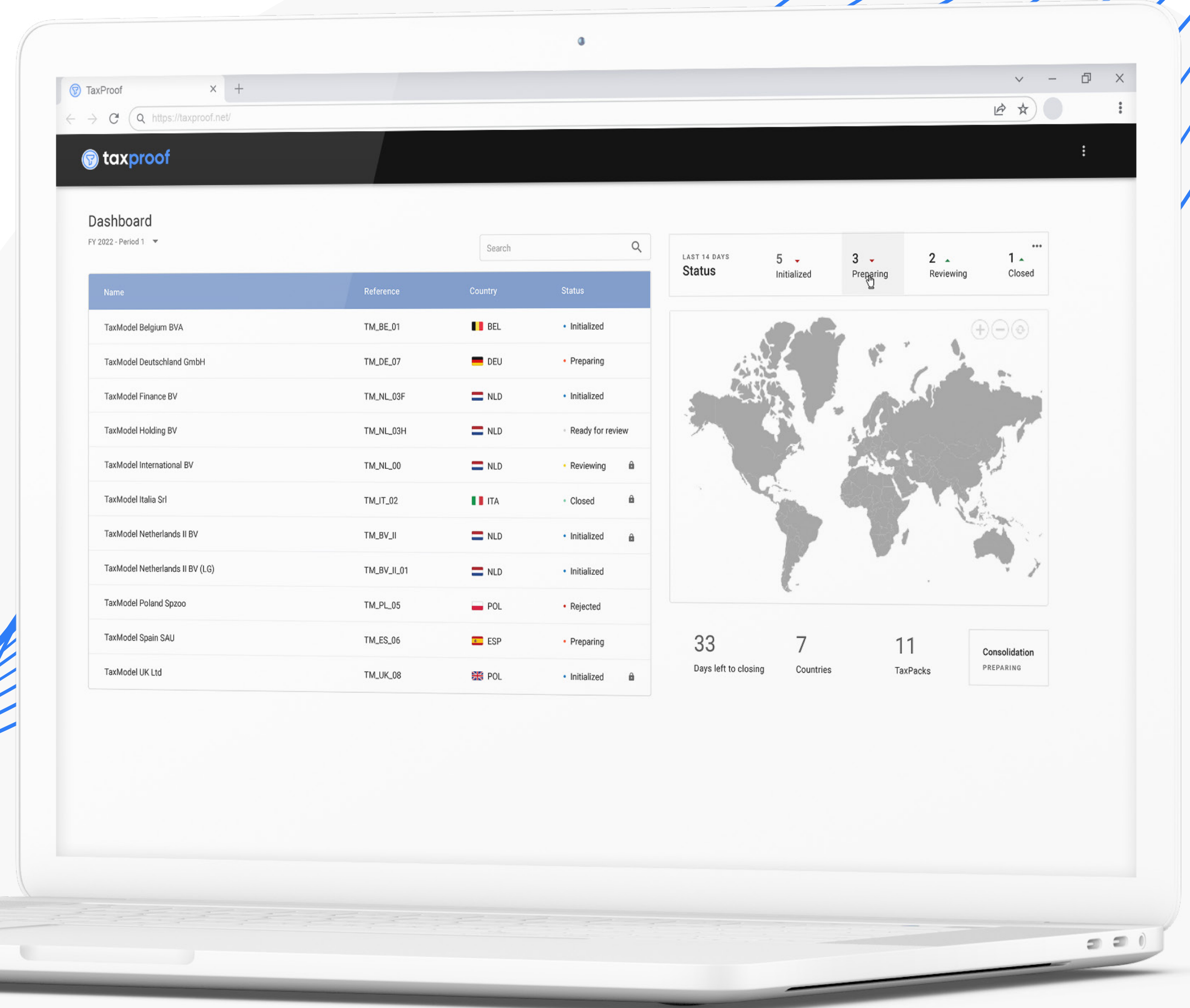


webinar

# How to solve the "pains" of the tax accounting process?



Presentation by

**TAXMODEL**  
A Tax Systems Company



# International tax compliance made easy and accessible!

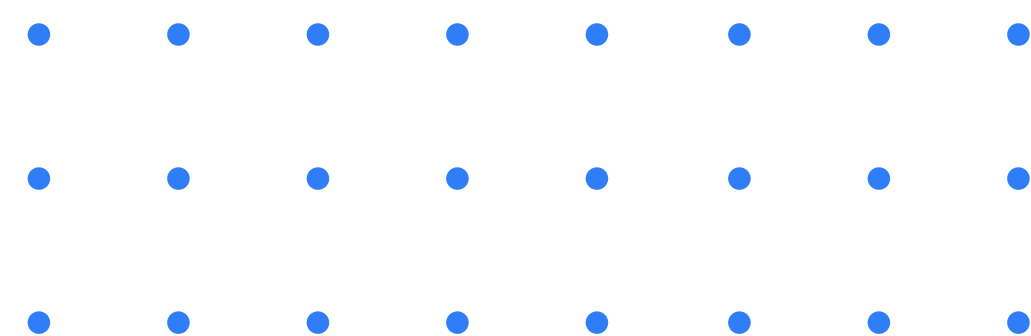
Tax software and services that make your international tax practices smarter – without compromise. Our tools simplify your tax workflows, so that you can take on whatever comes next.



**Hank Moonen**  
CEO/Founder TaxModel

# Agenda

- 1 Deep dive 1** | What are the typical “pains” and “needs” in the tax accounting process of an MNE?
- 2 Deep dive 2** | How do we respect the current tax accounting organization while improving the controls, speed, and quality?
- 3 Deep dive 3** | What makes sense to automate, semi-automate, outsource, and what not to?
- 4 Deep dive 4** | How TaxProof can assist in your journey to establish a solid tax accounting framework and prepare for Pillar 2

