

A nighttime photograph of a city street with tall skyscrapers. The buildings are illuminated with blue and white lights, and their windows are lit up. In the foreground, there are blurred light trails from cars, suggesting motion. The overall scene is vibrant and modern.

2022 TAX INNOVATION

WEBINAR
SERIES

YEAR-END READINESS: A GLOBAL APPROACH

November 15, 2022

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ACT
The Tax Technology Association

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Agenda for Today



Introductions



Preparedness in the Modern, Global Tax Department



Tax Platform Readiness



Powering the Compliance Season with Provision Data



Enhanced Reporting & Analytics



Questions?

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Preparedness in the Modern, Global Tax Department



Considerations for a Streamlined Close

CLEAN, TAX-READY DATA

- ▶ Awareness of available data is the first hurdle to elevating the tax reporting function. Once aware, tax is required to take inferior or incomplete data and fill in the gaps or cleanse the data for their own use in the financial close process. Due to the granular nature of this data, tax carries the burden of and can no longer ignore the need to deploy ETL tools for pre-processing. Accelerating the processing, review and testing of data pre-close (e.g., an 11-month hard close) to glean a full picture of the tax “story” by country is key.

POLICIES, PROCEDURES & REAL-TIME EVIDENCE (PROCESS)

- ▶ Do you have your entire annual close process documented? Consider creating policies & procedure manuals for posterity purposes to manage key man risks and keep up to date with changes in technology.
- ▶ Focus on taking a risk-based approach, one size does not fit all during the provision close process - consider materiality and automating the least material entities 100%.
- ▶ Build audit-ready documentation throughout with enhanced reporting to avoid rework.

Considerations for a Streamlined Close

LEVERAGING / FINE-TUNING TAX SOLUTIONS (TECHNOLOGY)

- ▶ It's month 11, whatever tech is in place is what will get you through this year-end close but consider discussing new tools for next year NOW.
- ▶ Run year-to-date data through your systems asap to catch new accounts, de-bug system issues, etc. Address new users and new entities for business reorganizations that may have occurred throughout the year. Import purchase accounting and RTP impacts now, not during your close cycle. Develop simple data cleansing workflows as time permits - test.

COORDINATION, COMMUNICATION & TRAINING (PEOPLE)

- ▶ Wherever the tax inputters are located (in the U.S., in the UK or throughout the world), it is easy even in today's tech enabled world to "lose touch", especially when annual close deadlines require lock-step communication over the course of mere days whilst thousands of data points are running through multiple processes concurrently. Frequent pre-scheduled daily huddles, use of Microsoft SharePoint sites or TEAMS chat applications and a prepared RACI matrix can help alleviate breakdowns in communication. Advanced technology and process training for practical YE procedures is critical.

Data

Data, and the processes around data, provide the foundation for building tax department efficiencies and determining what level of effort is required to transform data into useful information which can be reported upon is key.

► Design, Mapping, Transformation and Memorialization:

- Source Data
- ERP Design for Tax
- Tax-ready Data (Inputs)
- Deliverables (Outputs)
- Data Management
- Access Rights
- Version Control
- Naming Convention
- Archiving/Rollover



How “Clean” is My Data?



Partner with finance / accounting to understand unique transactions which occurred during the year across all your jurisdictions,
Non-GAAP items



Have there been structural changes in your ERP?
Tax must mirror



If not clean: automate manual manipulations tax is performing
[“pre-processing”]

Expectations Gulf

PROACTIVE, SAVINGS

- ▶ Tax Returns
- ▶ Tax Accounting
- ▶ UTP Management
- ▶ SOX & Risk Mitigation
- ▶ Controversy
- ▶ Scenario Planning
- ▶ Transfer Pricing & CbCr
- ▶ Cash Tax Planning / Mgmt
- ▶ Scour transactions for additional deductions
- ▶ Data Analytics and Real-time compliance tracking
- ▶ Interpretation of complex legislation - ESG, Pillar II, etc.

