

Guide

Advocating for the Tax Team



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Introduction

Tax departments are grappling with an increasingly complex regulatory landscape, compounded by the loss of institutional knowledge while subject matter experts retire or change career paths.

As tax teams are challenged to do more with less, tax leaders must educate stakeholders, secure essential resources, collaborate across the business, and gain executive support.

Effectively advocating for the tax team strengthens the strategic role of the tax function within the organization, transforms tax operations from reactive to proactive, and ensures the tax team is positioned to manage compliance, optimize tax strategies, and contribute to overall business success.



Understanding your stakeholders

The first step in advocating for the tax team requires a concerted effort to understand key stakeholders across the business.

Common stakeholders for tax teams include:

- Chief Financial Officer
- IT Department
- Legal Department
- Business Development/Sales Team

Start by identifying the key stakeholders related to tax across the business. Then ask yourself:

- What are their motivations?
- What are they accountable to?
- How does tax impact their personal or team goals?
- Do they understand that impact?
- What role would they play in securing resources for tax? What could their objections be?

Understanding your stakeholders' motivations allows you to tailor your advocacy in a way that resonates personally with each stakeholder.

By highlighting the specific advantages tax can provide to their team or area of expertise, you give them a personal reason to care about your cause while enhancing connections with essential decision-makers throughout the company.

Let's dig into the common stakeholders for tax teams and suggestions for your approach.



Chief Financial Officer

Common Characteristics:

- Oversees financial risk management and performance.
- Concerned with net earnings and market perception.

Approach:

- Focus on tying effective tax management practices to financial risk mitigation and protecting earnings.
- Present scenarios that illustrate the impact of errors and late filings to profits. For example: A major tax error on one truckload of fuel can wipe out the profit from the next 100 truckloads.



IT Department

Common Characteristics:

- Focuses on supporting business strategy through technology.
- Prefers not to be bogged down by operational maintenance tasks.

Suggested Approach:

- Align tax team technology initiatives to IT’s strategic goals, such as risk management and security.
- Highlight the benefits of tax automation in freeing up IT resources normally responsible for maintaining in-house tax databases, regulation updates, and counterparty license changes.



Legal Department

Common Characteristics:

- Ensures the organization operates within legal parameters.
- Focused on minimizing legal risks associated with taxes and licenses.

Suggested Approach:

- Present scenarios that illustrate the impact of consistent noncompliance, such as: license suspension, product confiscation, or hefty penalties.
- Tie tax team expertise and technology to reduced legal risk through filing and rate accuracy, counterparty licensure verification, and regulation updates.



Sales Team

Common Characteristics:

- Identifies new business opportunities to generate revenue.
- Focused on building strategic partnerships, growing shareholder value, and increasing profitability.
- Values an easy customer setup and maintaining competitive pricing.

Suggested Approach:

- Show how tax compliance issues can directly affect sales team earnings, such as bonuses tied to business performance.
- Guide strategic decisions on geographical expansions or acquisitions by sharing the impact of jurisdiction regulations and hidden fees.
- Tie tax technology to expediting customer onboarding and streamlining admin tasks that fall to customer facing teams.
- Showcase how tax accuracy reduces processing discrepancies that can strain client partnerships.

Educating stakeholders

The tax department can be a strategic asset to the business but it's often viewed as the "anti-sales department", just a "cost-center" or a "pass-through". It's up to tax leaders to communicate, take their seat at the table, and educate key stakeholders on the multifaceted implications of tax compliance and strategy.

Take the time to illustrate the lifecycle of tax compliance to your stakeholders and help them understand the impact of tax on other parts of the business. Showcase the critical role of the tax team

Maintaining Changing Rates & Rules

According to a [2023 study by Deloitte](#): "Costs and efficiency are still important for tax teams, but the top priority for tax transformation efforts is now complying with changing laws and regulations."

Maintaining ever-changing tax rates and regulations on a federal, state, and local level across jurisdictions is foundational but involves in-depth frequent monitoring and updating to ensure accuracy.

It's also an incredibly time-consuming process that requires an expert to interpret regulations and how they impact the business.

Customer Licensing

The tax team is vital in verifying licenses to maintain legal compliance. This can be a time drain because licenses should be verified for every customer, every month.

If a license is about to expire, *you* must reach out to the customer to request an updated copy. Unfortunately, licensure can be the first thing to go on the back burner when a tax team is overloaded with work

Data Preparation & Filing

Accurate data collection and preparation for tax filings are where the tax team's work is most visible.