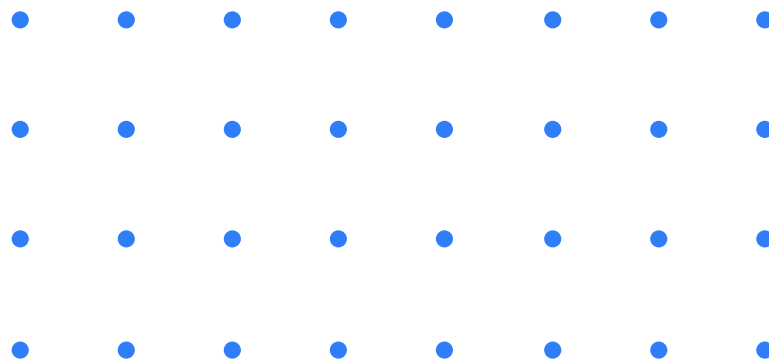


**“ The new international tax landscape forces multinationals to reorganise to get a better grip on their tax accounting processes in terms of people, process and systems ”**



# Deep Dive 1

# Pains vs. Needs



# Pains

Timing

Quality

Control

Ownership

Resources

# Needs

Efficiency

Organisation

Process

RACI

People & Systems





# Deep Dive 1: Pains Timing



# Where do constraints come from?

- Stricter financial reporting deadlines  
*(Year End, Bi-Annually, Quarterly)*
- Tax return deadlines  
*(Return to Provision)*
- Tax reporting last in line in the reporting process
- Last minute review requests from auditors  
*(Transfer Pricing, Distributions, UTPs, etc.)*
- Pillar 2 current tax impact analysis /  
accelerated CbCR analysis





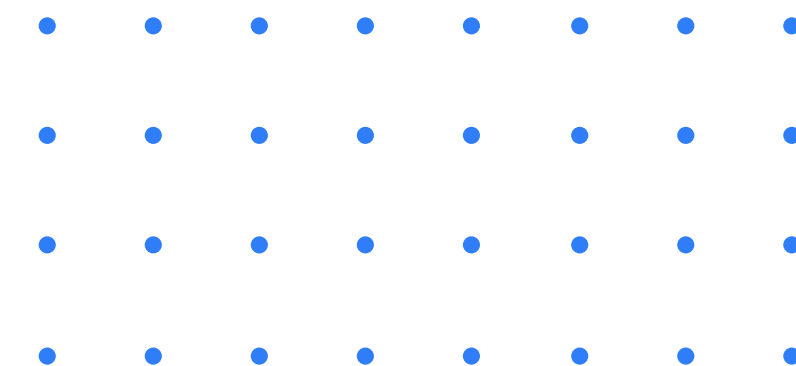
# Where is time lost?

- Manual financial and tax data collection
- Absent or poor tax reporting process
- Manual (and individual) build of (low quality) tax schedules
- Complexity / user unfriendly tax packs
- Manual tax consolidation
- Manual build disclosure notes
- Lack of audit trails / trouble understanding tax position



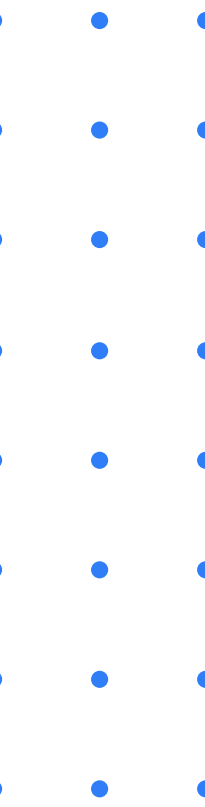


# Deep Dive 1: Pains Quality



# Where do we see the biggest quality issues?

- Inadequate internal controls and processes
- Absence of (compliant) tax packs or inadequate tax schedules
- Where tax departments are not involved in the tax accounting process
- Inadequate reconciliation of tax provisions
- Misunderstanding of tax base calculations
- DTA recognition errors
- Inaccurate valuation allowances
- Lack of documentation and support for judgments made
- Complexity in accounting for UTPs



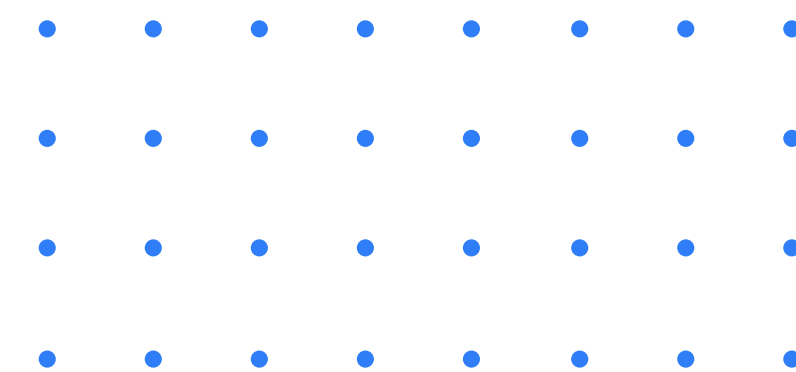
# Why do we see quality issues?

- Poor organization / process
- No dedicated resources and systems
- Responsible, accountable, consulted, and informed model not (clearly) defined
- Lack of training
- Lack of audit trails
- Organization does not recognize the importance of quality





# Deep Dive 1: Pains Control



# What are the symptoms of a lack of control?

- Lack of reconciliation between accounting and tax records
- Lack of adequate review processes
- Insufficient training or expertise in tax laws and accounting standards
- Poor data management and integrity
- Lack of sponsors, ownership, and effective communication
- Insufficient or outdated technology and systems



# What are the risks of a lack of control?

- Inefficiencies / delays
- Errors / mistakes
- Audit risks
- Increase in tax costs (e.g. top-up tax)
- Reputational damage