REACTIVE, COMPLIANCE

- ▶ Reformat trial balance data
- ▶ Reconcile Fixed Asset data to the G/L
- ▶ Reconcile GAAP differences
- ▶ Reconcile State Apportionment data
- ▶ SOX memos & doc
- ▶ Respond to external auditor requests
- ▶ Process tax payments
- ▶ Reconcile tax accounts
- ▶ Manually collect global cash tax data

What the C-suite believes you do

EXPECTATIONS CONTINUUM

What you spend time doing

Technology and Automation Impact

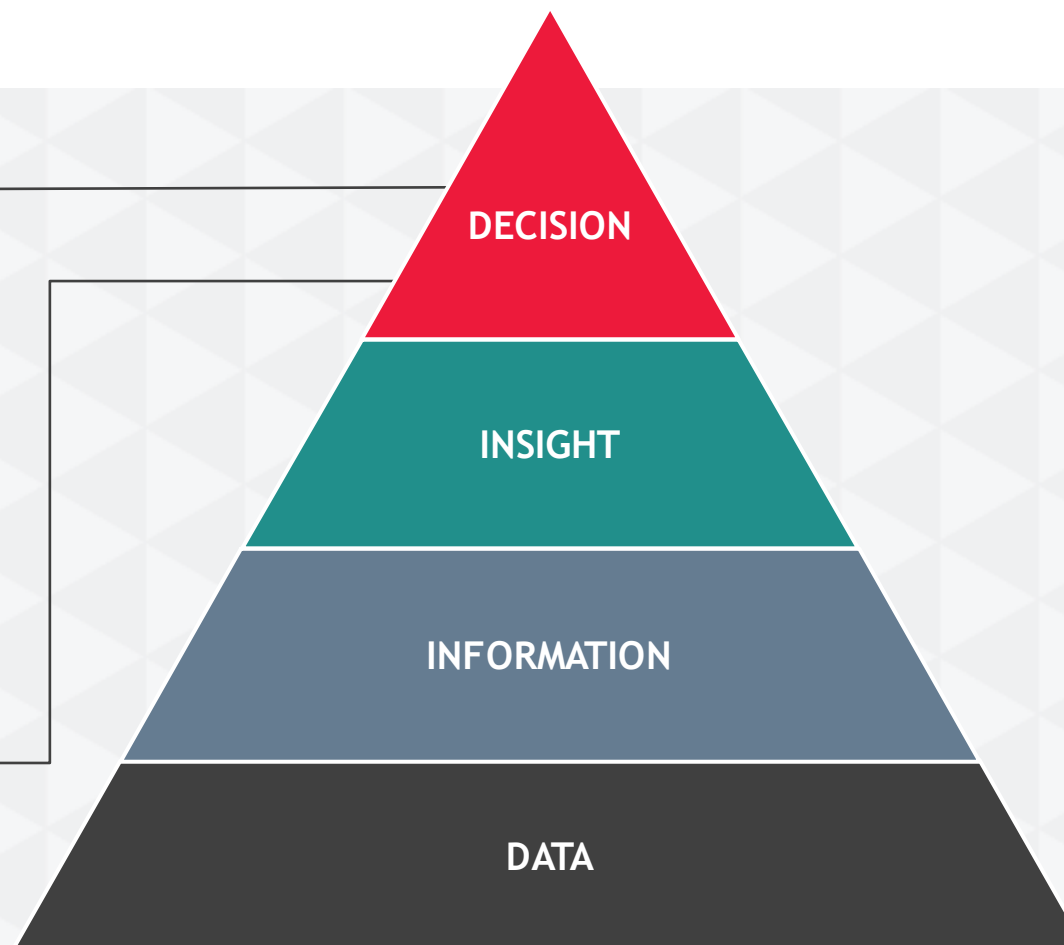
REPORTING & ANALYTICS

- ▶ Reporting Technology
- ▶ Advanced Models
- ▶ Data Visualization

Without technology resources waste time on low value data manipulation.

DATA AUTOMATION

- ▶ Robotic Process Automation (using “bots”)
- ▶ Alteryx
- ▶ Power Query
- ▶ Visual Basic (“Excel Macros”)



- ▶ Enables leadership a more dynamic platform for **proactive** not reactive decision making
- ▶ Data automation enables resource focus to shift upwards to higher value analysis
- ▶ Solid foundation of automation, reporting and analytics enables more resource focus on planning and strategy

AVOID COMMON YEAR-END PITFALLS

Prepare

- ▶ **Avoid Late Reconciliations:**
Reconcile tax account activity & mirror in tax accounting workings
- ▶ **Consider a “Hard Close”:**
Get ahead - start analyzing tax sensitive accounts, fixed assets, etc. (get buy-in from auditors for early sign-off on 10- or 11-months activity for immaterial subs - after a PTBI/PBT update)
- ▶ **Align Tax Rates with Accounting:**
True-up YTD OCI & APIC entries
- ▶ **Don’t Lose Visibility of your Entity Data:** Assign topside entries to correct legal entity/rate
- ▶ **Account Maintenance:** Identify and analyze new trial balance accounts
- ▶ **Maintain Current Tax Law:** Triple check tax legislation and update necessary rates and calculations
- ▶ **Don’t Lose Data:** Backup your systems often throughout the close process!
- ▶ **Control Access & Manage Access:**
Lock system as portions of provision are marked “final”