This stage involves compiling transaction records, reconciling data, adjusting formatting to meet jurisdiction requirements, and submitting detailed reports to the authorities. Inaccuracies here can lead to financial penalties and operational setbacks.

Audit Defense & Support

Even the most diligent tax teams can be randomly selected for an audit, so maintaining detailed records and justifying tax calculations and remittances is crucial for audits to run smoothly when they occur.

The need for extensive documentation, the ongoing time commitment, and the high stakes of penalties for any errors or delays make audits resource-intensive and time-consuming.

Reframing tax as a strategic partner

Tax leaders can change the perception of tax within the organization by positioning the tax department as a critical strategic asset.

Financial Savings & Growth

A well-crafted tax strategy isn't just about compliance—it's a powerful tool for driving financial growth and operational efficiency.

Effective tax planning can lead directly to financial savings. By leveraging tax credits, deductions, and incentives correctly, businesses can significantly reduce their tax liability. Share success stories where proactive tax management resulted in substantial financial savings or the avoidance of hefty fines and penalties.

Tax-efficient structures can make it easier for businesses to attract investors. When potential investors see that a company is astute in managing its tax liabilities, it increases their confidence in the business's overall financial health. This can lead to increased capital and opportunities for business growth.

Operational Efficiencies

Understanding the tax implications of operational decisions can help stakeholders avoid costly errors and ensure compliance with regulations. This proactive approach frees up resources that can be better allocated to other strategic initiatives.

A robust tax strategy provides valuable insights that can inform better decision-making. For example, understanding how different jurisdictions tax revenue can influence decisions about where to locate new facilities or how to structure operations. These informed choices contribute to overall operational efficiency and profitability.

Customer Experience

By optimizing your tax strategy, you can maintain competitive pricing without sacrificing margins. When tax savings are passed onto customers in the form of lower prices or added value, it enhances customer satisfaction and loyalty. A well-planned tax strategy ensures that your business remains competitive in a crowded market.

By demonstrating transparent and responsible tax behavior, businesses can build trust and strengthen their brand reputation. This ethical stance can play a crucial role in attracting and retaining customers who prioritize corporate responsibility.

Securing team resources

Whether it's additional headcount or tax technology investment, advocating for resources is critical. Tax leaders often lack experience in this area and may not know how to advocate for resources effectively.

Begin by emphasizing the opportunities that arise from appropriate resource allocation, as well as the potential risks associated with insufficient resources.

Highlight Opportunities & Risks

Opportunity: Compliance & Accuracy

With adequate resources, teams can invest in sophisticated software and tools that automate and streamline the entire tax compliance lifecycle, significantly reducing errors, and ensuring compliance with complex regulations.

Opportunity: Let Analysts Analyze

Proper resourcing allows tax analysts to focus on their core competencies—analyzing data, identifying trends, and providing actionable insights—rather than getting bogged down by manual data entry or administrative tasks.

This boosts job satisfaction and significantly enhances the value they bring to strategic tax planning and decision-making processes.

Opportunity: Increased Efficiency

Adequate staffing levels and access to advanced technology allow teams to process taxes more efficiently and accurately, freeing time to focus on strategic initiatives rather than performing tedious repetitive tasks.

Opportunity: Stakeholder Confidence

Tax teams that are properly equipped to handle the complex and ever-changing tax landscape builds confidence among stakeholders, including leadership and external partners, as it demonstrates the organization's commitment to compliance, financial integrity, and operational efficiency.

Opportunity: Risk Mitigation

The right mix of skilled professionals and technology, allows tax teams to better identify, assess, and mitigate risks associated with tax compliance.

Risk: Compliance Failures

Without the necessary tools and personnel, teams may struggle to keep up with changing regulations and reporting requirements, leading to compliance errors, late filings, fines, and reputational damage.

Risk: Inefficiencies & Delays

A lack of resources can lead to bottlenecks and delays in processing tax returns, potentially leading to late payment penalties.

Risk: Human Error

Manual processes and overburdened staff increase the likelihood of mistakes in tax preparation, tax calculations, and filing. These mistakes could trigger audits or further scrutiny from tax authorities and be costly to rectify.

Risk: Loss of Insights

Without access to advanced technology and enough skilled personnel to interpret data, organizations may miss out on tax planning, optimization opportunities, and capitalizing on allowances and discounts that could result in significant cost savings.

Risk: Low Morale & High Turnover

Consistently under-resourced Teams may suffer from low morale due to the constant pressure and workload, potentially leading to high turnover rates. Losing experienced staff, especially in this niche industry, further compounds the tax department's challenges, creating a cycle that's hard to break.



