

# Top Challenges Faced by Today's European Tax Functions

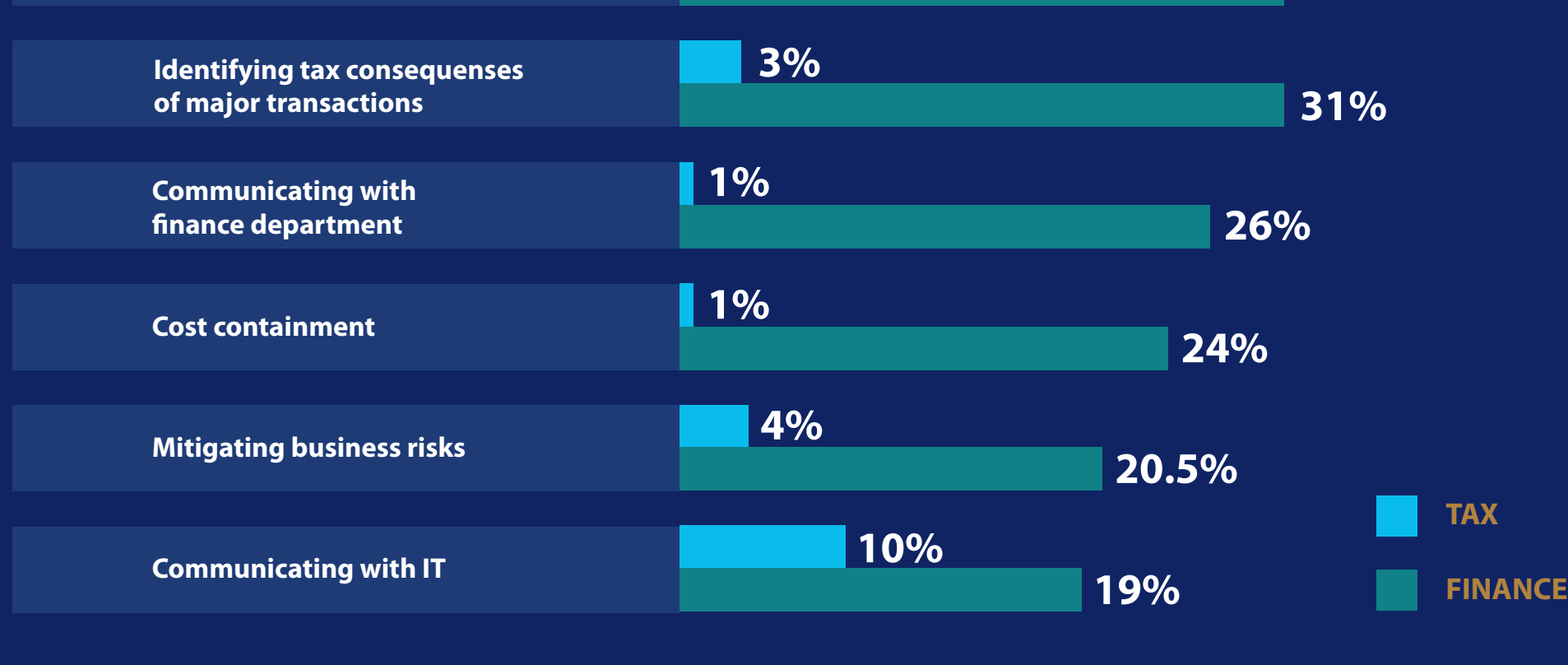
*Is your team prepared for these challenges and their implications?*

Internal and external factors affect the ability of the tax function to become a true "tax centre of excellence." Here are the top seven challenges facing tax departments across European organisations, from the views of both tax and finance professionals:



## 1. Perceived Effectiveness of the Tax Function

Opposing Views of Tax Function Effectiveness



Tax and finance executives are widely divided on the effectiveness of the tax function, making it an even greater challenge for tax professionals to demonstrate the potential strategic value they can contribute to the organisation.

## 2. Competing Priorities of the Tax Function

25%

25% of tax professionals spend more than 40% of their time on compliance and reporting

58%

58% of finance executives say their tax function spends more than 40% of their time on compliance and reporting

Therefore, finance executives believe tax professionals spend more time addressing compliance and reporting than they actually do.

82%

82% of tax professionals spend more than 20% of their time on planning and analysis

62%

62% of finance executives say their tax function spends more than 20% of their time on planning and analysis

Tax professionals actually spend more time on strategic planning and analysis; however, this time investment is less recognised by those in the finance function.

## 3. Tax as a Collaborative Partner

93% of tax professionals say "Yes, tax is a strategic collaborative partner within the firm."

59% of finance executives say "No, tax is not a strategic collaborative partner within the firm."

With the necessary support of external advisors and other functions, the tax department must position itself as a cross-functional collaborative partner for the long-term strategic health of their organisation.

## 4. Current Tax Risks Troubling European Companies



Both tax and finance executives recognise the evolving complexity of the tax environment; however, more tax executives than finance executives were concerned about the posed risks facing European organisations.