# Deep Dive 1: Pains Ownership



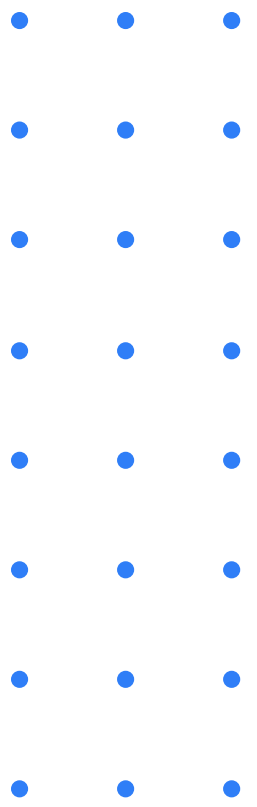
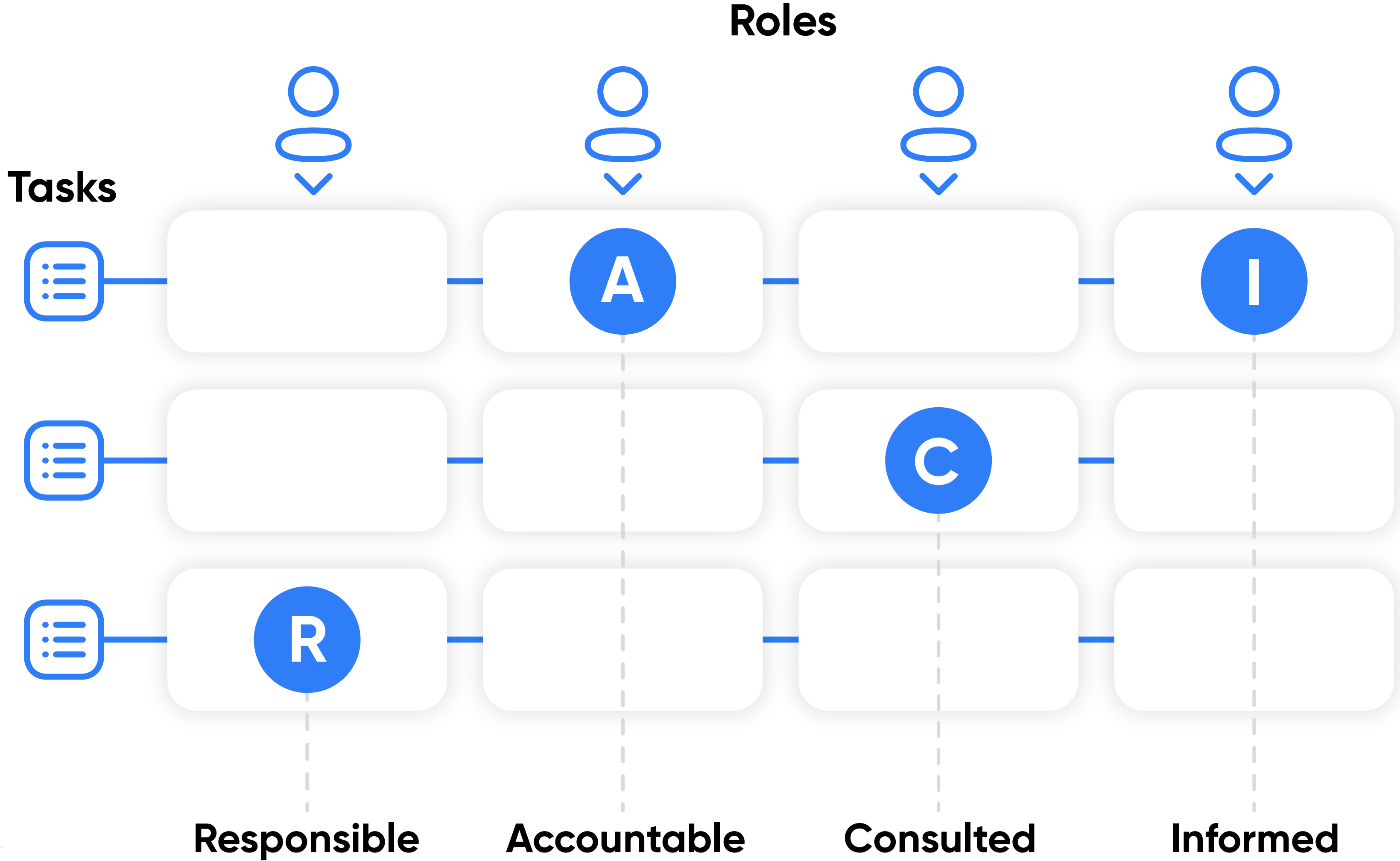


# Who are the actors in the tax accounting process?

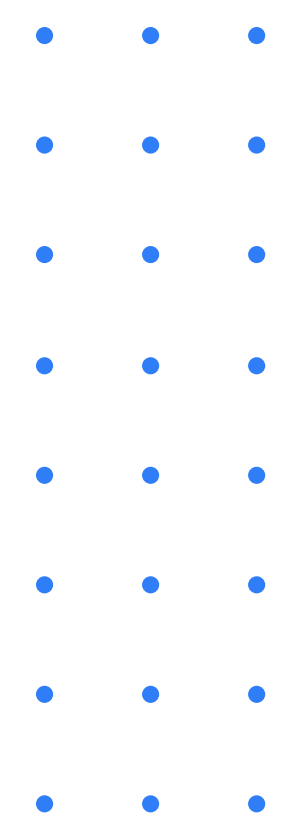
- CFO
- Head of reporting
- Group Accounting / HQ <-> Local
- Tax department
- Sub-contractors / advisors
- Auditors



# The RACI model



	CFO (Sponsor)	Head of Reporting	Consolidation Manager	Group Accounting (HQ)	Group Accounting (Local)	Tax Department	External Advisors	Auditors
Define Tax Strategy	A					R	C	I
Oversee Financial Reporting Process	A	R						I
Manage Consolidation Process		R	R	C	C			I
Prepare HQ Financial Statements		C	A	R				I
Coordinate Local Financial Reporting		C	C	A	R			I
Develop Tax Compliance Procedures						A	C	I
Prepare Tax Calculations and Returns				C	C	R	C	I
Advise on Tax Planning and Strategies						C	A	I
Audit Financial Statements		C	C	C	C	C		A
Handle External Tax Audits						A	R	I
Implement Tax Optimization Strategies	A					R	C	I
Monitor Changes in Tax Laws and Regulations				C	C	A	C	I
Ensure Compliance with Tax Laws	A			C	C	R	C	I
Liaise with Tax Authorities						A	R	I
Review and Approve Tax Filings	A	R		C	C	R	C	I
Provide Tax Reporting Training and Support		C	C	R	R	A	C	I