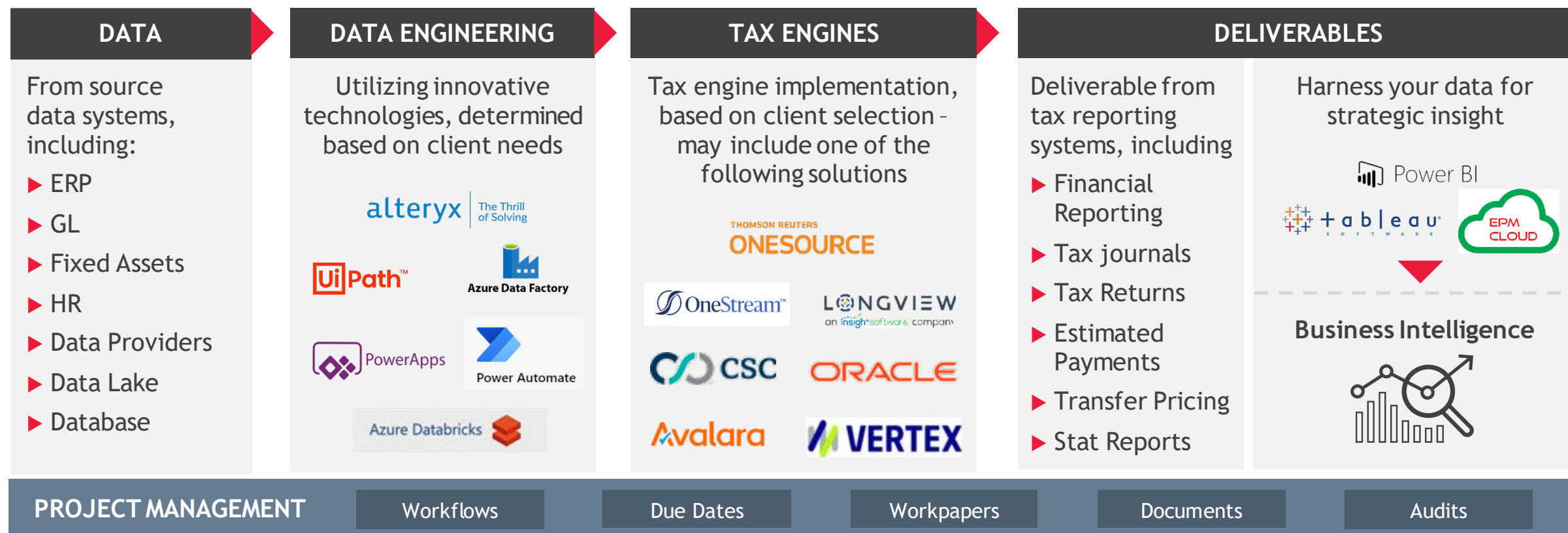


Tax Platform Readiness



Tax Reporting Ecosystem

DATA TO DELIVERABLE



People

- ▶ Meet with stakeholders beyond Tax
- ▶ Identify Tax Provision execution team, tasks and workplan
 - Identify key tax technology gatekeeper
 - Create a RACI matrix (Responsible/Accountable/Consulted/Informed)
- ▶ Upskilling - ASC 740, IFRS or Technology¹
- ▶ Plan for regular, daily updates
- ▶ Plan for a full team debrief - note all pain points and areas to improve, highlight successes

¹ See recent BDO article published in Bloomberg Tax "[Upskill Your Tax Department to Optimize Your Tech Investments](#)"



Data

0110101
1011010
1101001

HOW MUCH DATA CAN BE “PUSHED” INTO THE SYSTEM BEFORE DEC 2022?

- ▶ YTD Trial Balance Import - see what new accounts pop, any drastic PTBI/PBT changes?
- ▶ All YTD discrete tax impacts - reconcile to journal entries booked (RTPs, Audits, etc.)
- ▶ Any YTD purchase accounting
- ▶ All YTD worldwide cash payments and refunds
- ▶ Updated current/ending deferred statutory tax rates enacted at both National (Federal) and Sub National (State) levels across all jurisdictions



WHO IS PROVIDING MY DATA? WHAT ARE MY DATA SOURCES?

