



# Digging into their data

To improve your tax and finance functions, dig into your data



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# 2024 EY Tax and Finance Operations survey insights into the benefits of modernizing data strategy and management.

## Questions to ask:

- 01** How can a modern approach to data strategy and management help to mitigate budget challenges?
- 02** What should tax and finance leaders do to prepare their data for generative artificial intelligence (GenAI) and future data advances?
- 03** How are resource-challenged tax teams responding to the existential talent crisis?

### Author



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With ever-growing regulatory complexity and an existential tax talent crisis rapidly reaching the tipping point, it's reasonable to assume that the lack of a clear data and technology strategy, or perhaps the inability to hire and retain people with the necessary skills, would be (or at least should be) the No.1 concern for tax and finance leaders today. But not according to US multinational respondents to the [2024 EY Tax and Finance Operations survey](#) (EY TFO survey).

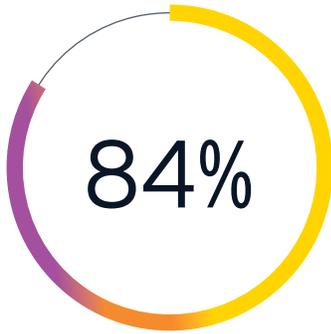
For the first time in the history of the survey, budget limitation was cited as the biggest challenge that leaders are facing – up from third place last year. This is a key reason why they're turning to co-sourcing with an outside provider. In fact, 79% see co-sourcing as a highly effective way to reduce costs without compromising quality.

### Contributor

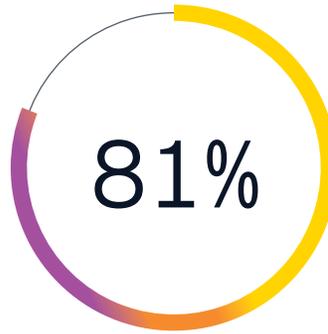
**Adrienne Figur**

Budget woes aren't the only worry wearing leaders down. Data is another big – if not bigger – barrier. Many tax teams are wrestling with data that is siloed, unstructured, incomplete or simply missing – all of which are also obstacles to protecting their organizations and their peace of mind.

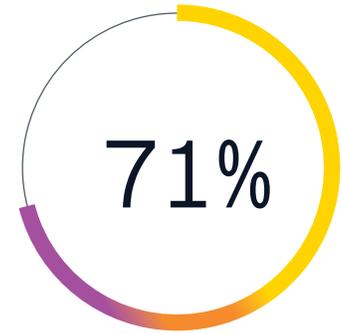
## Top priorities for tax teams



Cite effective management of tax function budgets



Want to leverage data more efficiently and effectively



Need to overcome lack-of-labor challenges

## Key challenges

- Access to high-quality and reliable data to apply to GenAI
- Lack of consolidated tax data lake, data warehouse or data mesh
- Pressure from fewer people entering the workforce and baby boomers exiting

## Path forward

- Driving increased automation within the internal function
- Leveraging service provider(s) for consolidating tax reporting data
- Co-sourcing with a provider who has significant capabilities in data

The disruptive impact of digital transformation shows no signs of slowing down or stopping, nor does the pace of regulatory change. Following are five ways that a modernized approach to data strategy and management can help tax functions be more efficient and effective.

## Chapter 1

### Help control or even reduce costs

Manage tax matters and processes to identify operational cost-saving opportunities and drive financial efficiency without compromising quality.

Eighty-one percent of survey respondents agree that efficient and effective data management can significantly help tax and finance operations reduce costs while maintaining quality.

With clean data structured for real-time use and reuse, tax teams can automate tax filings, reconciliations and compliance processes, thereby minimizing the need for manual input while reducing labor costs and errors. What's more, the same data sets can provide a single source of truth for multiple use cases (compliance, reporting, audits, etc.), thereby minimizing time spent gathering and validating data. This also helps facilitate timely, accurate submissions, avoiding costly penalties.

Additionally, with a modernized approach to data strategy and management, tax and finance teams are better positioned to leverage analytics to manage tax matters, identify operational cost-saving opportunities and make informed decisions that drive financial efficiency.

## Chapter 2

# Scale automation and operationalize GenAI

Leverage insights, predictive analytics, forecasting and reporting to drive increased effectiveness and efficiencies with AI and GenAI technologies.

With artificial intelligence (AI) and machine learning, tax can potentially automate more complex cognitive tasks, such as interpreting tax regulations, identifying compliance risks and managing tax considerations. AI models can also potentially predict tax liabilities, perform advanced tax scenario analysis and support strategic decision-making.

GenAI in particular is changing the way businesses think about tax and finance function transformation. Survey results reveal that 88% of respondents think that GenAI will help drive increased effectiveness and efficiencies within their tax function. Leveraging data and GenAI to drive innovation, insights, predictive analytics forecasting and automated reporting is a top priority. However, AI models can't deliver on their promise unless specific data management requirements are met. Not surprisingly, a lack of accessible, high-quality and reliable data is a key barrier to using GenAI.

