



2024 **TAX INNOVATION** **WEBCAST SERIES**

Tax Technology Success: Walking the Walk

DECEMBER 5, 2024

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With You Today



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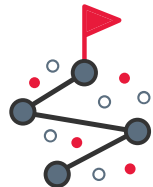
Today's Learning Objectives



Tell the story of data to deliverable through the eyes of a modern tax department



Apply concepts from previous 2024 Tax Innovation Webcasts to real-world cases



Review steps required to becoming a modern tax department

Agenda for Today

1

Tax Strategist:
Walking the
Walk

2

Data to
Deliverable

3

Tax Innovation
Webcast - Use
Cases

4

Lessons
Learned Along
the Journey

5

Roadmap to
Modern Tax
Department

COMPANY SPOTLIGHT
Hertz



The Hertz Corporation

- ▶ **Global Headquarters:** Estero, Florida
- ▶ **Direct Tax Personnel:** 12 U.S. and 5 Non-U.S.
- ▶ **Footprint:** Significant operations/presence in U.S., Canada, Europe and Australia
- ▶ **ERP:** Oracle (legal entity in most cases)
- ▶ **Tax Software:** ONESOURCE Tax Provision
- ▶ **ETL:** Alteryx and Microsoft Power Query

▶ Historical Data & Process Challenges:

- Master data management (entities, account mapping, adjustment codes, etc.)
- Tracking GAAP-to-STAT differences
- International tax data collection
- Complex state-by-state provision calculations
- Global consolidation and reporting

Hertz

dollar.
Car Rental

Thrifty
CAR RENTAL

106 years
of Operation

11,400
Locations

27,000
Employees

160
Countries

550K
Vehicles

\$9.4B
Annual Revenue

25M
Annual Rentals

Source:

Tax Strategist: Walking the Walk



2024 BDO TAX STRATEGIST SURVEY

State of the Tax Strategist

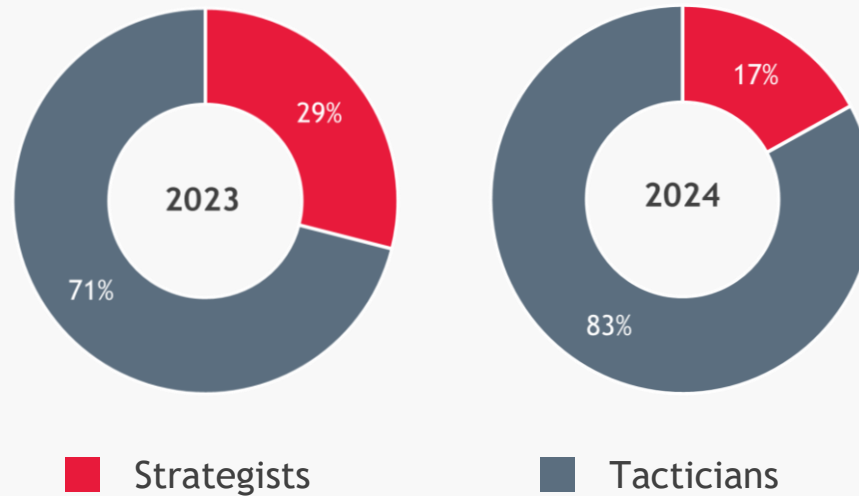
Fewer tax leaders than last year are operating at a highly strategic level. The decline in Tax Strategists suggests that in an increasingly complex tax environment, many leaders are likely becoming entrenched in day-to-day reporting and compliance demands.

TAX STRATEGISTS

Key stakeholders in the business who are regularly consulted on the tax implications of business decisions.

TAX TACTICIANS

Tax leaders who also make substantial contributions to the business but are more often consulted after business decisions are made.



To transition from Tactician to Strategist, you need a shift in approach. First, you should evaluate your team, processes, and technology to identify areas for improvement. Then you should consider how you can bolster communication with key organizational leaders, so you can build trust and advocate for the resources your team needs to execute effectively. Finally, you should be sure to involve the entire tax team in strategic efforts. This will foster a culture of collaboration, innovation, and growth within the tax function.



MATTHEW BECKER
National Managing Principal of Tax

How Tax Leaders Can Become More Strategic

1

Evaluate your team, processes, and technology to identify areas for improvement.