## 5. Digitisation and Technology Adoption

57%

57% of companies manage 20% or more of their tax reporting and compliance processes manually and through spreadsheets

81%

81% say improving processes and systems for storing, analysing, and retrieving tax data is critical

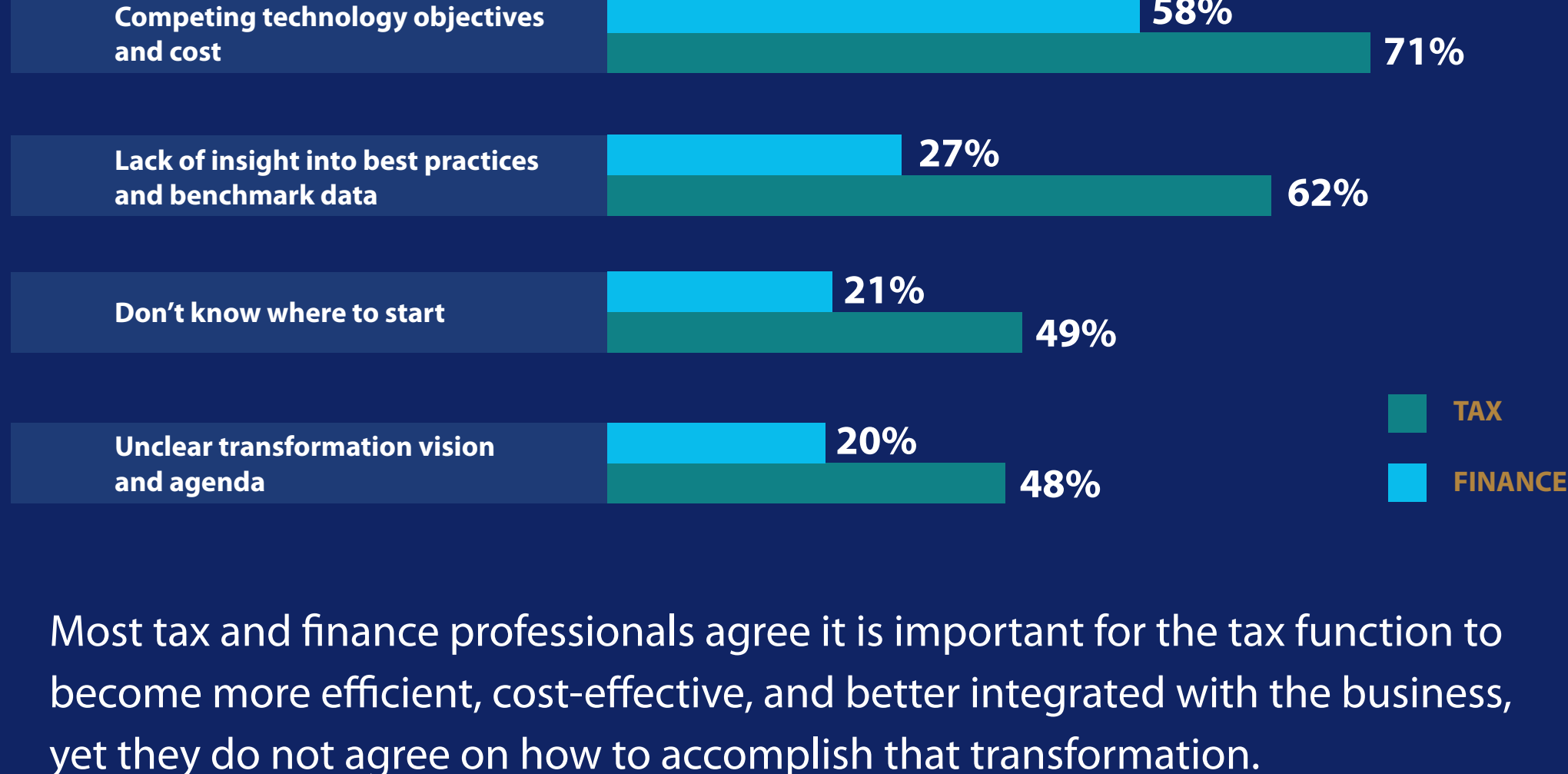
Siloed, archaic, and bulky data and tax systems currently have real time, money, and resource implications that stand in the way of organisations meeting their business plan objectives.

## 6. Reshaping the Tax Function in the Next Three Years



Tax and finance executives are aligned in their combined desire to see these changes within their tax functions.

## 7. Roadblocks to Tax Transformation



Most tax and finance professionals agree it is important for the tax function to become more efficient, cost-effective, and better integrated with the business, yet they do not agree on how to accomplish that transformation.