- ▶ Send requests early and provide clear instructions - it helps to remind them of what you received in prior year
- ▶ Leverage ERP reports and tools to grab data directly versus manual data requests
- ▶ Workflow Tools for request tracking globally
- ▶ Collaborate early and often

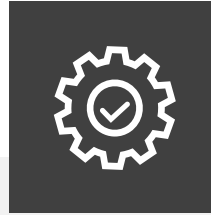
TAX PLATFORM READINESS

Process



DASHBOARD & COMMUNICATION

- ▶ Analytics & Status
- ▶ Preparer, Reviewer sign-offs
- ▶ Focus on all data requests across all jurisdictions
- ▶ Internal and VP of Tax
- ▶ Finance
- ▶ 3rd Party Auditors



CONTROLS

- ▶ SOX/Key Controls and Provision System Controls
- ▶ Mitigating Controls/Processes (make sure you are prepared in case there is an issue with the primary control)



WORKFLOW DOCUMENTATION

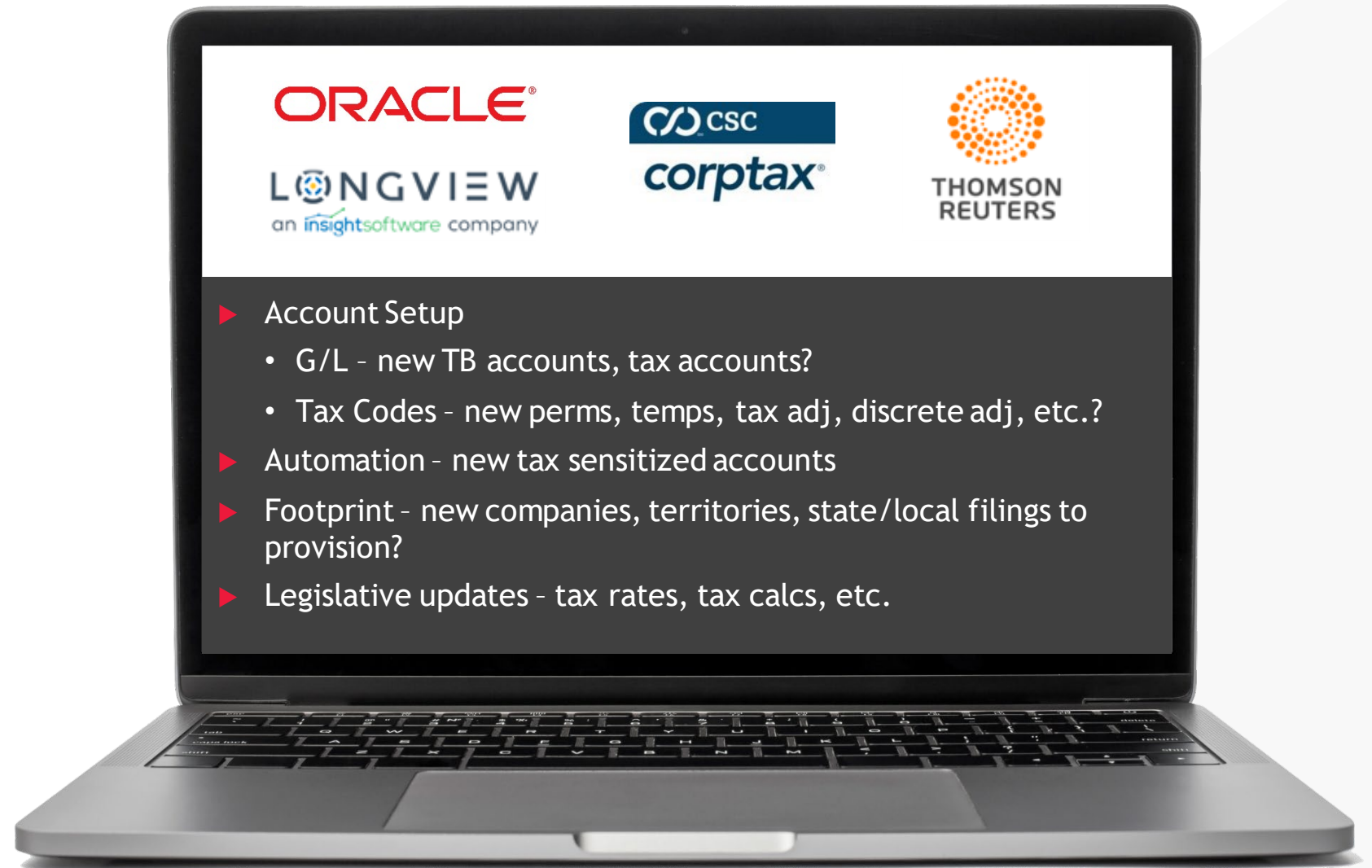
- ▶ Calendar, due dates and assignments
- ▶ User guides, Admin guides and checklists - are they current?
- ▶ Inventory of Excel / System-Enabled Workpapers
- ▶ Inventory of BOTS, Alteryx Workflows, etc.