2

Consider how you can bolster communication with key organizational leaders, so you can build trust and advocate for the resources your team needs to execute effectively.

3

Involve the entire tax team in strategic efforts to foster a culture of collaboration, innovation, and growth within the tax function.



TOTAL TAX APPROACH

When every business decision has a tax implication, strategic tax functions require a total tax approach that provides better insights and transparency into the sum of all taxes at the international, federal, state, and local levels.

[LEARN MORE](#) ▶

WHERE TO START
Ask Yourself

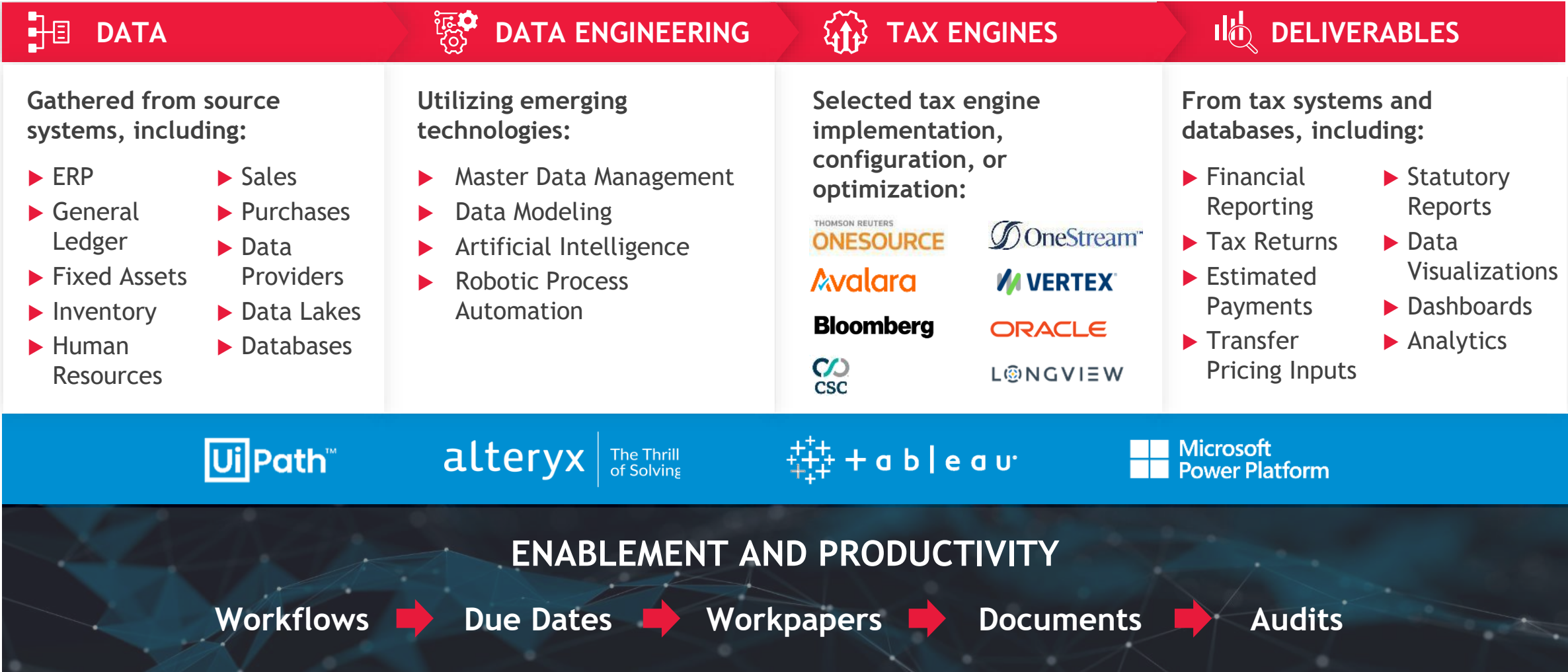


If your answer is “no” to any of the above questions, we can help you spend more time analyzing data and less time gathering it.

