Tax Function of the Future
Meeting Tomorrow’s Indirect Tax Challenges Today

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Presenters

- Tom Birch
- James Minneman
The rise of the indirect taxes – historic

VAT in the OECD countries now accounts for around 20% of total tax revenue, a **70% greater share than in the mid-eighties**. With excise duties at 11% and other taxes contributing smaller sums, revenues from taxes on goods and services are now very close to revenues raised from personal income tax (25%), corporate income tax (8%) and other direct taxes such as those on capital gains.

**In the UK** Indirect taxes = 36% of tax collected

**In the UK** Indirect taxes = 47% of the tax gap

_Pascal Saint-Amans, Head of the OECD’s Centre for Tax Policy and Administration_
The rise of the indirect taxes – future

- Consumption Based Demographics
- Jurisdictional Expansion
- Technological Breakthroughs and Cheaper Collection
- Rates Raised Across the World
- Increase in Environmental/Health and Political Taxes
Indirect tax functions – the future

Some predictions:

- Legislative/ regulatory
- Governance and risk
- Data and technology
- People
Legislative/regulatory – requirements

- Global tax information reporting and transparency requirements will grow exponentially
- Information sharing will be commonplace
- Taxing authorities will conduct global audits
- We can expect an increase in disputes
- Third party tax assurance by regulated tax compliance providers will become a new feature
Governance and risk – co-operative compliance

**Taxpayer**
- Transparent
- Manage expectations
- Evidence

**Tax administration**
- Set clear objectives
- Train employees
- Define ‘trust’/auditable Tax Control Framework

Tax management

(Adjusted) Supervision

Introduced in over 30 jurisdictions already (OECD)
Data and technology – investments being made

(Our) vision is for the provision of online, real-time services accessible from any device, any time, via the latest cloud technology,
Data and technology – where to invest

- System set up and configuration
- Master data entry and maintenance
- Tax determination
- Transaction Processing and adjustments
- Data extraction, formatting, mapping and analysis
- Ledgers and reconciliations
- Returns generation and submission
- Tax Management

Data in tax-ready format

Enterprise (AIS) systems and tax engines

Data in tax-ready format

Tax data, information, documentation, workflow and reporting hubs

Internally owned
Licensed third-party
Co-sourcing
Build
Buy
Rent

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People – where to invest

- Technical skills
- Soft skills
- Dispute skills
- Project & Data skills
- Leadership skills
- Risk & Technology skills
The ‘new age’…

- Exponentially increasing reporting requirements
- More use of co-operative compliance models focused on the risk based approach
- Live analytics, investigations and resultant disputes will become the norm, reaching across to TP, CIT, Customs
- Tax functions will need to do more with less and maximise the returns on investments
- Expect the globalisation of tax functions and the centralisation of support functions
- It will be a journey, are you ready…
Final thoughts….

How far away do you think it is until tax authorities can audit your tax information real time e.g., access your tax data real time and review for errors?

If you did the minimum and only reacted to regulatory change, how long would it be until the tax authorities know more about your tax attributes than you do?

A 5 years
B 10 years
C 15 years
D 20 years
Thank You!