Tax data analytics and reporting: Tips to improve how you serve stakeholders

Maintaining organized and accurate tax data is becoming even more important for businesses to grow.

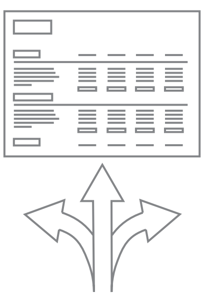
Most companies understand the need for organized tax data when it comes time to file their annual taxes. Regulatory changes affecting partnerships and multinational corporations continually make reporting requirements more complex. Additionally, with today's data-driven business mentality, there is an increasing need to regularly provide company stakeholders—whether they be investors, corporate shareholders, tax authorities or regulatory bodies—with real-time tax information and to do so efficiently.

The need to have detailed tax information readily available year-round is inspiring a tax data transformation. A tax department that adds the most value is not constantly tracking down data from a variety of reports, spreadsheets and records. Companies that want to deliver for stakeholders provide tax data efficiently, limit risk and add value.

Here are six tips to improve how your organization provides tax answers to stakeholders:

Tip 1

Streamline your tax data collection with a purpose-built application for tax that functions as a tax enterprise resource planning system.



The spreadsheets many firms rely on have limitations that can cost your tax department valuable time.

"Excel is not efficient enough for the growing needs of the regulatory changes in the tax environment we live in," said John Ihne, RSM senior manager, who focuses on partnership tax technology. "How much time are we wasting when the tax person is just circling reports for missing data when they could be looking to add value by leveraging good data for tax planning?"

There is a better solution: a purpose-built application to store the tax data your stakeholders need. The technology processes data in real time to answer stakeholders' questions, facilitate scenario planning and create visuals to support analysis. Such a platform, which can be tailored for partnerships or corporations, can provide the ability to integrate with necessary tax data sources, so tax answers are always a click away.

Tip 2

Identify the right key performance indicators to track.

A foundational step in setting up an effective tax reporting system is identifying the most important KPIs for your tax function, which will vary from company to company.

"Think of what information is going to management reporting," said Heather Collins, a partner in RSM's corporate tax practice. "What tax details are required that align to the overall strategy and reporting for your company?"

Starting with your top five data points is ideal. Too many could yield reports that lack meaning or focus.

Tip 3

Bring tax to the table at the beginning

How can you best identify the KPIs most helpful for tax? Ensure your tax department is involved in data planning conversations from the start.

"If you don't, you're going to go down a path that doesn't give tax what they need, and then you set yourself up for a manual process for life," said Dave Schwartz, RSM senior director, who focuses on partnership tax technology.

Tip 4

Configure your tax reporting system to provide tax information in real time.

The speed at which organizations can answer tax questions from stakeholders—such as IRS or state tax authorities or unexpected investor questions—can add immense value or significant liabilities. Businesses can maintain a real-time system of record by working with their tax provider to connect the purpose-built tax application directly into their financial data systems.

"We can go straight from the ERP system, understand the form of that data and automate that process to the purpose-built tax application so the company doesn't have to manually manipulate it," said Schwartz.

Tip 5

Make your tax data analytics accessible to stakeholders.

Once you have your tax reporting system, establish a secure mechanism your stakeholders can access. This is especially important for partnership entities, as investors may factor in taxes when deciding what to do with their money. A secure investor portal enables partnership entities to share and receive data with investors.

Not only is data transparency key for healthy relationships with stakeholders, but providing tax information through methods like email can be time-consuming and risky.

Tip 6

An integrated ERP system is an asset. Treat it like one.

An ERP system can be utilized for much more than bookkeeping.

"You have an ERP that facilitates your entire back office," said Ihne. "Consider who's using what data, and what are the needs of that data? A small tweak there could save a ton of inefficient data manipulation and time throughout the year for your tax function."

Not only that, but audits and regulatory changes will come. Technology allows tax departments and leaders to stay proactive in the face of the unknown. It's a crucial part of the tax data transformation that modernizes how you deliver stakeholders the answers they need.

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