TAX PLATFORM READINESS Administration



- ▶ Version - do we need an upgrade? What is the right timing?
- ▶ Entities - update for acquisitions, disposals, mergers, etc.
- ▶ Datasets/Time Periods/Cases
 - Rollover - from PY, quarter forecast or hard-close - validate!
 - Consider scenarios needed for flexing or next year Q1 forecasts

TAX PLATFORM READINESS Administration



TAX PLATFORM READINESS Administration



Powering the Compliance Season with Provision Data



Leveraging Data Across Processes

INTEGRATED PROVISION & COMPLIANCE PROCESS

- ▶ Leverage source data and workpapers across workstreams
- ▶ Access and store standardized workpapers consistently across processes
- ▶ Create real-time Return to Provision calculations
- ▶ Supercharge your process with ETL & Visualization tools



**AUTOMATE, AUTOMATE,
AUTOMATE**



**REUSE AND SHARE DATA
BETWEEN GROUPS**



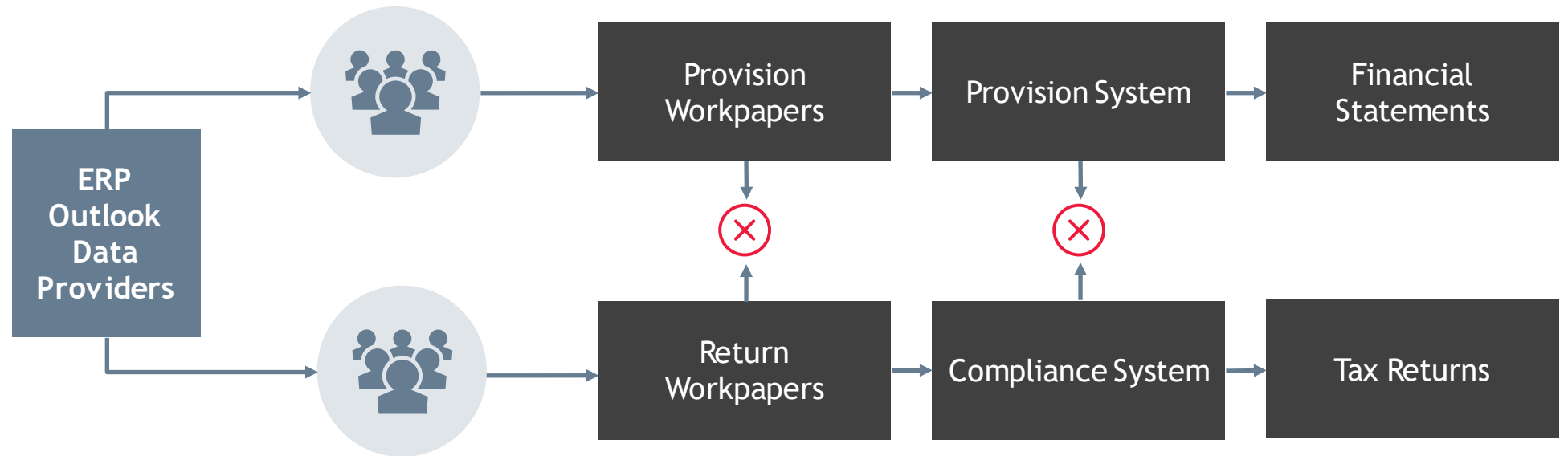
**ONE VERSION
OF THE TRUTH**

Leveraging Data Across Processes

UNCONNECTED
AND SILOED
REPORTING
PROCESS

HOW MANY HOURS ARE SPENT RE-DOING WORK FROM PROVISION TO RETURN?

- ▶ Rolling over separate return specific workpapers
- ▶ Re-coding or re-mapping trial balance data
- ▶ Re-entering schedule M adjustments
- ▶ Analyzing fixed asset data
- ▶ Requesting information, a second time for return specific requests?



