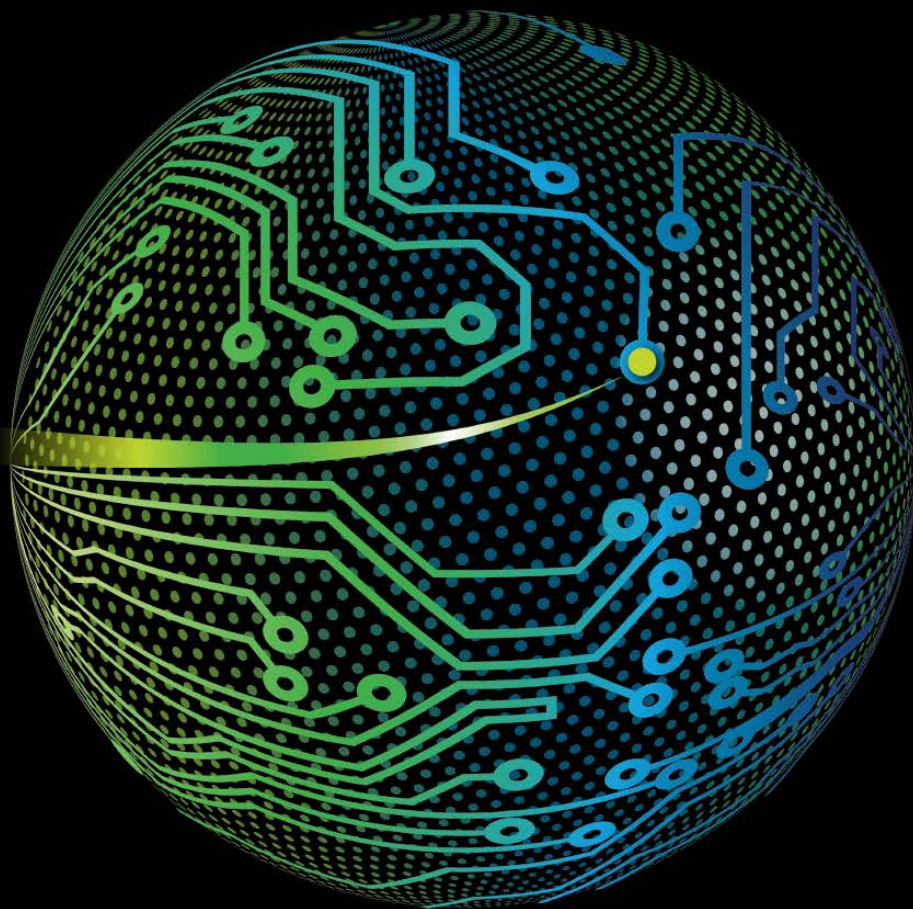# Deloitte.

Amp up the value of your tax transformation

Three steps to building an effective tax technology roadmap

Introduction

In today's dynamic business landscape, tax isn't just about number-crunching. It's evolved into a data-rich, insight-generating powerhouse. For that reason, it's crucial to have a clear, tech-enabled roadmap to guide your tax technology transformation—one that can help you drive value, deliver more insights, and advance the future of your business.

Your tax function—elevated

01
STEP

02
STEP

03
STEP

Assess your organization's current tax environment

**Build your tax technology strategy**

Execute and optimize

Nearly every element of the tax landscape has rapidly evolved over the past decade, from the adoption of tax technologies—the digitization of overall transaction processing, the migration to cloud-based ERPs, and the implementation of Generative AI (GenAI) in tax functions—to the expectations of tax authorities and the structure of tax teams.

Tax has become one of the largest consumers of organizational data because of this evolution. Almost every accounting transaction now has an elevated data requirement and tax implication associated with it. This is one of the most significant changes of the last 10-15 years; previously, tax was largely considered a manual function due to the complexity and confidential nature of tax information.

To keep up with these changes, tax leaders should aspire to have a seat at the table during enterprise financial transformation, with the goal of moving tax functions and teams from a back-of-the-line step in the process to a strategic business partner, bringing enhanced, future-focused value to the organization beyond compliance with tax regulations.

Communicating your team's needs, gaining organizational support, and ensuring a high degree of efficiency are contingent upon developing a detailed tax technology strategy which maps out the data management needs of your tax function. Without a robust roadmap in place, tax teams may struggle to communicate their "why," provide a high level of strategic value, or more effectively plug into larger enterprise transformations. This can result in tax teams continuing with outdated and inefficient methods, rather than more advanced, data-rich ones.

