Highlights from 2015 benchmark survey on indirect tax and trade compliance

Indirect tax

A lack of metrics can undermine performance

Measurement drives performance and informs leadership of the effectiveness of the indirect tax function. It is, therefore, some cause for concern that only **25 percent of all the respondents say their company has specific metrics**, most of which relate to basic compliance, rather than activities that could improve the bottom line and cash flow.

More global heads indicate the rising importance of indirect tax

The proportion of respondents with a global head of indirect tax has risen to 38 percent, and to 68 percent for larger businesses, most of which are based in Europe and the US. Regional heads are now gaining greater coverage of ASPAC and LATAM, to meet the growing need for visibility and oversight in these complex and diverse regions.

Indirect tax teams remain focused on compliance

With almost one-third of their time devoted to tax returns, many indirect tax professionals are still mired in operational compliance, rather than strategic activities. Indeed, the proportion of the working day spent on tax planning has actually come down since 2012. Larger businesses, which have invested more in automation and data analysis appear to have a greater focus on value-adding activities.

Tax may be taking ownership of indirect tax — but is there sufficient visibility?

The proportion of **indirect tax teams reporting into tax has risen from 41 percent in 2011 to 52 percent in 2015.** Although visibility over indirect tax activities has also increased significantly over the same period, this is restricted by the lack of global heads and performance metrics.

Centralization is increasing

In all regions, respondents indicate that while local management of compliance remains the predominant compliance model, **the centralized preparation of tax returns is expected to become more common** in the next 3 years, with a modest increase in outsourcing. The trend toward central filing is particularly significant for larger businesses.

Risk management does not appear to be rising

Respondents from EMA and ASPAC appear far more confident in their organizations' ability to identify key indirect tax risks that could impact cash flow, compared to peers in North America and LATAM. **Perhaps of greater concern, key risk identification levels have come down since the 2013 survey.** The quality of risk management could be further impaired by the low levels of independent assurance practiced by most respondents, with many preferring self-assessment.

Technology is the key investment priority

With tax submissions becoming increasingly automated, and companies looking to enhance their data analysis, it's no real surprise that **67 percent of respondents say they plan to invest in technology to improve indirect tax management.** The use of data analytics and tax engines is expected to show a huge increase by 2018.

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Designed by Evalueserve | Publication name: 2015 global benchmark survey on indirect tax and trade compliance | Publication number: 132866-G | Publication date: July 2016