From Data to Deliverable

2

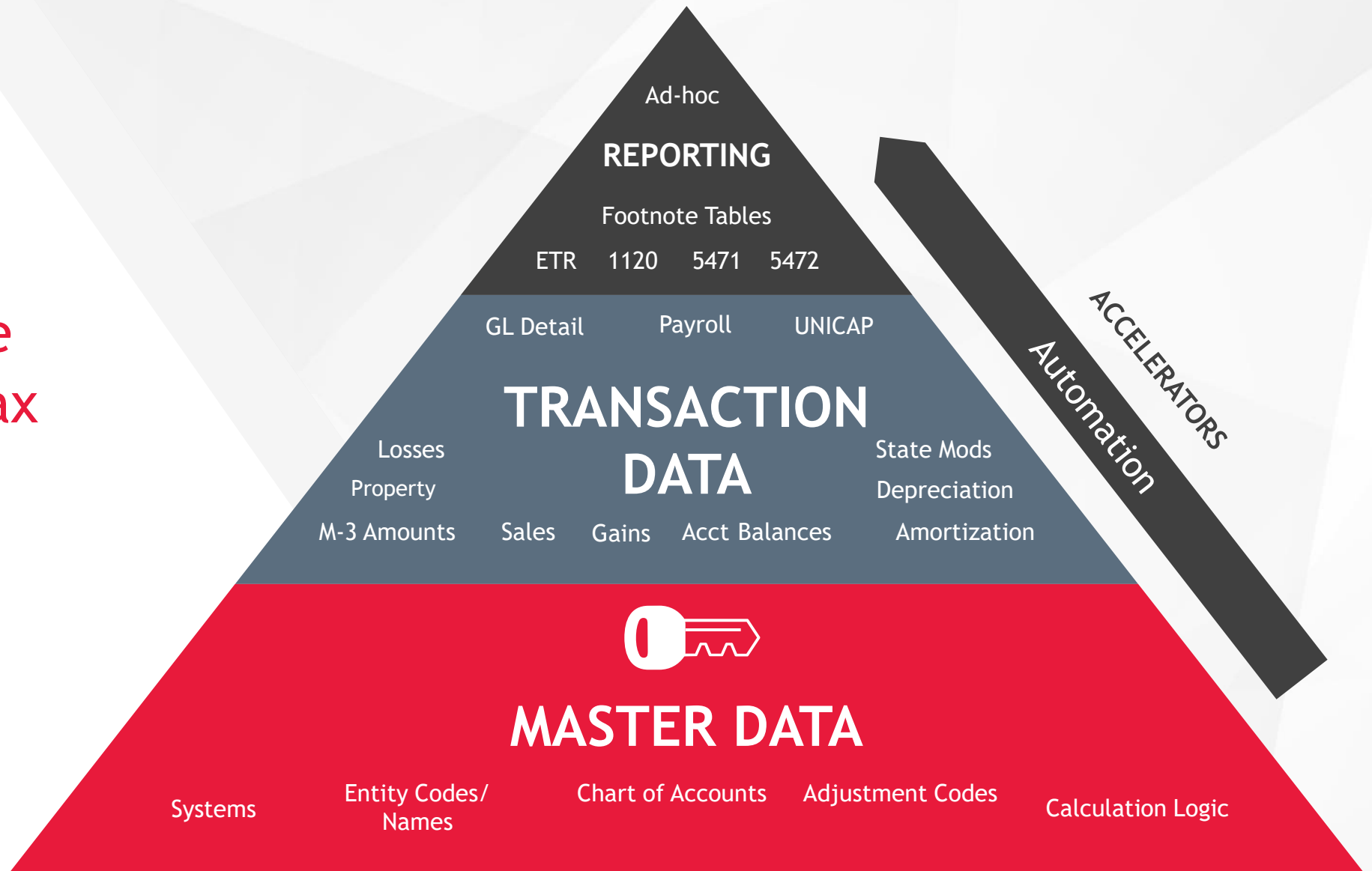
From Data to Deliverable



Master Data: The Foundation to Tax Data Ownership



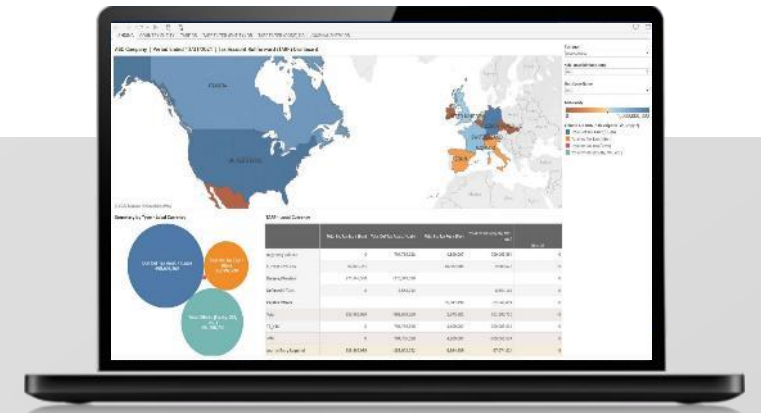
Master Data is the key to unlocking automation



