# HOW CORPORATE TAX DEPARTMENTS CREATE CAPACITY TO FOCUS RESOURCES ON COMPANY STRATEGY

**◆XCM**®

## It's an all-too-common problem for a corporate tax department: The status update.

What if the Vice President (VP) of Tax for a company needed to find out how a project was progressing? The VP might email a Tax Director asking for an update; the Tax Director may contact three other people during the process. Let's assume each of these people can't immediately track down information and report on their piece of the project because they are tied up with other meetings or tasks. By the time everyone reports their progress status, a simple status update can take three days to come together. Sound familiar?

For Tax Managers and VPs of Tax, sometimes the most basic questions are the most difficult to answer: Where do we stand on this? What are we missing? Where are we falling behind?

These are seemingly simple questions that are often not easy to answer. But the answers should be readily available, and available in real time.

**Not knowing has real costs:**

- **Time lost for staff and management in status meetings, emailing, and tracking down the people who do know.**

- **Financial penalties for missing filing deadlines.**

- **Audit questions raised.**

- **Filing errors and employee turnover when business process / workflow is poorly managed.**

- **Mistakes that can lead to job insecurity for everyone in the tax department, including the department head.**

- **And missed opportunities for applying tax department resources to strategic planning.**

But with the right tools and technology, corporate tax leaders can avoid the costs of not knowing. Business process solutions or workflow technologies can provide 360° visibility to work in progress across every project in the tax department. With the right business process solutions, tax leaders can also plan better, assigning and managing tasks according to the skill sets and time availability of individual workers.

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XCM® workflow solutions provide Tax Managers and VPs of Tax with the ability to identify key performance indicators to measure against previous years. Data analytics also provide insights into workflows for tax calculations, payments, and compliance filings. And, these solutions ultimately enable corporate tax departments to focus on their most valuable planning and strategic functions.

# 10,000 SALES TAX JURISDICTIONS IS JUST THE BEGINNING

Tax Managers and VPs of Tax deal with a degree of complexity that is rarely understood outside of corporate tax departments.

For example, there are 10,000 sales tax jurisdictions in the U.S. alone, plus income, VAT, transfer and property taxes levied by state, local, federal and international tax jurisdictions. When you factor in tax provisioning duties, responding to tax notices and audit inquiries from taxing authorities, along with individual and consolidated filings for the company and related entities; the complexity of work for tax departments becomes exponentially immense.

It isn't unusual for a corporate tax department to pull data from upwards of 100 data sources, including point applications, transactions data, Excel spreadsheets, and other disparate systems; from entities within the company, from departments and units outside of the tax group, and directly from individuals.

Collecting the data and preparing taxes, plus the related calculation and analysis, requires thousands of parallel processes to be managed simultaneously.

A corporate Tax Manager or VP of Tax also must maintain work relationships with outside departments and manage integrated processes, such as those between tax accounting and tax compliance. They have to stay on top of filing deadlines, along with internal deadlines to keep those filings on track, which means keeping track of every piece of a consolidation roll-up and every tax notice and its status.

Managing risk is another key part of the job for Tax Managers and VPs of Tax. Those risks come from:

- **Missed filing deadlines**

- **Inaccuracies**

- **Penalties and fines**

- **Employee turnover**

- **Time spent on correcting errors or catching up on missed filings**

Strategic planning may be one of the most valuable contributions the Tax Manager and VP of Tax can provide to a company. But with many tax departments, there isn't time to take a more strategic role because the managers are caught in the loop of juggling compliance-related activities and the day-to-day workload.

How can tax leaders become more efficient with the day-to-day work so they can take a more strategic role in their companies' businesses? They need a system that allows them to break free from the busy-ness of day-to-day work, and they need to identify technology that frees their time and enables data-driven strategies. When they can capture the data they need and apply the tools they need to analyze that data, then they can take action based on the analytics.

# THE RIGHT SOLUTION MAKES ALL THE DIFFERENCE

For a corporate tax department, the right workflow solution can provide real-time transparency into the business process for every filing, project, or other deliverable. A workflow solution with metrics and analytics shows what needs to be done, what has been done, who is doing what and what other issues need to be addressed. It helps leaders proactively eliminate bottlenecks to complete work that drives revenue and reduces risk. Predictive data analytics help track key performance indicators (KPIs) for optimally managing a tax function in the modern environment.

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A business process solution can also provide valuable data the Tax Manager or VP of Tax can use to inform their strategic planning. Real-time data measurements from workflow and process tracking systems help manage the critical components of people, process and technology to provide greater insights for decision-making. With XCM, those analytics include dashboard views that show, in real time, where projects stand and how the tax department is performing relative to prior years, based on a range of key performance indicators established by department's managers. Managers can anticipate bottlenecks and

reallocate resources based or assignments to avoid bottlenecks. The XCM platform can also provide visibility into the tasks and deliverables required to successfully complete tax work, such as total tax liability calculations, year-to-date and estimated tax payments, overpayments, and progress on all compliance work by tax function, entity, and jurisdiction.

To bring it full circle, Tax Managers and VPs of Tax can have access to status updates at their fingertips, without asking staff to drop what they're doing to track down the information. They can see thousands of parallel work processes in real time: every roll-up, every notice, every filing, and every integrated process. They can lower risk for the department, avoiding late filings and minimizing inaccuracies by ensuring that the right resources are in place to handle the tax workflows. They can plan for workflows better, based on whatever KPIs they decide to create, in addition to making in-the-moment adjustments.

# YOUR TAX DEPARTMENT AS A WELL-OILED MACHINE

Imagine a tax department where leaders are not consumed with tardy status updates from their staff, worrying about missed deadlines, or losing sleep over what they've missed. Imagine a tax department with workflow and productivity enablement in place. Perhaps the single most important benefit that a workflow solution combined with analytics can provide is time.

As compliance and other day-to-day tax work processes become more efficient, Tax Managers and VPs of Tax have more time to adapt to changing priorities. They can devote more attention to forward-looking strategic work because they're spending less time on managing day-to-day activity.

Tax department systems produce a "digital exhaust" of real-time structured data that can help department heads identify both short- and long-term issues with their resources and processes. They can combine workflow system data with other performance measures and financial results to help increase overall productivity, optimize efficiencies and elevate overall employee effectiveness. They can also mine the data to identify gaps in performance and to plan process improvements.

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When the tax department can focus more resources on corporate tax planning, it becomes more valuable to the company. Tax staff can spend more time on minimizing tax liabilities by analyzing capital gains options; income and assets; purchase, sale and merger agreement options; accounting methods; business loans; manufacturing deductions; real estate acquisition and disposition options; business asset sales; current entity structures and intercompany transactions; tax deferral strategies; federal and state tax credit plans; and other means of structuring business operations.

Measuring performance leads to improving performance. XCM frees VPs of Tax and Tax Managers and their staff from manual, day-to-day work--manually walking a project across the office; manually pulling data from multiple sources into spreadsheets; manually calling or emailing to get status reports—and lets them embrace a more valuable strategic role.

To request a complimentary consultation detailing how
XCM can help expand your capacity and increase productivity,
call **781.356.5152** or visit **xcmsolutions.com** today.