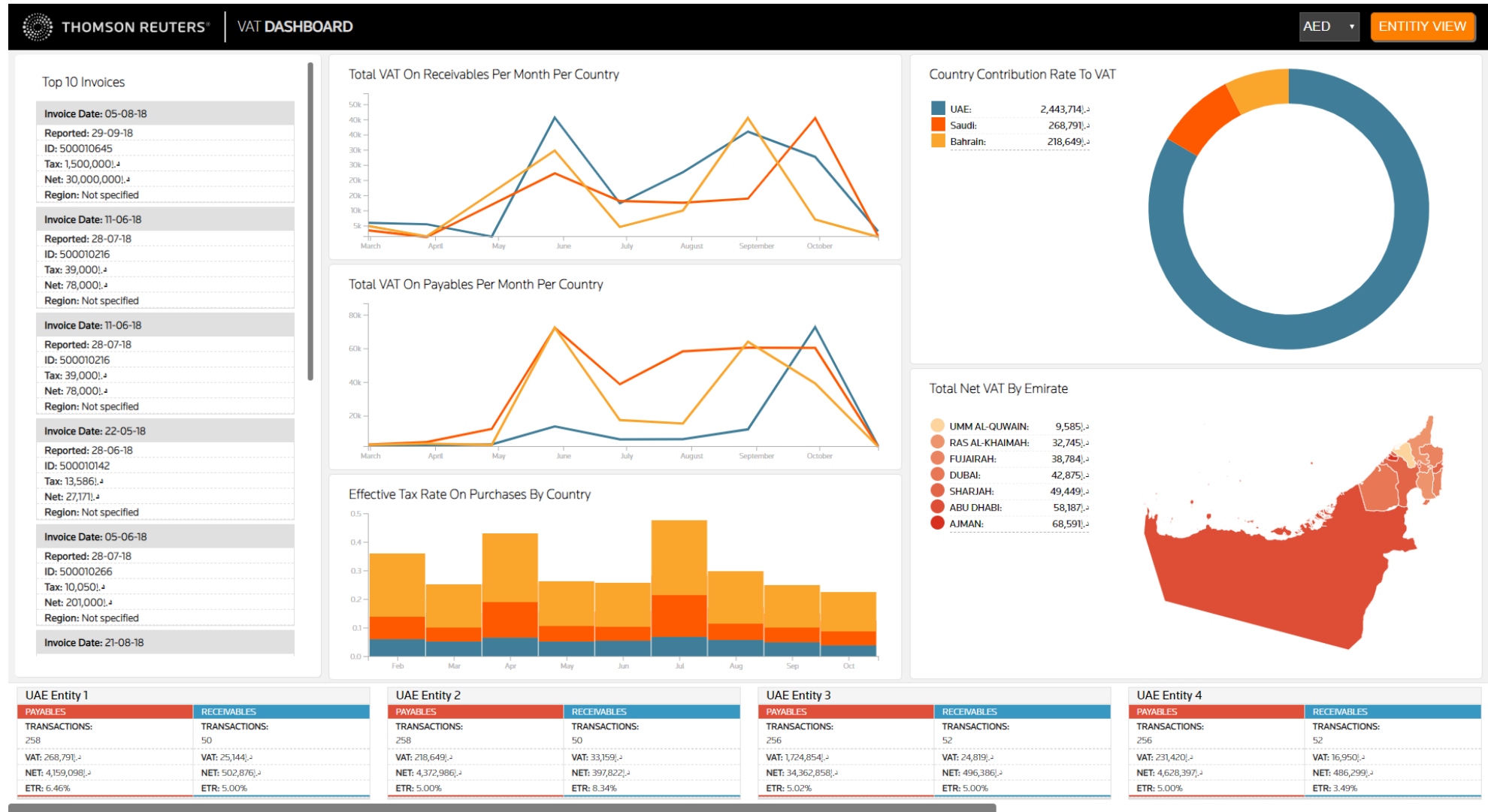
Blockchain: Summitto Partnership

Company A

4 B Pays invoice to A

Company B

2 A sends invoice to B

1
A registers invoice on blockchain

3
B validates invoice on blockchain

Summitto's Invoice Blockchain Network

6
Tax authority invoices companies for tax due – no tax returns filed

Tax Authority

➢ Benefits

- Reduce tax evasion and fraud
- Identify "missing traders" (50B EUR/year) within weeks
- Comply with European Commission's fast payout request
- Simplify tax code (e.g., no reverse charge, no tax return)
- Data privacy by design
- Willful compliance granted 100% data privacy

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Key differentiators of the ONESOURCE platform

Single platform for all tax streams

Big data technology stack

User experience

Strategic holistic reporting capabilities

Thank you

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