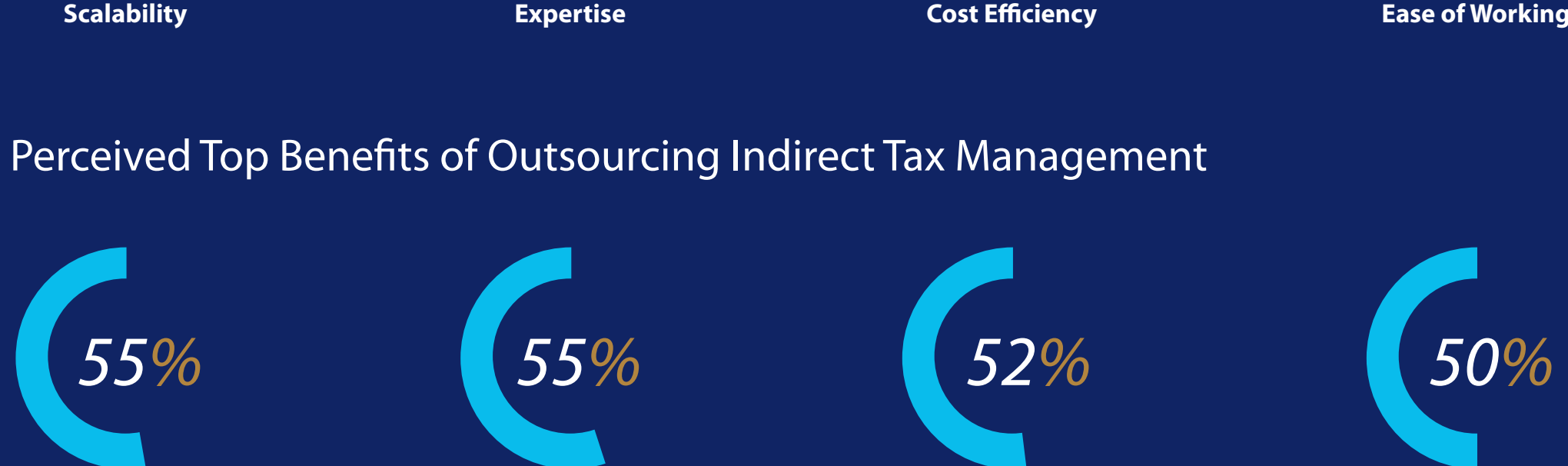


### What does this mean for you and your tax team?

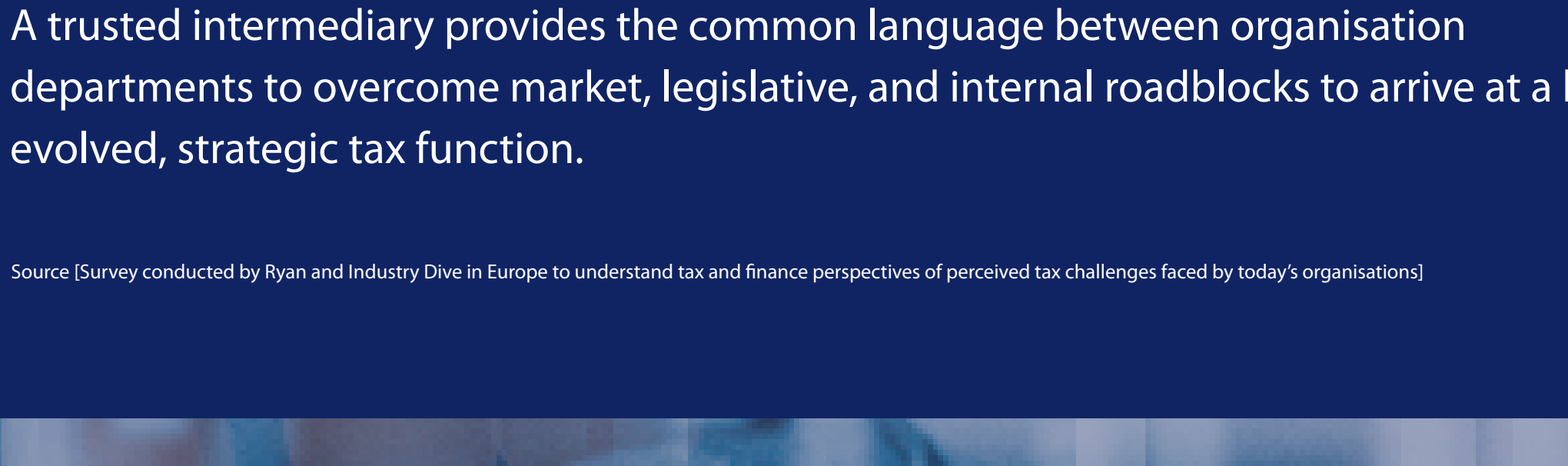
While tax functions continue to try to keep up with the continually evolving tax landscape, there is a need to focus on prioritisation of tax strategy to evolve from a reactive cost centre into a proactive profit centre.

Digitisation and adoption of technology are critical in achieving this transformation through improved operational effectiveness and efficiency, as well as enabling the tax function and its people to reach their potential through the adoption of best practices.

Perceived Top Benefits of Outsourcing Direct Tax Management



Perceived Top Benefits of Outsourcing Indirect Tax Management



A trusted intermediary provides the common language between organisation departments to overcome market, legislative, and internal roadblocks to arrive at a higher evolved, strategic tax function.

Source [Survey conducted by Ryan and Industry Dive in Europe to understand tax and finance perspectives of perceived tax challenges faced by today's organisations]

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