Master Data is Key

LONG-TERM SUCCESS RELIES ON CLEAN, WELL-MANAGED MASTER DATA

Whether building complex workflows, creating insightful dashboards, or training an AI model—master data is key. Inaccurate and messy data can lead to poor outcomes and additional administration. Identifying data issues early on and resolving them quickly is fundamental in your ability to make strategic business decisions. Leverage master data throughout the solution development process to maximize data quality and data governance.



TAX MASTER DATA FOUNDATION

Appropriate
Granularity

Minimized
Administration

Aggregation of
Disparate Data

Reduced Risk
and Errors

Hertz Master Data Management

WORKPAPER Hertz Master Data File

PURPOSE To create a golden record of non-transactional, qualitative data for use in any tax process that relies upon reference data such as units, adjustment codes, and accounts

SOURCE DATA

- ▶ FCCS: units, accounts, currency codes etc.
- ▶ Oracle: units, accounts, currency codes etc.
- ▶ OTP: Unit data, adjustments codes, sub-consolidations etc.



Hertz Master Data Management - Table Structure

PRIMARY KEY

A primary key is a *unique identifier* for each record that can be used as an index in data processing. Examples include:

- ▶ **Entity Table:** OTP Entity Code
- ▶ **Account Table:** FCCS Account #

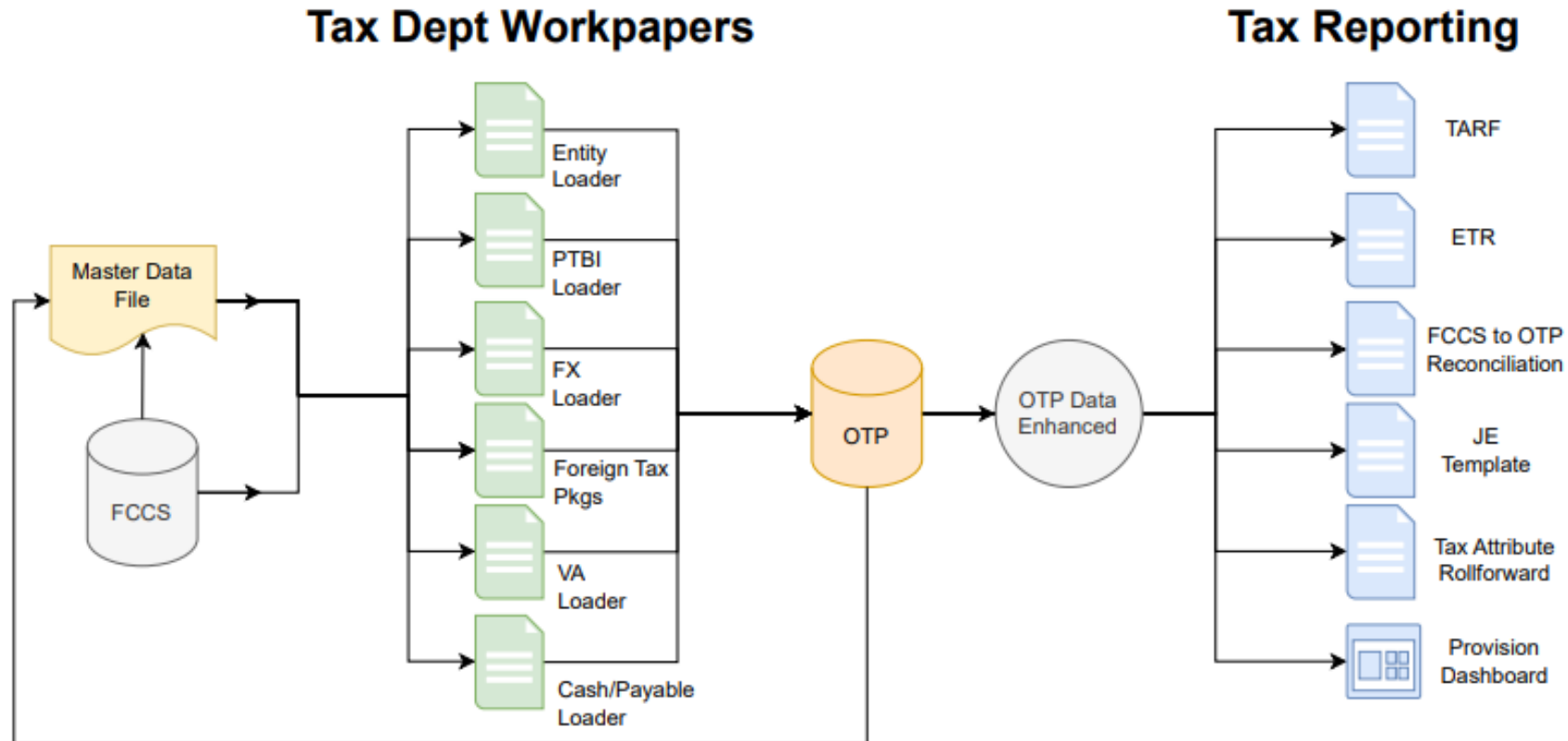
OTP Code	FCCS Code	Oracle Code	Domestic/ Foreign	Country	Currency Code	VA Rule
US1000	A_1000	A1000	Domestic	UNITED STATES	USD	None
US1001	A_1001	A1001	Domestic	UNITED STATES	USD	None
CA1000	B_1000	B1000	Foreign	CANADA	USD	Full
GM1000	C_1000	C1000	Foreign	Germany	USD	Full