Leveraging Data Across Processes

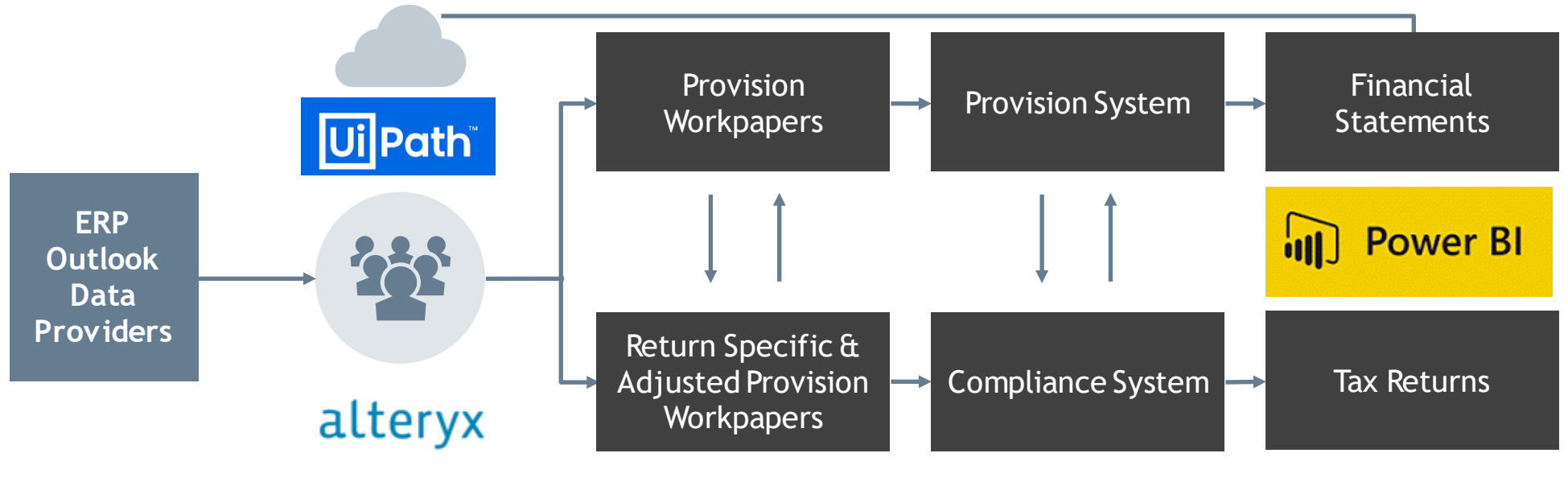
INTEGRATED AND DYNAMIC REPORTING PROCESS

KEYS TO DATA INTEGRATION

- ▶ Standardized entity codes
- ▶ Standardized adjustment codes
- ▶ Deliberate adjustment code usage
- ▶ 2.5 Month Adjustment
- ▶ Depreciation Adjustments
- ▶ Load the full trial balance to power Auto Adjustments
- ▶ Comprehensive and standardized information requests to satisfy provision and return needs
- ▶ Gather data at the lowest-level of detail

TOOLS FOR SUCCESS

- ▶ OIT - Enhanced Integration
- ▶ Corptax - Case 2200 <> Case 1
- ▶ Emerging Technologies
 - Alteryx
 - RPA
 - Tableau Desktop & Prep
 - PowerBI



Streamline Using Common Data for Processes and Reporting

- ▶ Compliance and Provision Systems may be different, work to align:
 - Entities
 - Adjustments
 - Accounts
 - Common data profiles supporting cross-functional goals
 - Data-sharing throughout the tax lifecycle
 - Flexible and comparative reporting with consistent data
- ▶ May be difficult to achieve if Global Consolidated Returns are prepared externally while provision is done in-house on in-house technology - if all is outsourced, force the consistency (will help with RTP alignment)