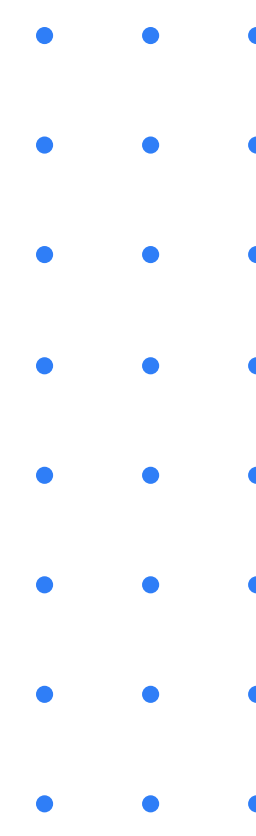


# Deep Dive 1: Pains Resources



# What are the typical constraints around people?

- Skill shortages
- Training and development
- Workload / peak season
- High turnover
- Succession planning



# What are typical constraints around systems?

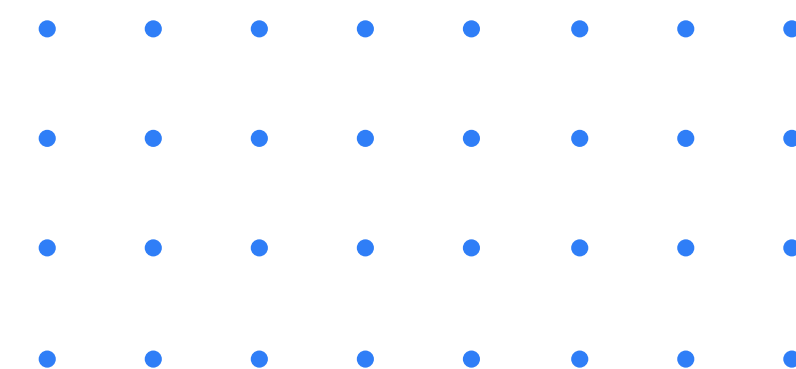
- Budget limitations
- Technological infrastructure is absent or outdated
- Most activities around data collection, assessment, and reporting are manual
- Complexity of tools for preparers
- Time to implement / change management



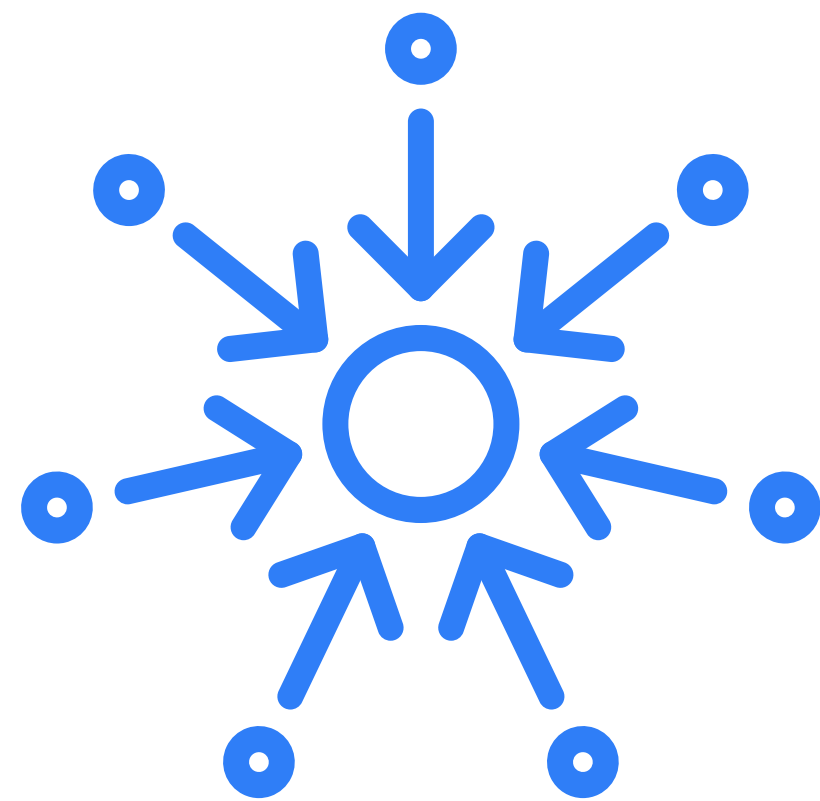


Tax Reporting | Deep Dive 2:

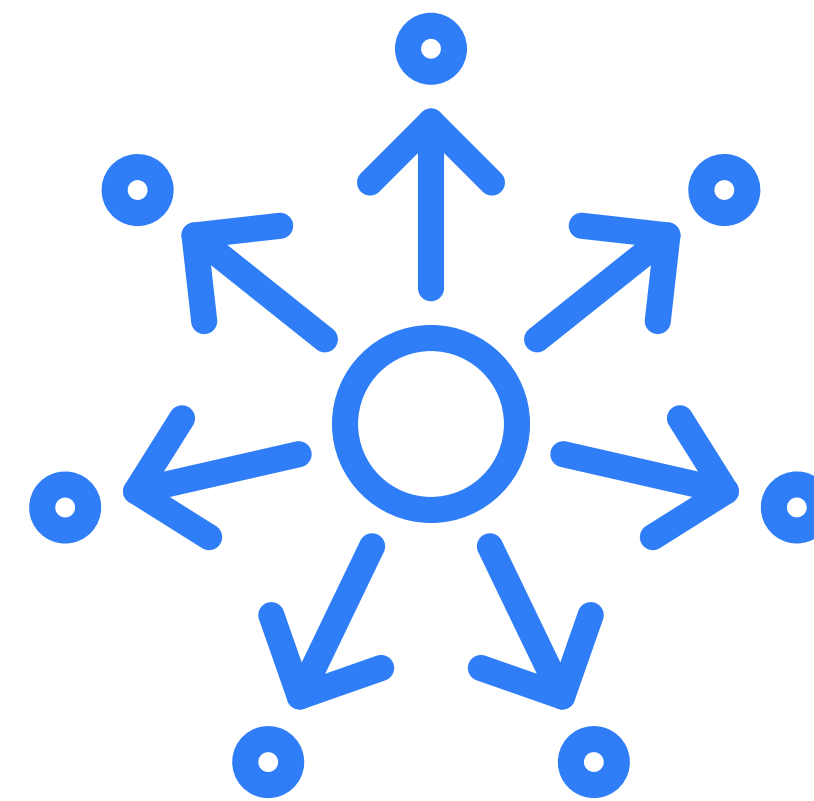
# Elevate your current tax accounting process



