

The changing face of tax

Research shows tax and business leaders from across the globe are all grappling with similar challenges amid the heavy impact of the Covid-19 crisis on worldwide economic activity.



[123rf.com](https://www.123rf.com)

BDO polled 256 tax and finance leaders from more than 50 countries across Europe, the Middle East and Africa (EMEA), the Americas and the Asia-Pacific region. The results are released in the first Global Tax Outlook report, and the findings explored further in the [Global Tax Outlook hub](#).

The impact of these does vary as does the organisation response, whether this be by region, or the size or type of business. However, there are essentially five common findings:

1. Organisations anticipate continued change in the global tax landscape with a high degree of uncertainty. Sixty-eight percent rank keeping up with new tax legislation and regulation as a leading priority.
2. Staying compliant, managing the cost of increasingly complex and developing tax compliance requirements, as well as adjusting to tax reforms and new regulations dominate the tax agenda and increasingly the board's time. For 60% compliance is a leading issue, and 40% say their board or executive are spending more time on compliance and planning.
3. The tax function is evolving to become more integrated with the business and closer to the heart of the strategic decision making of the business. Forty percent say they have changed their approach to tax governance and tax risk management in response to tax authorities, while 43% expect this to be fully integrated in their organisation in the next two years and an additional 36% to be managing tax risk proactively but not yet fully embedded in the business.
4. Total tax liability, an understanding of and visibility into the sum of all the taxes a business owes at any point in time, is an increasingly familiar concept that boards are engaging with.
5. Tax technology is a key component of managing compliance more effectively and delivering value. Not necessarily via major infrastructure bets, but often smaller outlay, point solutions – to meet specific objectives, as part of an overall Tax Technology strategy. Twenty percent have a documented tax technology strategy today, and a further 27% have considered this, but not yet done so.

"Tax has been one of the most important mechanisms that governments have used to support businesses and people throughout the Covid-19 pandemic. Businesses are realising how tax plays an important role in the cash flows of their business – a vital component of business decision-making. This puts tax right in the heart of the boardroom, which is where it needs to be.

"Our research backs this up. Across the globe, tax leaders and the function of tax are becoming better integrated with the business. We see the function of tax becoming a true business partner. However, the challenges facing tax leaders remain.

"In the Global Tax Outlook 2020 research we find that tax leaders and the function of tax are responding to these challenges – managing the costs and risks of compliance while adding greater value to the business, evolving the focus of their activity. The research finds a greater focus on some fundamentals: tax risk management, tax governance and tax assurance, process and workflow improvement and the adoption of tax technology. The world of tax is changing," says Robert Aziz, BDO's global head of tax.

For more, visit: <https://www.bizcommunity.com>