



Transforming the in-house tax function in China through technology

A practical guide to 2020

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Conclusions

Putting it
all together



By now, you should be ready to begin your tax technology journey, supercharged with our framework through which to put your ideas and plans into action, some pointers and tips on what to do and what not to do.

Now all that is left is to summarise how to do it through the following ten pointers:

- 1** The embedding of technology into your tax function is generally achieved incrementally ('walk before you run'), and recognise that it needs to be a permanent feature of your tax strategy and plans. This can not be a 'set and forget' approach.
- 2** Transforming a tax function relies on technology as an integral component of any transformation strategy, but it must not be the sole component. You need people with the skills to make the technology work and to be maintained; your data and processes need to work in harmony with the technology; and your technology should serve to help you manage risk and implement your governance framework.
- 3** Before investing in tax technology solutions, make sure you know 'why' you are trying to do it. Once you know that, spend some time investigating and considering 'what' you should do, 'who' should help you to do it, and 'how' you should do it. This is really about knowing the problem you are trying to solve before you embark upon any investment. Consider whether your tax technology strategy will rely predominantly on outsourcing your technology needs, or in-house development and deployment (or possibly a mix of both), because this will impact on your resourcing needs and your speed to market.
- 4** The two most common forms of specific tax technology solutions are those solutions which automate compliance, and those which provide tax insights in helping you to either manage risk or achieve efficiencies. Be realistic – automating the tax compliance function is not like clicking a single button and out pops a perfectly completed tax return.
- 5** Any investment in tax technology solutions is like building a house – you need strong foundations (these are the accessories, components or infrastructure), you need the walls and roof of the house (these are the tax compliance solutions), you need the concrete to hold the bricks of the house together (these are the process management solutions), and you also need the interior decorations of the house to better enjoy it (these are the insights related solutions).
- 6** Any investment in tax technology solutions needs to be supported by a persuasive business case. This may require alignment with your broader organisational objectives in better serving the business (for example, to manage risk), through efficiency gains (in terms of headcount reduction spent on compliance), in the realisation of real cash savings, or to mirror technology developments made by the tax authorities.
- 7** Any investment in tax technology solutions needs to ensure that these solutions work properly in the Chinese market and in the context of your ERP systems and data security policies. Also consider ways in which you can invest flexibly and in a more agile way, for example, through SaaS solutions, trial testing, or in taking advantage of updates which take account of regulatory change.
- 8** When you embark upon your tax technology journey, expect to encounter unexpected problems. For many organisations, once you have the tax technology in place, the new challenge is around the integrity (i.e. the accuracy and completeness) of the data feeding into to your technology.
- 9** Keep an eye out for new and emerging technologies such as intelligent automation and blockchain, and don't be intimidated by them. If your organisation usually invests at the inflection point, then this may still be a few years away before they enter the mainstream. Following them now will help to ready you for this change.
- 10** Start the journey today. Apathy, fear of the unknown, poor data quality; and future finance transformation are the most commonly used excuses for not starting on a journey of transformation. If change is not made, then the value of the tax function to the organisation will diminish, and very commonly, you may lose the ability to control or be involved in that change.

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