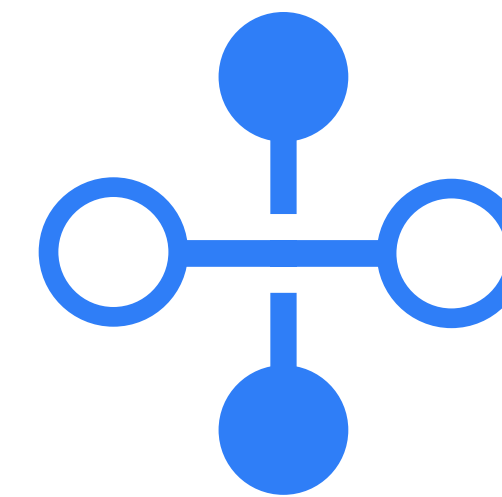
# Types of tax accounting organisations



Centralized



Decentralized



Hybrid

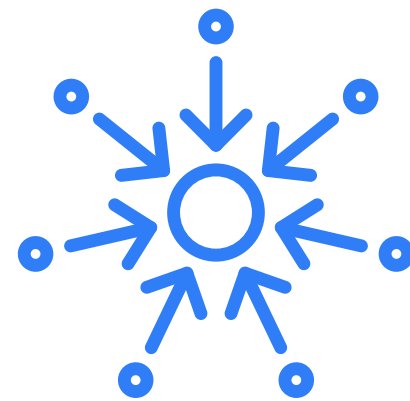




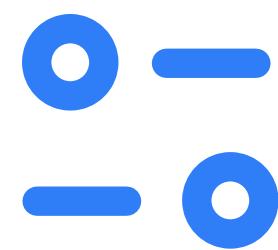
# All tax accounting organisations....

- Align with existing reporting structure
- Work with existing people resources
- Improve controls
- Improve speed
- Improve quality



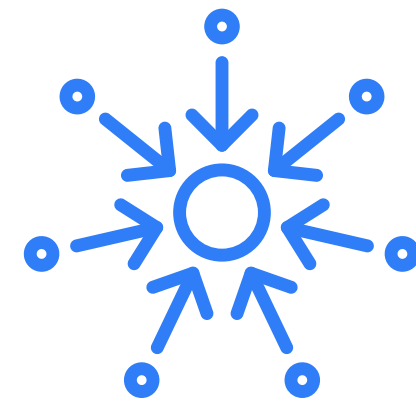


# Centralised tax accounting organisations

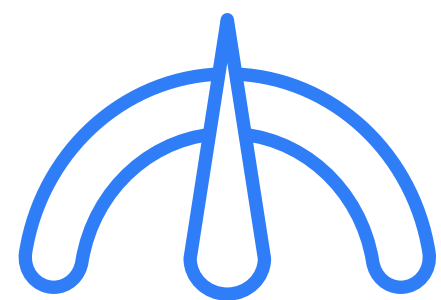


## Improve controls

- Automate identification and translate P&L and B/S tax sensitive items

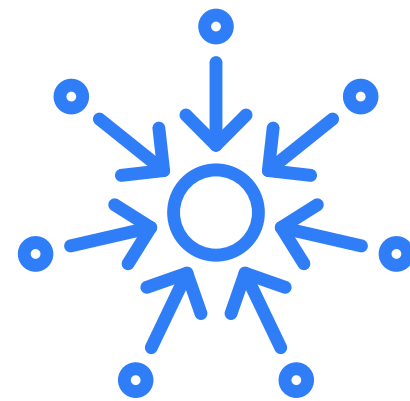


# Centralised tax accounting organisations



## Improve Speed

- Automate permanent and temporary difference mapping
- Possibility for Trial Balance uploads and automatic mapping
- Possibility for bulk import tax data

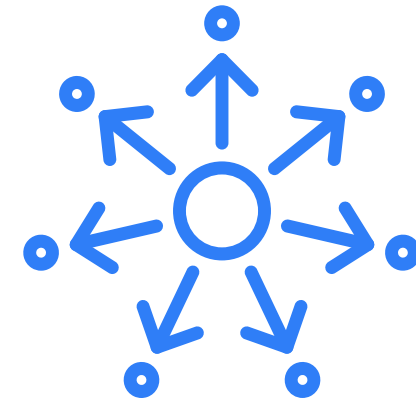


# Centralised tax accounting organisations

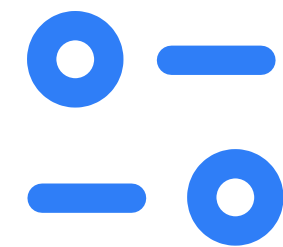


## Improve Quality

- Automate insights / oversights in reconciliations
- Automate RtP
- Automate tax consolidation

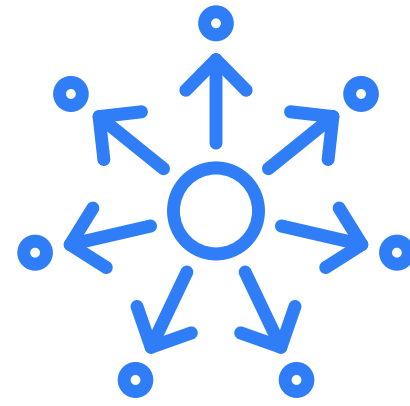


# Decentralised tax accounting organisations

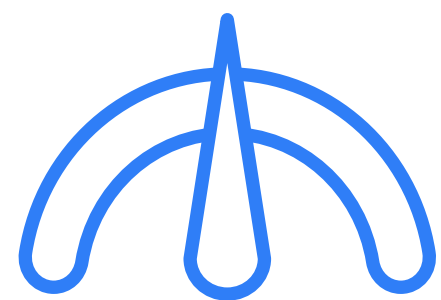


## Improve controls

- Automate identification and translate P&L and B/S tax sensitive items
- Allow HQ / tax department to **view** status and progress tax reporting performed locally
- **Enforce audit trails**

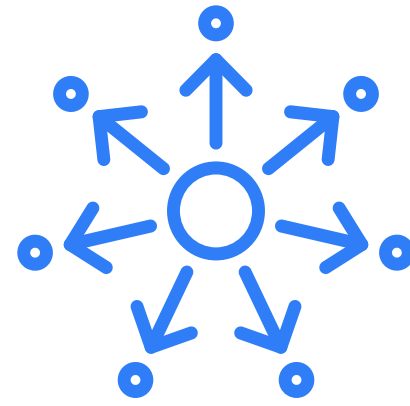


# Decentralised tax accounting organisations



## Improve Speed

- Automate permanent and temporary difference mapping
- Possibility for Trial Balance uploads and automatic mapping
- Automate tax consolidation

