

Guide

A Blueprint for Evolving Tax into a Strategic Partner



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This analysis is intended for informational purposes only and is not tax advice. For tax advice, consult your tax adviser. See the full disclaimer [here](#).

Introduction

The role of tax professionals is rapidly evolving. Historically, tax teams have been seen as a siloed business function that works in spreadsheets, complies with regulations, and ensures deadlines are met. However, business leaders now recognize that tax departments provide more than just compliance and expect greater value from their tax teams.



Why Tax Teams Must Evolve Beyond Compliance

Compliance—handling tax returns, ensuring deadlines, and navigating regulatory changes—will always be a core tax responsibility. However, as Amber Simonds, Senior Director of Corporate Tax at U.S. Venture explains, "Tax compliance is a necessary evil. We have to do it, but it doesn't provide the kind of value that positions tax as a strategic partner."

Tax leaders need to offer more than just compliance to truly impact their organizations.

Impact of Tax as a Strategic Partner

Mitigating Risks

Proactively managing tax risks reduces the likelihood of audit findings, penalties, and reputational damage.

Optimizing Cost

Strategic tax planning helps businesses improve cash flow by identifying tax savings opportunities and minimizing tax liabilities.

Staying Agile with Regulations

As tax laws evolve, a strategic approach ensures businesses stay ahead of changes rather than reacting to them.

Supporting Business Growth

Tax insights can inform mergers, acquisitions, and expansion decisions by assessing tax implications beforehand.

Meeting Stakeholder Expectations

Investors, boards, and leadership increasingly expect tax teams to provide insights that align with broader financial and Environmental, Social, and Governance (ESG) goals.

The tax function has an opportunity to be a strategic business partner. Tax teams can achieve this by building strategic partnerships on their strong compliance foundation.

“There’s a gap between what businesses need and how tax operates today. It isn’t either-or. Tax teams need to continue to have a strong compliance function while adding on strategic insights to bridge that gap,” says Simonds.

This gap presents an opportunity for forward-thinking tax leaders ready to leverage technology, improve their teams, and align taxation decisions with organizational strategy to provide strategic value to the company. Here, we’ll explore why tax teams must evolve and provide a roadmap for redefining the role of the tax function in modern businesses.



“In a recent [KPMG survey of C-level business leaders](#), 78% said they want their tax team to be more strategic and provide value that goes well beyond taxes—and 93% planned to prioritize investment to make that happen. But here’s the kicker: Just 35% of those same C-level execs rate their tax teams as truly strategic business partners today.”

Analyze the Compliance Foundation

Before adding a strategic focus to the tax team, ensure the compliance foundation is efficient and well-managed. While not hard and fast rule, Simonds recommends using the 80/20 rule. Consider adding a strategy focus to the tax team when you are confident with 80% of your compliance processes. Teams will always have room for improvement.

Use the checklist below to see how solid your compliance foundation is:

Tax Team Compliance Foundation Checklist

Regulatory Compliance & Filing

- On-time and accurate filing and payment of all required tax returns (federal, state, local, international)
- Up-to-date knowledge of tax law changes and regulatory requirements
- Proper documentation for tax positions and deductions
- Regular reconciliation of tax accounts

Data Management & Transparency

- Accurate and complete tax records maintained for audit readiness
- Standardized data reporting across the organization
- Clear documentation of tax positions and justifications

Training & Continuous Improvement

- Ongoing training for tax professionals on new laws and best practices
- Benchmarking against industry standards and best practices
- Proactive strategy for future compliance risks

Technology & Automation

- Use of tax software to streamline calculations and filings
- Automated tax data collection and reporting processes
- Integration of tax systems with finance/accounting software
- Secure storage and easy retrieval of tax records

Governance & Risk Management

- Clear tax policies and documented procedures
- Defined roles and responsibilities within the tax team
- Strong internal controls to prevent errors and fraud
- Regular risk assessments to identify compliance gaps

Audit Readiness & Internal Reviews

- Oversight by senior management or an audit committee
- Regular internal reviews or self-audits of tax processes
- Preparedness for external audits with organized documentation
- History of clean audit results or effective remediation of findings
- Documented dispute resolution process for tax issues

As you near 80% of checked boxes (that would be 19 of the boxes), you have a strong compliance foundation and are ready for the next steps. Take note of the areas that are weakest. Are there actionable ways you can improve these areas? It's important to have a solid base before you build further.

Even a well-established compliance function will be hard-pressed to find the time and resources to add "be a strategic partner" to the laundry list of things they do. "Tax teams aren't getting larger budgets," Simonds notes, "so we must be smarter about how to optimize time and resources using technology, to gain time to provide value-added insights."

Leverage Technology & Analytics

Currently, almost a quarter of tax teams consider themselves reactive with technology, only making upgrades when necessary.

Tax professionals often rely heavily on spreadsheets, limiting efficiency and scalability. "Automation is key," Simonds emphasizes. "Smaller companies don't need massive budgets to start – it can be small steps like automating licensing processes."

Actionable Steps for Tax Leaders to Strategically Leverage Technology

1. Foster a Mindset of Continuous Improvement:

- Encourage teams to view technology as an enabler of innovation, not just as a necessity.
- Promote ongoing staff training to maximize the potential of new tools.

2. Assess Current Software:

- Conduct a technology audit to identify inefficiencies or outdated processes.
- Define key areas where improvements can drive value.

3. Gain Visibility into Tax Workflows:

- Use tax workflow management software to track filing times, workloads, and payments through dashboards.
- Monitor key metrics to deliver valuable insights into team performance. This insight also improves efficiency, reduces risks of fines or audits, and ensures timely payments.