Data Sources & Data Structure

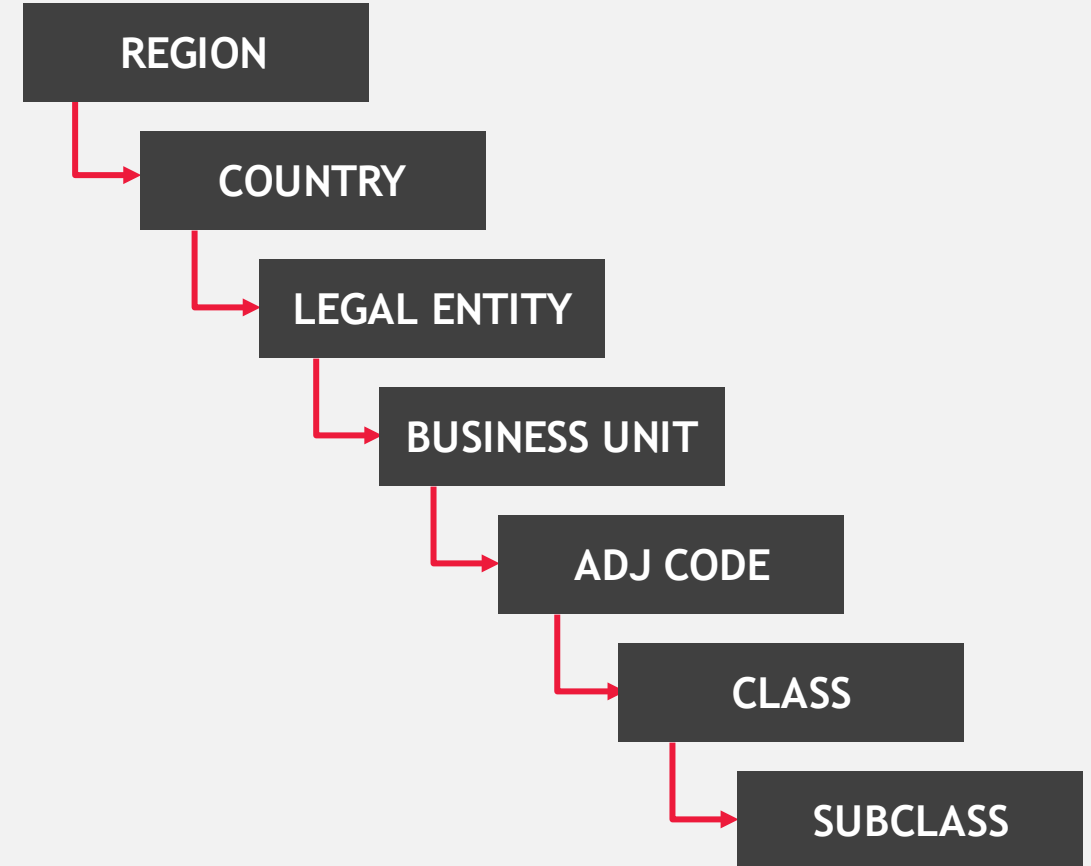
DATA SOURCES

- ▶ Consistent
- ▶ Repeatable
- ▶ Accessible On-Demand

DATA HIERARCHY

- ▶ A data hierarchy will allow user to drill up or drill down to see the relevant data
- ▶ Every line of data should include all relevant datapoints
- ▶ Data field labels should be clear and understood by the audience

OTP DASHBOARD HIERARCHY: EXAMPLE



Workpaper Optimization

LEVERAGE THE TAX ENGINE TO DO THE WORK

DESIGNING FLEXIBLE WORKPAPERS FOR USE ACROSS PROVISION AND RETURN PROCESS

- ▶ Standardize workpaper format across similar adjustments
- ▶ Consider structure of workpaper for tax system mapping
 - OneSource Workpapers vs. Data Import Excel Add-In vs. #Tab
 - Corptax Office
 - Longview Excel Add-In
 - Oracle TRCS Smart View Add-In
- ▶ Account for cross-functional requirements
 - Return - Tax authority audit ready workpaper
 - Provision - External audit ready workpaper
 - Provision - Balance sheet approach reconciliation

UTILIZE COMPLIMENTARY TOOLS TO COLLECT SUPPLEMENTAL DATA: WORKFLOW TOOLS

- ▶ OneSource Workflow / DataFlow
- ▶ Longview Tax Management
- ▶ Oracle Workflow
- ▶ SharePoint

Enhanced Reporting & Analytics



Reporting Requirements of the Modern Tax Department

With new technologies and skills in the market, the Modern Tax Department can report on and understand its tax positions faster and more accurately than ever before

- ▶ Business intelligence solutions can help companies understand, calculate, and track total tax liability and develop executive-level reporting
- ▶ The tax department must understand the key tax metrics that are important to leadership teams. Common examples include effective tax rate, cash tax expenditures and NOL/Credit carryforwards
- ▶ After defining the important metrics, the tax department can implement dashboards and analytics that empower decision-makers across the company to make sense of data quickly and confidently, leading to faster and more accurate decision-making



alteryx



Excel-Based Reporting vs. Data Visualizations

EXCEL REPORTING

- ▶ Data overload (too much to comprehend)
- ▶ Risk of formula corruption
- ▶ Large, clunky files
- ▶ Spreadsheet prep makes real-time information difficult
- ▶ Often produces an unclear paper trail
- ▶ Version control issues

DATA VISUALS AND DASHBOARDS

- ▶ Dynamic, refreshable workflows
- ▶ Real-time insight at the push of a button
- ▶ Colors and Graphics help tell the story
- ▶ Drill-down functionality
- ▶ Trace your data back to the source with ease
- ▶ Cloud-based reporting

Visualization Strategies for Dashboards

MAKE SURE THE DATA TELLS A STORY:

Left to right and then up and down

AESTHETIC USABILITY:

Consumers of the data perceive aesthetically pleasing visuals as more usable; sometimes less is more



KEEP EVERYTHING AT-A-GLANCE:

Allow for whitespace, data needs to be consumable

BREAK CONTENT DOWN INTO SMALLER CHUNKS:

Don't flood your visuals with too much data

Dashboard Use Cases

TAX

- ▶ Internal Tax Department Analysis
 - Tax Account Roll forward - CT/DT
 - Effective Tax Rate
 - State Apportionment/Taxable Income
 - Uncertain Tax Positions Review
- ▶ 10-K Earning Release Documentation
- ▶ CbCR
- ▶ ESG Reporting
- ▶ Audit Committee/Board Presentation Support
- ▶ Tax Planning Scenarios



Business Intelligence Processor Connected to ONESOURCE Tax Provision®

BDO's Tax Account Roll Forward (TARF) is an on-demand automated solution that consumes source data from ONESOURCE Tax Provision and creates a flexible tax account rollforward dashboard in minutes.

- ▶ Powered by Alteryx
- ▶ Easy-to-use interface offers appropriate views for all members of the tax department
- ▶ Users can toggle between Reporting and Local currency
- ▶ Data can be filtered at the Sub-consolidation or Unit levels
- ▶ Drill-down functionality
 - Columns: Allows users to drill down to client-specific tax account
 - Rows: Allows users to drill down to OTP Adjustment Code



Business Intelligence Processor: Journal Entry Functionality

INTEGRATED JOURNAL ENTRY

- ▶ OTP Trial Balance Data is transferred to the TARF Dashboard
- ▶ OTP Calculated Values are compared to Trial Balance Data
- ▶ Data can be exported for import into general ledger system

JOURNAL ENTRY - Local Currency					
			Ending Balance ₪	Trial Balance	Journal Entry Required
AU_1001	AU Entity 1001	AC2802	1,263,610	-1,770,512	-506,901
		AC9211	732,588		732,588
		AC9212	506,901		506,901
		AC2404	1	-1	0
		AC2405	-545,417	991,774	446,357
		BSOO	-778,739	778,739	0
		TRPT	-1,178,945		-1,178,945
Total			0	0	0
AU_1006	AU Entity 1006	AC9212	12,586,565		12,586,565
		AC1511	6,534,299	-8,049,488	-1,515,189
		TRPT	3,193,195		3,193,195
		AC2405	1,130,790	3,741,539	4,872,329
		AC2802	-5,614,015	-6,972,550	-12,586,565
		AC9211	-6,550,336		-6,550,336
		BSOO	-11,280,499	11,280,499	0
Total			0	0	0
AU_1107	AU Entity 1107	TRPT	9,486,893		9,486,893
		BSOO	6,435,336	-6,435,336	0
		AC2405	2,541,535	6,429,616	8,971,151
		AC2802	-5,720	5,720	0
		CASH	-18,458,044		-18,458,044
Total			0	0	0
BE_1069	BE Entity 1069	AC2802	1,521,270	-1,138,345	382,925
		AC2813	69,468	-69,468	0

Why Should the Tax Department Use Alteryx?

- ▶ Tax calculations are rules-based
- ▶ Tax calculations are standardized and repeatable
- ▶ Provision deadlines are tight, Alteryx can automate processes and get to error free results quickly
- ▶ Workflows (Calculations) can be executed multiple times during a provision cycle as data changes
- ▶ Direct connection to ERP systems for source data and API developed/in development with multiple Tax Provision systems in the market
- ▶ Alteryx workflows can organize disparate source data into the structure required for reports and dashboards



Alteryx & Your Tax Department



EASE OF ADOPTION

- ▶ Low Code/No Code
- ▶ Alteryx Academy
- ▶ Quick & Meaningful Wins



EMPOWERING

- ▶ Enables Tax Departments to Manage & Own Data.
- ▶ Allows Tax Professionals to Build Meaningful Reports



CONNECTIBLE

- ▶ System Agnostic
- ▶ Connectible to Various Tax Engines & ERP Systems



SCALABLE

- ▶ Workflows can be leveraged throughout organization.
- ▶ Can Replace Complex and Error Prone Excel Calculation Workbooks

Questions?



Thank You!



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Thank You!



Upcoming ACT Events

- ▶ Watch your email for upcoming webinar information!
- ▶ 2023 ACT Tax Technology Conference
 - May 22-24, 2023 - Orlando, FL
 - Registration will open in December!



Thank You for Attending!

- ▶ The Association for Computer & Taxation and BDO USA, LLP appreciate the opportunity to spend time with you today and hope you found the presentation interesting and informative.
- ▶ If you desire more information on this topic, please contact today's speakers, Haley and Ian, OR
- ▶ If you are interested in joining ACT or finding out more information about the organization, please contact Brenda Jameson at: bjameson@taxact.org
- ▶ Thanks again for joining us!





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