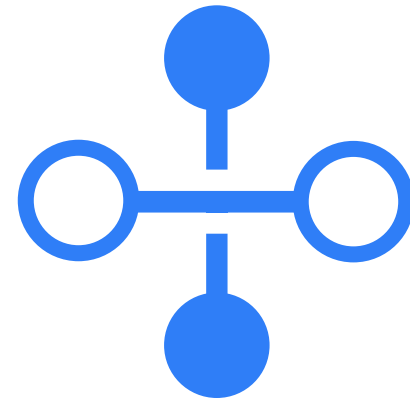


# Decentralised tax accounting organisations

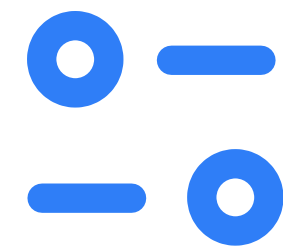


## Improve Quality

- Enforce consistency
- Bring knowledge
- Automated insights / oversights in status, owners, reconciliations
- Enforce audit trails



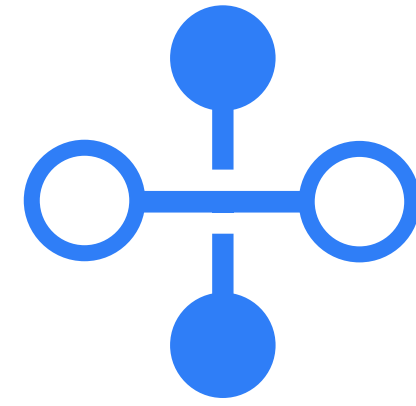
# Hybrid tax accounting organisations



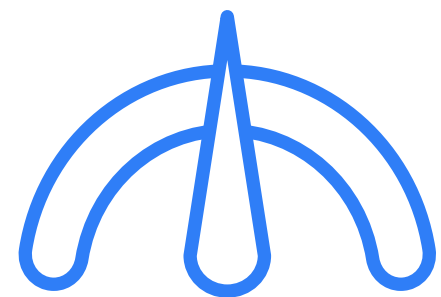
## Improve controls

- **Get rid of error prone and complex Excels**
  - Automate identification and translate P&L and B/S tax sensitive items
  - HQ / tax department can **monitor status and manage** progress tax reporting performed locally
  - Enforce audit trails



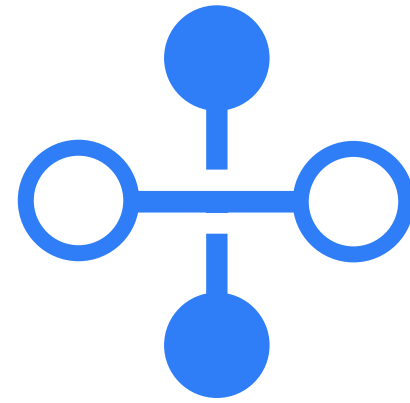


# Hybrid tax accounting organisations



**Improve  
Speed**

- **Get rid of manual Excels**
  - Automate permanent and temporary difference mapping
  - Possibility for Trial Balance uploads and automatic mapping
  - Automate tax consolidation



# Hybrid tax accounting organisations



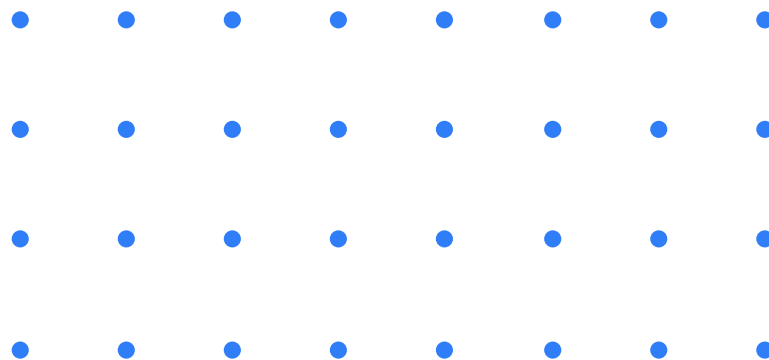
## Improve Quality

- **Get rid of error prone, complex, and legacy Excels**
  - Enforce consistency
  - Automated insights / oversights in status, owners, reconciliations
  - Enforce audit trails

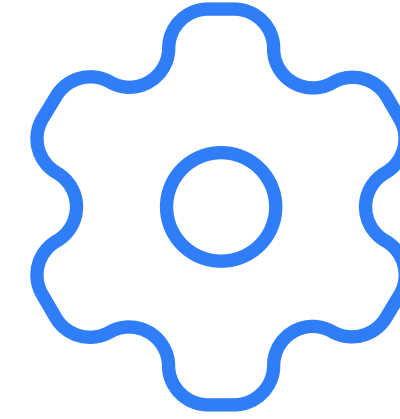


Tax Reporting | Deep Dive 3:

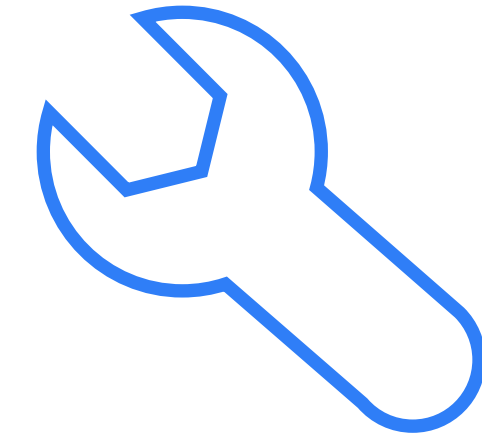
# Insourcing vs Outsourcing



# What makes sense to (semi-)automate, outsource, and what not to?



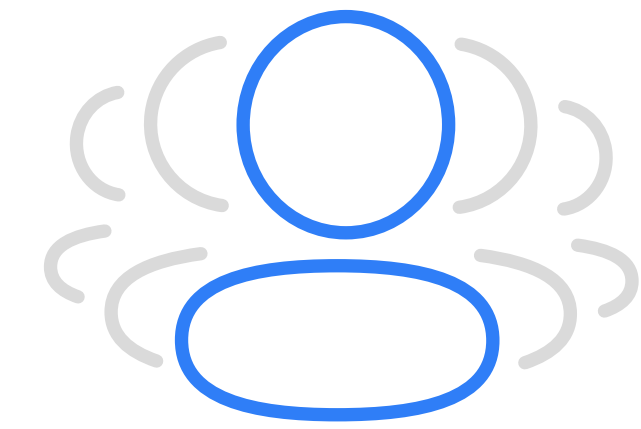
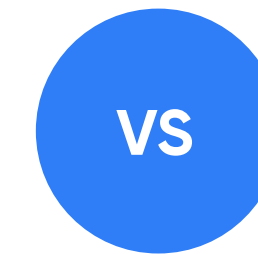
Automation