4. Invest in Scalable Tools:

- Incorporate automation to handle repetitive, time-consuming tasks.
- Leverage third-party consults or software to keep track of ongoing regulatory changes, such as shifts in local and state tax regulations or industry-specific tax policy changes.

5. Leverage Advanced Analytics:

- Use analytics tools to monitor trends, forecast liabilities, and assess compliance risks proactively.
- Leverage AI for analyzing complex data to gain strategic insights that align with organizational goals. This information can enable the tax team to act as proactive business advisors.



Still need to improve your compliance? Start here: **Digital Acceleration in Tax Compliance E-Book**

Gain Visibility & Influence

You can do this by:

Educating Leadership & Departments

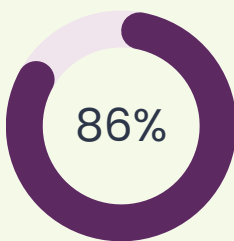
There needs to be a paradigm shift for leadership to see tax as something other than a bottom-line business function. Present the impact of taxes on business decisions (mergers & acquisitions, supply chain, risk management) and curate the messaging to impact the executive.

For example, if you are presenting to the CFO, highlight how proactive tax strategies can improve cash flow, reduce liabilities, and align with the company's broader financial goals.

Developing Cross-Functional Relationships

Build strong ties with finance, legal, and operations teams to build trust and respect and eventually integrate tax into cross-functional decision-making.

Also, identify the admins responsible for organizing strategy meetings and ask to be included directly. "Sometimes, you have to be bold," said Simonds. "You may not be invited at first, but if you consistently request to join and demonstrate your value in those discussions, they'll eventually include tax in their meeting invites—because they'll know you'll ask anyway."



EY found that **86% of tax leaders** prioritize being a more strategic business partner to the CEO.

"Tax has to be included in conversations to provide value. It's about getting a seat at the table," said Simonds. That means establishing relationships and advocating for tax's role from the planning stages of business decisions.

Shift from Reactive to Proactive

Transforming tax into a strategic asset involves anticipating risks and opportunities rather than reacting to them. “When tax teams are looped in early, they can proactively plan and model outcomes rather than solving problems after the fact,” Simonds advises.

Proactively Engage in Business Planning

With the relationships built in Phase 3, tax has the seat at the table and can now be in a position to advise on the tax impacts of decisions.

Risk Management Strategy

Implement a tax control framework to anticipate and mitigate tax risks across your compliance process. Not sure where to start? Our team built a guide on [What is a Tax Control Framework \(TCF\)](#), that you can utilize for insights and strategies to build your own TCF.

Stay Ahead of Regulatory Changes

Staying current on regulatory changes, especially in highly regulated industries, can be hard.

In 2024, the fuel industry had 797 tax regulation updates! If you are tracking this data manually, it is tedious and exposes the business to risk. Instead, automate tax law changes by utilizing a reputable third-party expert, and use the time you gain to analyze and advise leadership on proactive strategies for change.



Measure & Demonstrate Strategic Value

Demonstrate tax's critical role in the organization with data-driven insights. "It's about showing leadership where tax adds value," explains Simonds. "If they can see the impact on growth or risk management, the perspective shifts from 'tax as a cost center' to 'tax as an enabler of success.'"

Ways to Prove Tax Value



Use analytics tools and develop dashboards to track and monitor metrics on how tax strategies reduce risks, improve cash flow, or support innovation initiatives.

Highlighting Value Beyond Cost Savings

By sharing insights beyond cost savings, tax teams can show that they can contribute to the company's strategic objectives.

- Showcase how tax planning and structuring have optimized the financial outcomes of mergers & acquisitions.
- Highlight the role of tax incentives in funding and supporting innovative projects.
- Demonstrate how proactive tax risk management has protected the company from potential financial and reputational damage.

Define KPIs Beyond Compliance

Evaluate how tax contributes to driving innovation, managing risks, and unlocking new growth opportunities. Highlight the metrics that showcase value beyond cost savings, such as influence on acquisition and mergers.

Report to Leadership Regularly

Share data-driven insights that illustrate tax's role in supporting strategic initiatives across the organization. Position tax as a proactive partner in shaping financial performance and long-term corporate goals.

- Use analytics tools to track metrics such as tax's influence on strategic business decisions, including mergers, acquisitions, and market expansion.
- Develop dashboards to monitor how tax strategies reduce risks, improve cash flow, or support innovation initiatives.
- Conduct regular reviews of global tax efficiency, focusing on how it optimizes financial outcomes.

Align with ESG & Sustainability Goals

In the US, ESG and sustainability goals can be achieved more cost-effectively through tax benefits. Partnership with the teams working on the Company's ESG & sustainability initiatives can be a valuable effort for all involved.

- Analyze tax data to demonstrate compliance with ESG frameworks and highlight contributions to sustainability efforts, such as tax credits for eco-friendly initiatives.
- Collaborate with sustainability teams to identify tax incentives for green investments or renewable energy programs.
- Leverage global tax policies to show how tax aligns with ethical governance, using tools that track adherence to international sustainability standards.



Need help formulating how to ask for additional resources? Read The E-Book:

[Advocating for the Tax Team.](#)

Empower tax, drive strategy

Rethinking the role tax plays in your organization requires bold action and a forward-thinking mindset. By building influence, adopting proactive strategies, leveraging technology, and showcasing strategic value, tax leaders can position their teams as indispensable business partners.

You are not replacing compliance. The key is to use the tools available, so that in a world where tax team resources are continually constrained, tax teams can close the gap between C-Suite desires for tax to provide strategic value and reality.

As Amber Simonds puts it, "Tax teams need to advocate for themselves. Lead with value, show insights, and the C-suite will begin to realize tax is an asset, not just an obligation."



Amber Simonds

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