By following the three-step process below as a guide, your organization can be well-positioned to develop a robust, tech-enabled strategy that builds on the combined strength of your people and technology to deliver leading-edge, future-resilient solutions—and puts your tax team at the forefront of your company's next financial and/or business model transformation. Let's dive in.
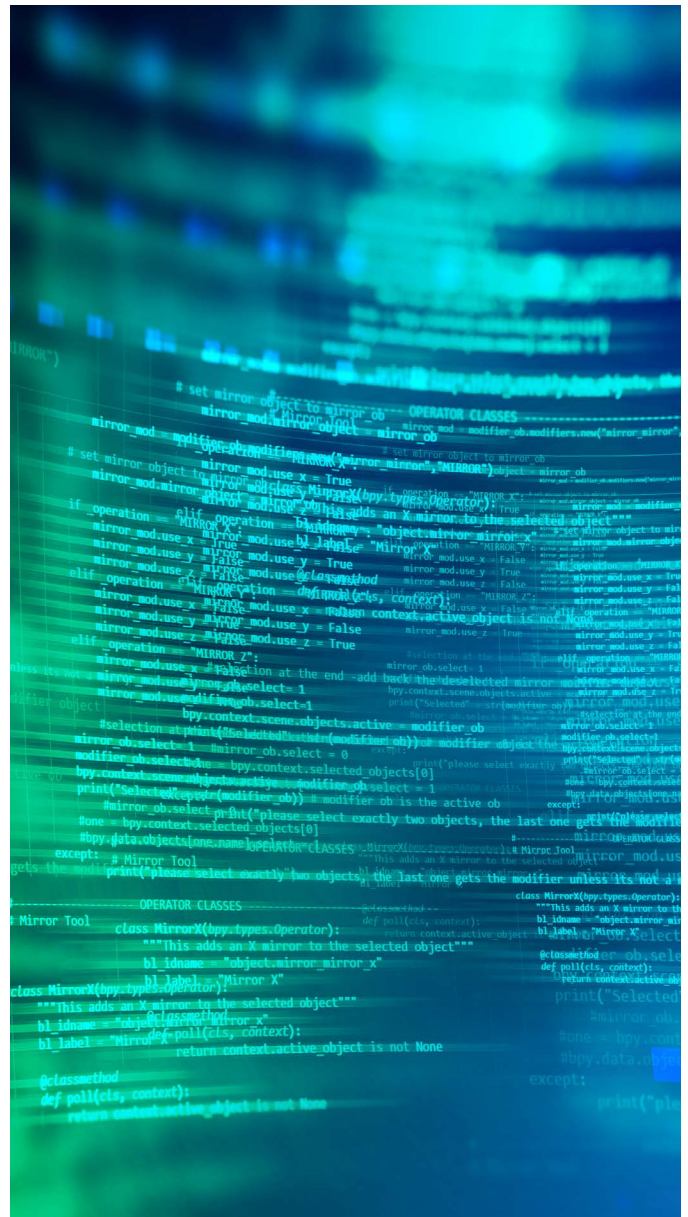
Step 1: Assess your organization's current tax environment

How are the teams, systems, and processes within your finance ecosystem interacting with one another? What in their environment is helping them flourish? What is impeding their growth? Assessing the current state of your organization's tax function is a critical first step in building a case for identifying opportunities to take advantage of available tax technologies, and ultimately, to build a case for a tax-inclusive financial transformation strategy.

At this stage, tax teams should not only define the need for a technology-enabled strategy, but also gain buy-in and support from leadership and other stakeholders on a tech-enabled roadmap that supports their tax function. Once that support is secured, tax teams should consider the following to position themselves for a thorough and insightful assessment:

01. Consider the bigger picture
.   Today, tax functions intersect with nearly every part of an organization's business operations and strategy. Whether or not you're undergoing an enterprise-wide transformation, you should take a bird's-eye view of current strategy and systems to identify these intersections. It's critical to consider all aspects of the tax function during this step, along with the policies and end-to-end processes that support it. By doing so, you can determine whether all requirements are addressed during a financial and/or business model transformation.
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02. Dive deeper into your tax function
.   Where are the integrations of your data needs and processes? Your tax teams should identify and document these, along

with gaps that exist in the end-to-end business process. By plotting this information against data types, technology needs, and process output, you can shed greater light on how your tax function can effectively plug into the larger finance and business environment.

03. Look at the makeup and output of your tax team
Tax functions balance humans with automation, and it's up to executives to support strategies such that both elements are being realized to their full potential for the benefit of the organization. An organization whose tax function is not properly digitized may be missing out on reaching the full potential of its talent. At the same time, the people who make up these teams are looking to reach their own potential and add more value to their organization.