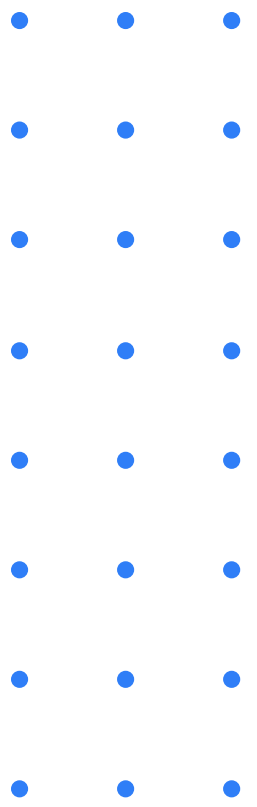
Manual



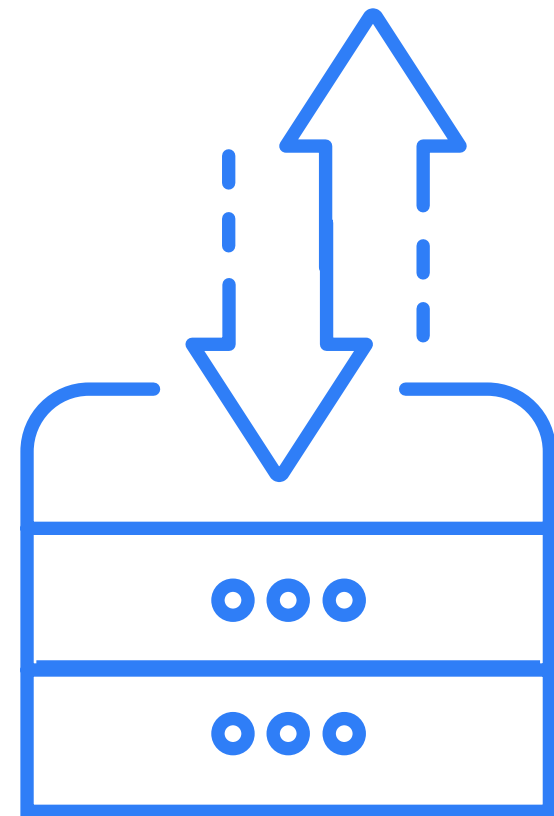
Outsourcing



Insourcing



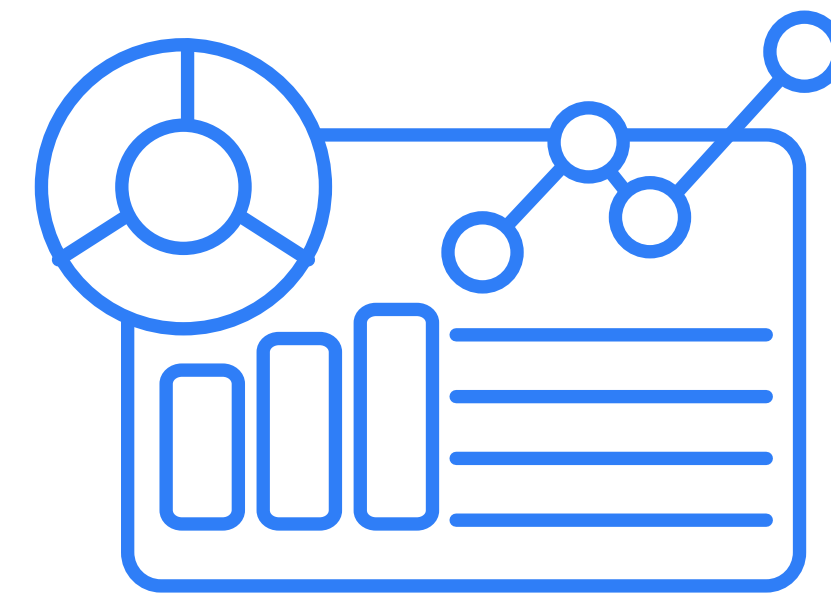
# Automation or Manual?



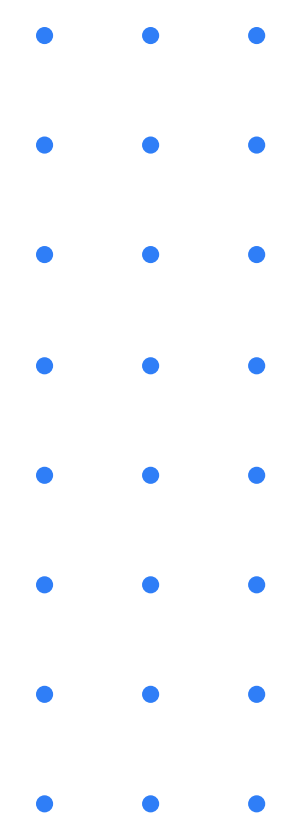
**Data Collection**



**Data Assessment**



**Data Reporting**



# Tax Reporting | Deep Dive 3:

## Data collection



### Financial Data Import

#### Trial Balances

- Consolidated financials (e.g. IFRS)
- Local GAAP -> only if bridge accounts exist with consolidated financials

### Tax Data Import

#### Centralised tax accounting organisation

- Centralised knowledge of book-tax differences -> bulk import

# Tax Reporting | Deep Dive 3:

## Data assessment



### Financial data

- Data mapping tax sensitive TB accounts using AI
- Relevant tax accounts in general ledger -> financial check