TABLE STRUCTURE TIPS

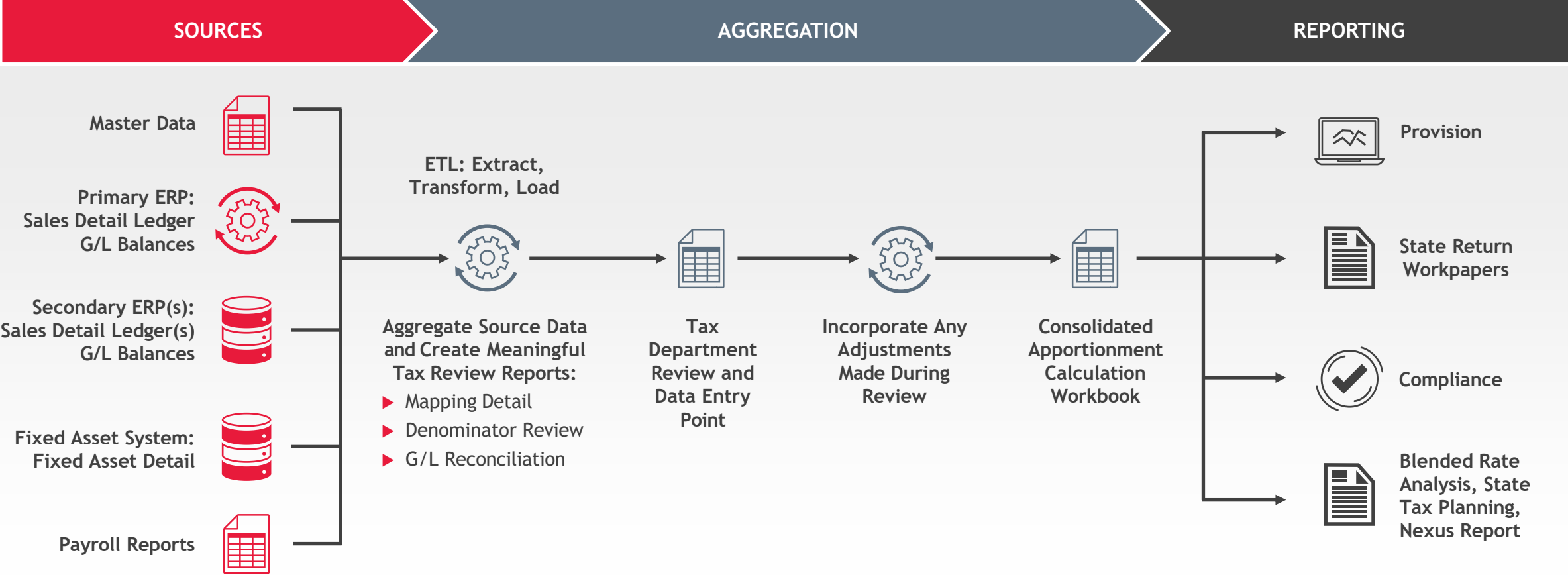
- ▶ **Keep it Clean:** Eliminate spaces between rows or columns to simplify ETL
- ▶ **Consistency:** Do not change header names unless you know all the downstream effects
- ▶ **Automation:** Populate data automatically with other database tables (e.g., FCCS entity/account lists, OTP categories data)
- ▶ **Review:** Review regularly and create diagnostics to highlight duplicates or missing data points