## Chapter 3

# Comply with complex regulations (e.g., BEPS) and tax digitization (e.g., e-invoicing)

Organizations are collaborating with third-party providers to consolidate data for analysis and emerging reporting requirements.

The pace of regulatory change shows no signs of slowing down or stopping, nor does the disruptive impact of digital transformation. Global minimum tax obligations, public tax transparency disclosures and digital tax filings are a current reality in a growing number of jurisdictions. The result? The need for more real-time calculations and audit support documentation than ever before, on timelines that are getting tighter than ever before.

When it comes to complying with base erosion and profit shifting (BEPS), which 74% of respondents said is a top priority, 42% anticipate struggling with source system data required for reporting. Tax and finance operations leaders also expect a significant impact on their tax and finance function solution when jurisdictions roll out e-invoicing, but they lack a plan or solution to address it. As of October 2024, approximately 24 countries mandate e-invoicing for value-added tax for all taxable domestic business-to-business (B2B) transactions, 50 countries require it for certain B2B transactions and roughly 15 additional countries have enacted plans to implement e-invoicing within the next 12 to 60 months (excluding ViDA). With tax personnel already spending nearly half of their time – 45% to be exact – on routine compliance activities, including data gathering and wrangling, teams are struggling to keep up with today's demand – never mind prepare for tomorrow's.

Ultimately, organizations will need to rely on the accuracy and integrity of their tax and finance data to find optimal outcomes. This is one reason why 63% rely on external service providers to consolidate data out of multiple ERP systems. Due to its inherent complexity and laborious nature, they simply cannot do it on their own. Organizations, such as the global EY organization, which is comprised of a network of member firms with local and international tax, tax compliance and tax technology professionals, can help [you understand the complex rules and assess the potential impact of BEPS](#).

## Navigating regulatory changes and tax digitization

BEPS reporting

  
**74%**

Consider BEPS reporting a top priority

  
**42%**

Expect to struggle with BEPS reporting

### Key challenges

- Global minimum tax obligations
- Public tax transparency disclosures
- Digital tax filings
- Tighter audit support timelines

  
**58%**

Expect to struggle with e-invoicing

  
**58%**

Lack a plan for e-invoicing

## Chapter 4

### Advise business stakeholders and show them your value

With advanced data analytics tools, tax and finance teams can help stakeholders plan for future tax liabilities and model the tax implications of business decisions.

A modernized approach to data strategy and management can significantly enhance the role of tax and finance teams, enabling them to provide more strategic value to chief financial officers (CFOs) and the wider organization.

By integrating tax data with broader financial data, tax teams can generate predictive insights that help CFOs and other key stakeholders plan for future tax liabilities, assess the impact of mergers and acquisitions, and model the tax implications of business decisions. And with advanced data analytics tools, tax and finance teams can identify patterns or anomalies in tax data, flagging potential compliance risks or tax liabilities and exposures. These insights enable organizations to proactively address opportunities and risks, verifying that the organization remains compliant and manages against costly disputes or audits.

Additionally, the transformative potential of GenAI will help shift tax and finance functions from examining past transactions to working with them in real time. That will position the functions to play a more strategic role in the organization and deliver a plethora of data-driven insights to help the business.

## Chapter 5

# Reimagine team roles and responsibilities and ease talent woes

Co-sourcing provides access to professionals within the EY network of member firms who are skilled in the ever-changing tax landscape, along with a reliable workforce to take over routine tasks.

The deficit between young professionals entering the field and experienced ones retiring from it is only growing. Finding talent is so hard that, for certain positions, companies say they will consider nontraditional candidates, including individuals without college degrees.

More than half of respondents also say they are actively changing their operating models, and co-sourcing some activities was the most important change they're considering. Co-sourcing provides access to professionals located globally who are skilled in the ever-changing tax landscape, along with a reliable workforce to take over routine tasks. This enables tax and finance leaders to focus talent strategies on new skills and more strategic activities, which 46% say is the biggest benefit of their co-sourcing arrangement. Just as importantly, co-sourcing partners can share insights and leading practices for designing a highly improved hybrid talent model.

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Working with our EY resources has enabled our core tax team to really double down on strategically aligning with the C-suite while meeting our professional obligations.

**Cooper Monroe**

Vice President of Tax at Duke Energy

Additionally, with a modernized data strategy that leverages automation, analytics and AI, organizations are better positioned to attract professionals eager to work with innovative tools. By automating mundane and repetitive tasks (e.g., data entry, reconciliations, compliance), leaders can shift their teams' focus to higher-value, strategic activities. This not only improves job satisfaction but also allows employees to use their expertise in more meaningful ways, which is a strong retention factor.



## Summary

In today's fast-evolving tax and finance landscape, modernized data management is no longer a luxury but a necessity. Companies are grappling with budget limitations, complex regulatory changes and the growing talent gap, all of which make an effective data strategy critical. By leveraging automation, AI and advanced analytics, tax and finance functions can reduce costs, enhance compliance and drive strategic value across the organization. Co-sourcing and managed services offer viable solutions to alleviate talent shortages and streamline operations, helping organizations stay competitive while preparing for future challenges.

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