For instance, a team whose work is focused primarily on collecting data and sharing it with tax authorities may incur higher operational costs. When tax data is not integrated into enterprise finance systems, it must be collected from disconnected sources. This requires tax specialists to manually validate those data sources when responding to queries from taxing authorities. When this becomes the primary focus of tax teams, companies must invest additional resources in the analysis of that data. Conversely, if the same team's processes are automated and tax data is integrated seamlessly into the larger finance systems, then those team members may have more time at their disposal to focus on developing innovative strategies that improve the tax function's efficiency and advance the business.

Step 2: Build your tax technology strategy

The development of a tax technology strategy allows companies to explore greater utilization of the people and technology that form the backbone of their tax departments. The role of Finance and IT departments should also be a consideration in the process of strategy development. Exploring Generative AI use cases in your tax transformation to enhance real-time data interaction for faster calculations and critical technical insights may be vital. This ensures that your organization's tax data and reporting needs—current and future—are being addressed by tax transformation.

Your tax technology strategy should include a transformation roadmap, which conforms to organizational needs, delivers recommendations, and defines change management and roadmap expectations. The roadmap should:

• Center around process automation enabled by Gen AI to meet data needs that set organizations up to effectively respond to the dynamic environment of regulatory compliance;

• Document technology recommendations and infrastructure-related solutions;

• Share opportunities for advancing and optimizing all the different facets of the tax function;

• Define a strategy for managing the operations, resources, and budgets for tax departments for enabling technology;

• Identify and solve for any gaps in end-to-end business processes; and

• Communicate the impact of the tax technology transformation on upstream processes.

Your roadmap should also serve as a guide for talent and resource enrichment. One of the most significant changes to the tax function in the last 10-15 years has to do with the overall skillset requirements of individual tax teams. What was once a team comprised mostly of finance and tax professionals has now evolved into a multidisciplinary unit which also includes people with STEM-focused backgrounds—technology and data analytics, for example—who are coming together with finance professionals to support the tax function.

This is one of the most impactful ways organizations can look to improve the overall efficiency of their financial ecosystems. Through this skillset diversification of tax teams, organizations can realize a talent pool that is less focused on manual processes and more focused on leveraging the available technologies to uncover leading-edge insights that deliver the most value to the organization.

Step 3: Execute and optimize

The implementation timeframe of a successful tax transformation strategy can vary greatly and is dependent upon several factors, such as the size, the technology footprint, and countries of operation. Deloitte Tax LLP has found that a multi-year timeframe is required for medium to large organizations undergoing end-to-end financial transformations. This timeframe is sufficient for the full implementation of the roadmap across all functional teams and geographies. During this time, organizations should look for support in guiding change management across the affected functions and teams, and executives should look for support in thinking through challenges and assessing talent availability within their tax teams.

When roadmaps are implemented efficiently, organizational leadership should realize a tax function that builds upon the strength of its people and tech to deliver more valuable, future-focused solutions. And when tax teams have implemented process automations, have put the right set of environment controls in place, and have seamlessly integrated their data requirements into the larger finance transformation, then individual team members may find that they have far more time at their disposal to complete analytical, insight-rich work with a higher return on investment, instead of simply collecting data and sharing it with tax and government authorities.

Further value should be seen in the degree to which your overall transformation is being realized because of the early integration of tax processes and requirements. Oftentimes, organizations may need to undergo a reengineering of processes simply to ensure that tax considerations are built into the process from beginning to end. A well-developed, well-executed roadmap can position such processes for proper integration into the larger financial system from the start.

Your full potential, delivered

In conclusion, the development of a solid tax technology strategy and supporting roadmap improves the work of tax teams in ways that affect every part of the process and the talent that supports them. Your transformational roadmap can deliver, among other things:

- More efficient data collection processes

- Improved collaboration between teams

- Increased focus on the future technological needs of the tax function

- More time focused on developing leading-edge strategies, insights, and solutions

- More faster and robust data analysis and knowledge-sharing

- Greater visibility to the work of tax—and a larger role in future transformations

Above all, a robust tax technology strategy can deliver confidence to lead your organization through the latest tax updates and requirements, build teams who are both productive and fulfilled, manage change and anticipate needs, and further elevate your position as a partner and stakeholder, delivering more value to your organization.

Learn more

Deloitte's team of tax technology experts is here to help you take a tailored approach to building your next tax technology roadmap. Discover how Deloitte's tax technology consulting services can work with you to design the future you want—and realize it.

Contacts
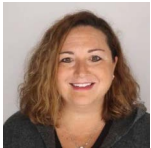
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