FCCS Account	FCCS Account Description	Account Type	DR/(CR)	Domestic / Foreign	Federal / Local
A1200	DTA	DEF	DR	All	All
A1300	Contra DTA - VA	DEF	DR	All	All
L2200	DTA/DTL - General	DEF	CR	Domestic	Federal
L2300	Income Tax Payable - Domestic	PAY	CR	Domestic	All
L2350	Income Tax Payable - Foreign	PAY	CR	Foreign	All
E9100	Current Expense - Domestic	EXP	DR	Domestic	Federal
E9200	Deferred Expense - Domestic	EXP	DR	Domestic	Federal
E9110	Current Expense - Foreign	EXP	DR	Foreign	All
E9210	Deferred Expense - Foreign	EXP	DR	Foreign	All
E9120	Current Expense - US State	EXP	DR	Domestic	Local
E9220	Deferred Expense - US State	EXP	DR	Domestic	Local

Hertz Master Data - Integration with Tax Processes



Building a Functional Foundation



Tax Innovation Webcast - Use Cases



ASKING THE RIGHT QUESTIONS

We Use Dashboards and Visualizations to/for...

UNDERSTAND OUR RESULTS

- ▶ **What is our tax strategy? Do we have one?**
- ▶ What are our most important tax metrics?
- ▶ Who is our audience?
- ▶ What is going on in the business right now?
- ▶ How can we show our value to the organization?

NORTH STAR

FULFILL COMPLIANCE REQUIREMENTS

- ▶ What are our compliance requirements?
- ▶ Are there ways we can more efficiently complete high-volume tasks?
- ▶ Are we on the same page with our team (inclusive of outsourced/co-sourced service providers)?