### User Data

- Change Log

### Tax data

- Return to provision
  - Domestic tax software (e.g. Alphatax)
  - Global tax return outsourcing (e.g. Big 4, Mid 4)
- Access to tax (accounting) knowledge
- Audit trail
- Automated full tax calculation in line with local tax laws is not possible (yet) although future versions of AI may change this

# Tax Reporting| Deep Dive 3: Data re- / exporting

## Financial data

- Notes to the consolidated financial statements
- Reporting tax packs and consolidation to auditors

## Tax data

- Tax packs
- Tax consolidation
- Tax status reporting
- Pillar 2 relevant data
- Data analytics





# Tax Reporting | Deep Dive 3:

## Semi automate or Fully automate



**Pros:**

### Excel as interface

1. Costs
2. Time to implement
3. Flexibility
4. Accessibility



**Pros:**

### API

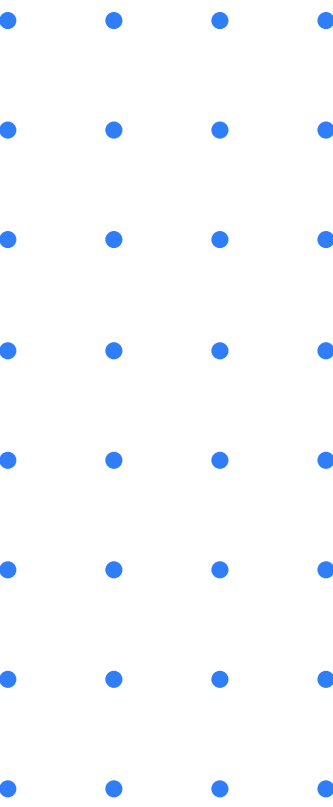
1. Error reduction
2. Real time data access
3. Integration depth
4. Reliability

Tax Reporting | Deep Dive 3:

# Outsourcing vs. Insourcing Considerations

**Clear understanding of  
the company's specific  
needs and challenges**

- Efficiency / costs
- Quality and controls
- Financial exposure (e.g. Pillar 2)
- Resources (people and/or systems)





## Tax Reporting | Deep Dive 3: Outsourcing vs. Insourcing Considerations



**Careful evaluation of potential outsourcing partners vs. in-house team capabilities**

- Extension of your in-house team
- Bringing expertise
- Efficiency
- Strategic value
- Level of automation / standardization

Tax Reporting | Deep Dive 3:  
**Outsourcing vs. Insourcing**  
**Considerations**



**Management and integration outsourced  
services with in-house activity**



## Tax Reporting | Deep Dive 4:

# How TaxProof can assist in your journey to establish a solid tax accounting framework





Demo

Dashboard  
FY 2022 - Period 1

Search

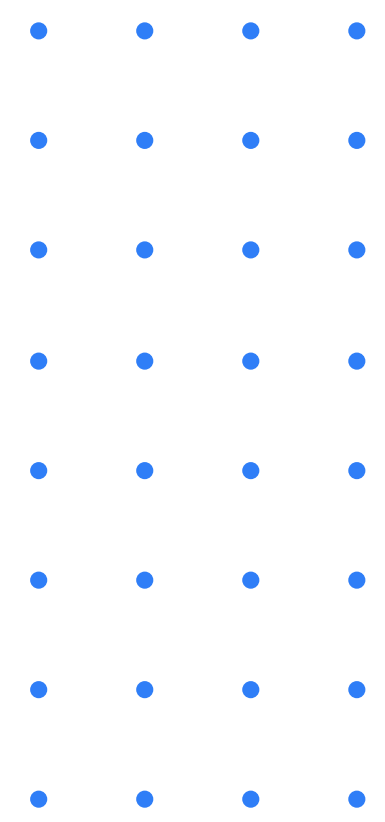
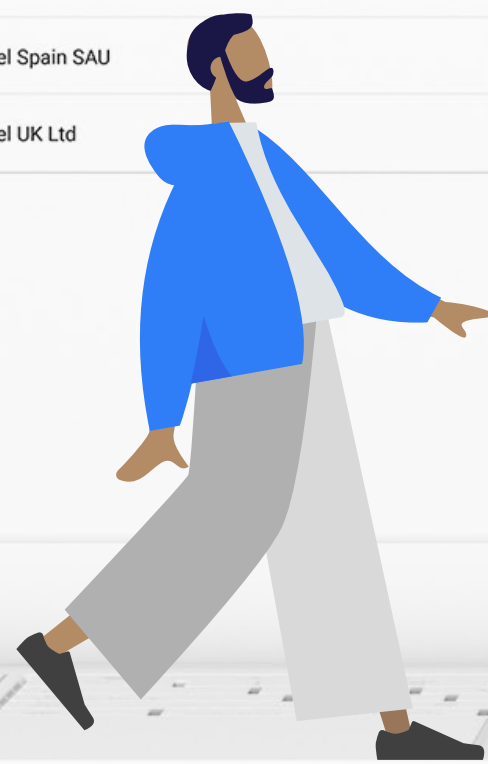
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TaxModel Belgium BVA	TM_BE_01	BEL	Initialized
TaxModel Deutschland GmbH	TM_DE_07	DEU	Preparing
TaxModel Finance BV	TM_NL_03F	NLD	Initialized
TaxModel Holding BV	TM_NL_03H	NLD	Ready for review
TaxModel International BV	TM_NL_00	NLD	Reviewing
TaxModel Italia Srl	TM_IT_02	ITA	Closed
TaxModel Netherlands II BV	TM_BV_II	NLD	Initialized
TaxModel Netherlands II BV (LG)	TM_BV_JL_01	NLD	Initialized
TaxModel Poland Spzoo	TM_PL_05	POL	Rejected
TaxModel Spain SAU	TM_ES_06	ESP	Preparing
TaxModel UK Ltd	TM_UK_08	POL	Initialized

LAST 14 DAYS  
Status

5 Initialized 3 Preparing 2 Reviewing 1 Closed

33 Days left to closing 7 Countries 11 TaxPacks

Consolidation PREPARING





# "How will you solve the "pains" of your tax accounting process?"

Start your TaxProof trial today!



## Questions & Answers

Drop your questions in the comment box