Share Real World Examples

Sharing case studies and providing real-world examples is a powerful tactic for securing buy-in for your team's initiatives.

Case studies provide credibility and instill confidence in stakeholders that the proposed changes are feasible and have been proven effective in similar situations.

Build a Business Case with ROI Projections

Leverage precise, compelling data to underline the proposed investments' benefits.

- How will the investments reduce risks associated with non-compliance and potential penalties?
- How will it streamline processes to enhance operational efficiency?
- How can the resources you're requesting safeguard against expensive mistakes that may result in legal troubles or financial losses?

Quantify these benefits wherever possible, illustrating potential cost savings, revenue increases, or profit margin improvements directly attributable to improved tax management strategies.

For instance, if a proposed software upgrade could cut down the time spent on tax filing by 75%, translate that time savings into its equivalent cost savings or the benefit of reallocating resources towards more strategic tasks.

Or focus on the cost of past penalties and assessments. Tax technology investment can pay for itself when considering the significant cost savings that come with the prevention of errors that could negatively impact the bottom line.

Demonstrating broad impact

Showcase the impact of effective tax management across the organization.

Demonstrate how your tax initiative goes beyond merely reducing tax liabilities or avoiding fines. Consider the multifaceted implications of tax compliance and strategy across the business.

Sales: Optimizing client set-up allows the sales team to operate more smoothly. Accurate and timely calculations and reporting minimize credits and rebills, resulting in higher client satisfaction and the potential for increased sales volumes.

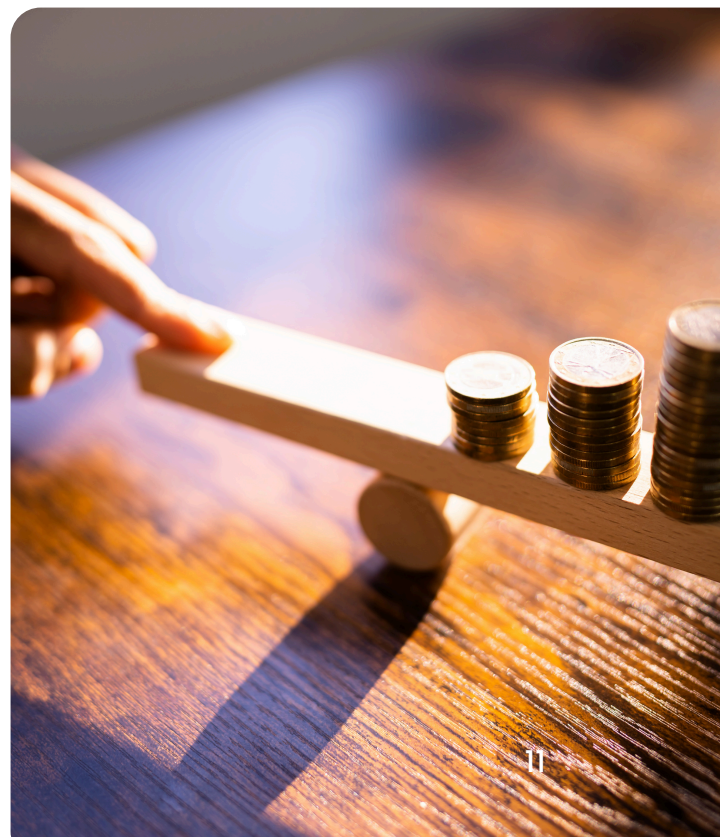
Business Development: Tax teams can guide strategic decisions on geographical expansions or acquisitions by sharing the impact of jurisdiction regulations and hidden fees. The business development team will be able to make more informed decisions with confidence.

Legal: Ensuring compliance through accurate and timely tax management reduces legal risks and liabilities. This proactive approach safeguards the organization from potential disputes and enhances its reputation.

IT: Efficient tax management means less maintenance and hard coding for the IT department. This reduction in technical lift allows IT resources to be redirected towards more innovative projects and driving technological advancement within the company.

HR: Equipping tax teams with the tools they need to perform their jobs effectively enhances employee satisfaction and helps reduce turnover. Finding experienced tax professionals is a challenge these days, making the process expensive and time-consuming for human resources. Retaining top talent by leveraging the right resources and technology also benefits the HR team.

Presenting effective tax management as a lever for organizational improvement underscores tax's critical role to the business and lays the groundwork for long-term success.



Ready to get started?

See how our clients have increased filing efficiencies, saved time, and improved accuracy by automating their tax compliance processes

[See client success stories here](#)

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