OPERATIONAL REPORTING

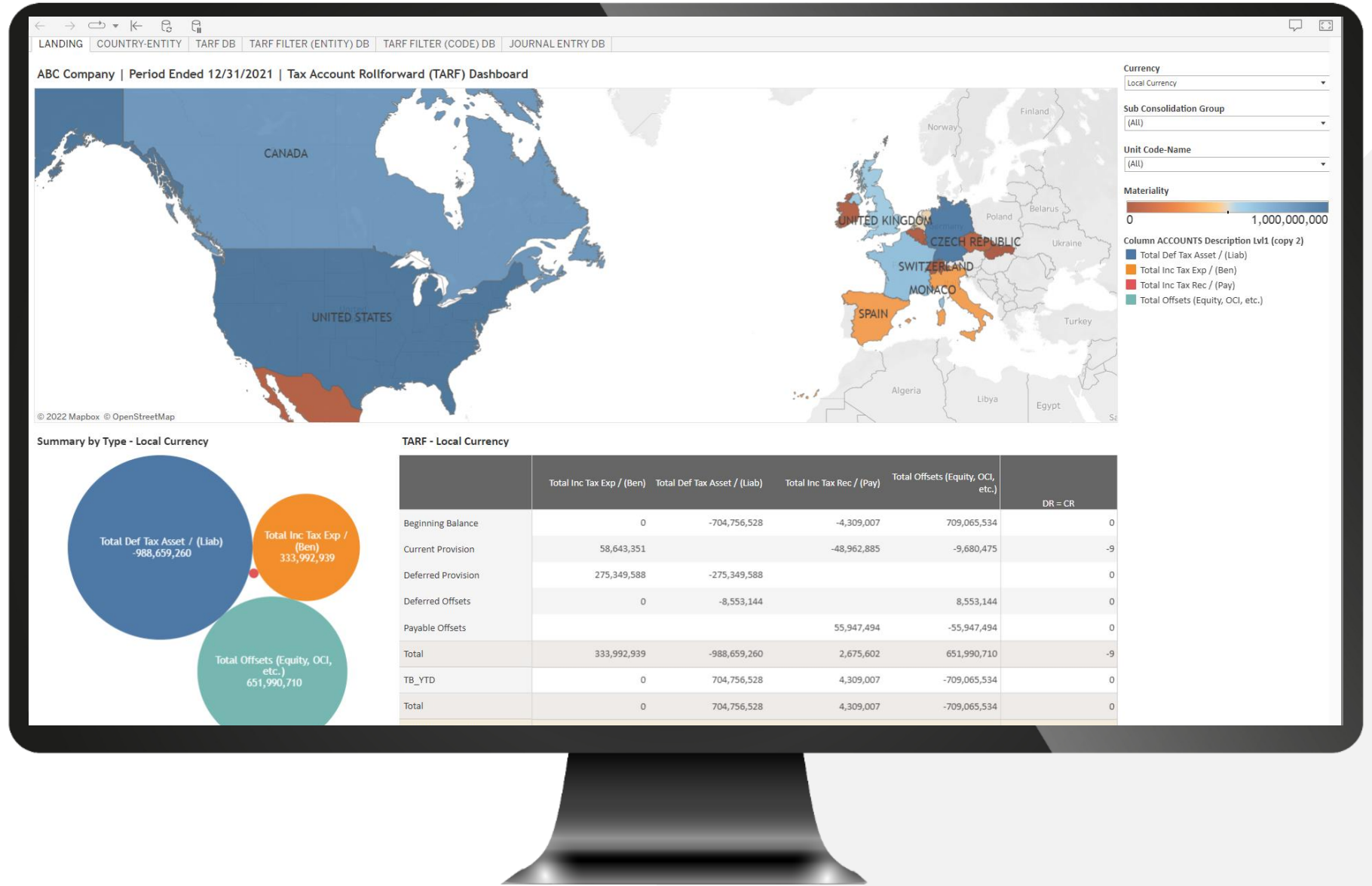
EARLY NOTIFICATION OF RISK

- ▶ What are the business activities we need to know about?
- ▶ How can we create leading indicators and identify anomalies?
- ▶ How will we know when something goes wrong?
- ▶ How can we more quickly validate and reconcile?

RISK MONITORING

Tax Account Roll Forward

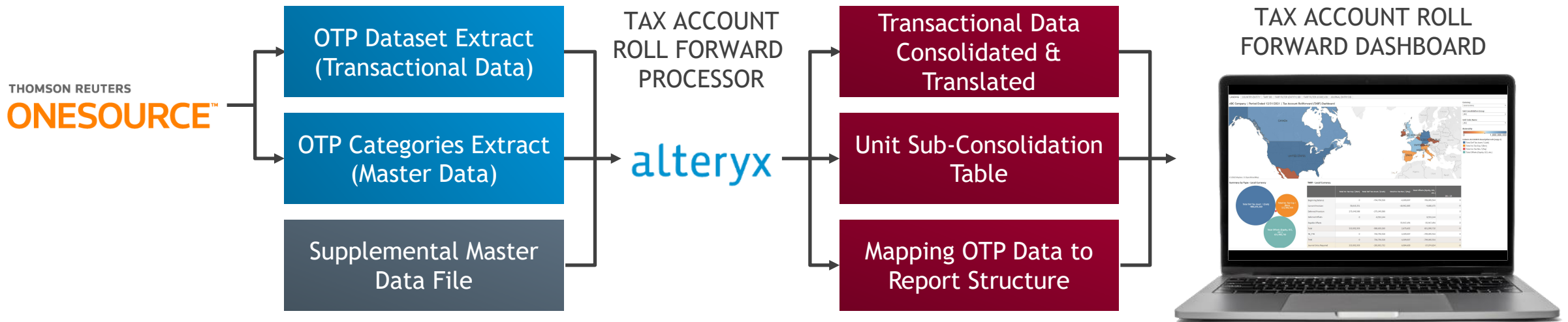
Tax Account Roll Forward (TARF) is an on-demand automated tool that consumes source data from ONESOURCE Tax Provision and creates a flexible tax account roll-forward dashboard in minutes.



Tax Account Roll Forward

PROCESS FLOWCHART

The Tax Account Roll Forward workflow was carefully designed to produce an accurate, complete and efficient tax account report.



