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the highest stages of development with fully integrated, enterprise-wide automation ...

Jul. 21, 2022

Consistent with findings from the past two annual "State of the Corporate Tax Department" surveys by the Thomson Reuters Institute, tax reform remains the top strategic challenge in 2022, with a particular focus on government legislative activity across the board. Although there is a clear need, departments report feeling even less prepared technologically to deal with coming regulatory changes than they did last

- Improving departmental effectiveness (especially for specific tax workstreams and integration challenges);
- Risk safeguarding (e.g., keeping up with tax reform and regulatory changes); and
- Developing talent (finding, recruiting, training, mentoring, succession planning)

"Technology is at the heart of almost every change driver in the corporate tax space," said Sunil Pandita, President of Corporates for Thomson Reuters. "As corporate tax departments face an increasingly complex business and regulatory environment, they are pulled in several directions at once – from collecting and analyzing data across the enterprise to conducting wider-ranging risk assessments and participating in business planning. At the same time, there is pressure to deliver tax data faster and more accurately. The stakes have never been higher than they are now, and, as a result, departments are being forced to do more, with less."

Unlocking Efficiencies Through Technology Capabilities, Automation

Although technology has an increasingly important role in the global tax space, many respondents cited challenges with their organizations' technology capabilities: almost two-thirds (64%) of respondents self-identified the level of their department's technological sophistication as "chaotic" or "reactive," whereas last year, just slightly over half (53%) categorized themselves this way.

Furthermore, fewer companies this year rated themselves as either "optimized" or "predictive," the highest stages of development with fully integrated, enterprise-wide automation of workflows and reporting to allow for proactive risk management and participation in strategic decision-making. Last year, 10% rated themselves as "optimized," whereas only 5% did so this year, and "predictive" companies went from 8% to 7%.

In addition, over six in ten (64%) of survey respondents said the biggest obstacle

spend more than 10% of their tax department budget on technology tend to spend less on their overall tax budget. Falling behind the curve technologically means falling behind in other crucial areas that advance broader business strategy and contribute to an organization's bottom line."

Developing Talent, Filling Skills Gaps

The survey findings also demonstrate that investments in recruiting, retaining, and skilling the current – as well as the future – tax workforce should be top of mind for corporations.

Respondents indicated that factors like feeling under-appreciated, lack of career progression, unhappiness with the company culture, compensation, and a general lack of investment in the tax department itself can make them consider leaving the company. More than half (55%) of respondents said finding the time for professional improvement was their primary challenge, followed by lack of corporate training (21%). More specifically, for under-resourced companies, nearly three-quarters (72%) of respondents said time constraints prevented them from improving their professional skills.

"Departments must meet their talent – and potential talent – where they're at," said Pandita. "People and their expertise are tax functions' greatest assets. From investing in leadership and people management trainings to facilitating opportunities for networking, organizations can stand to benefit from setting aside resources that strengthen skillsets integral for the tax function."

Taxes