SOURCE DATA

OTP: Standard System Extracts
Master Data: Client-Specific Data Mapping

DATA PROCESSING

Structured, Repeatable and On-demand Workflow

STRUCTURED DATA

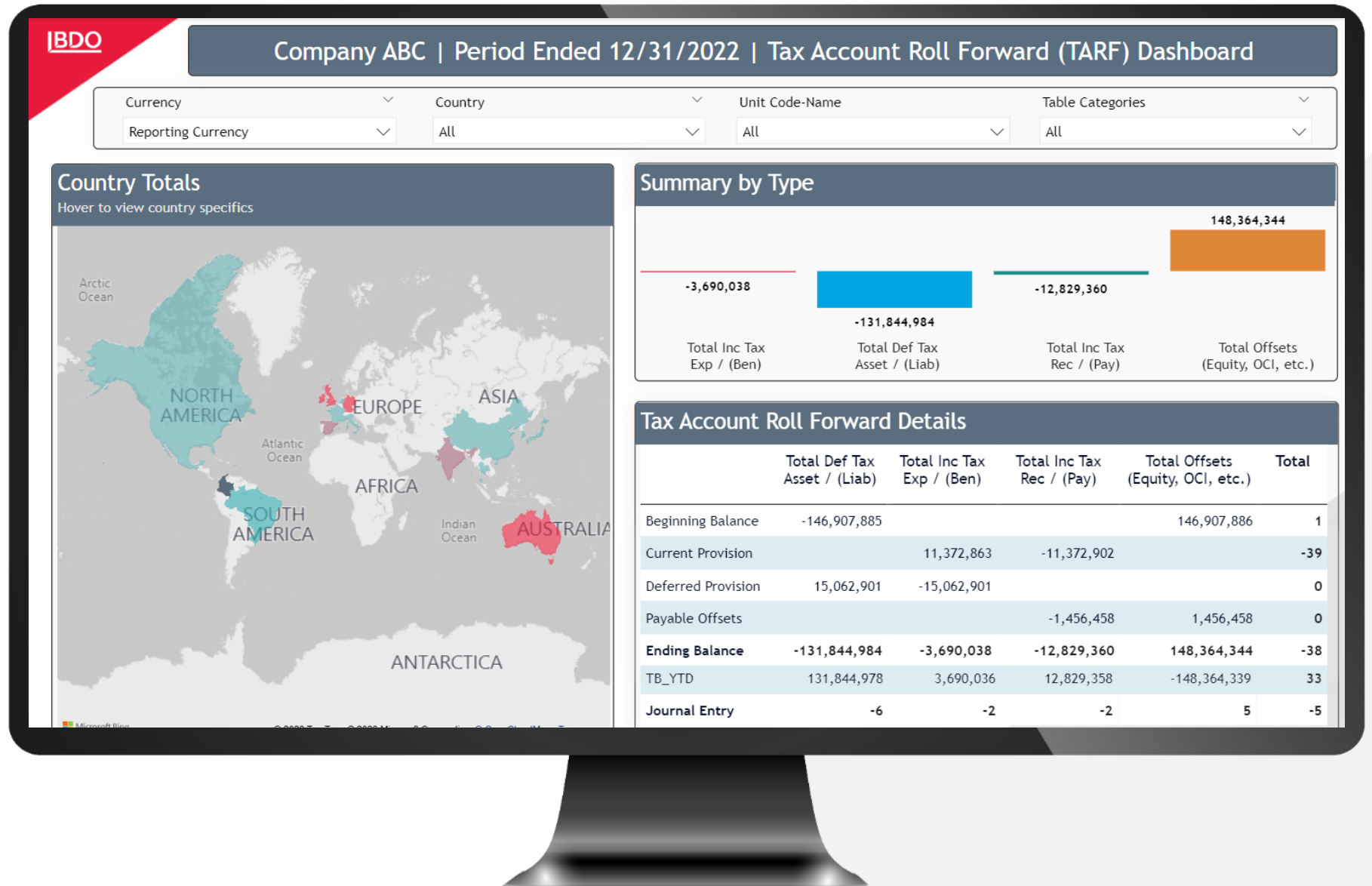
Foundations for Custom Reporting

REPORTING

Easy-to-use Web-based Reporting

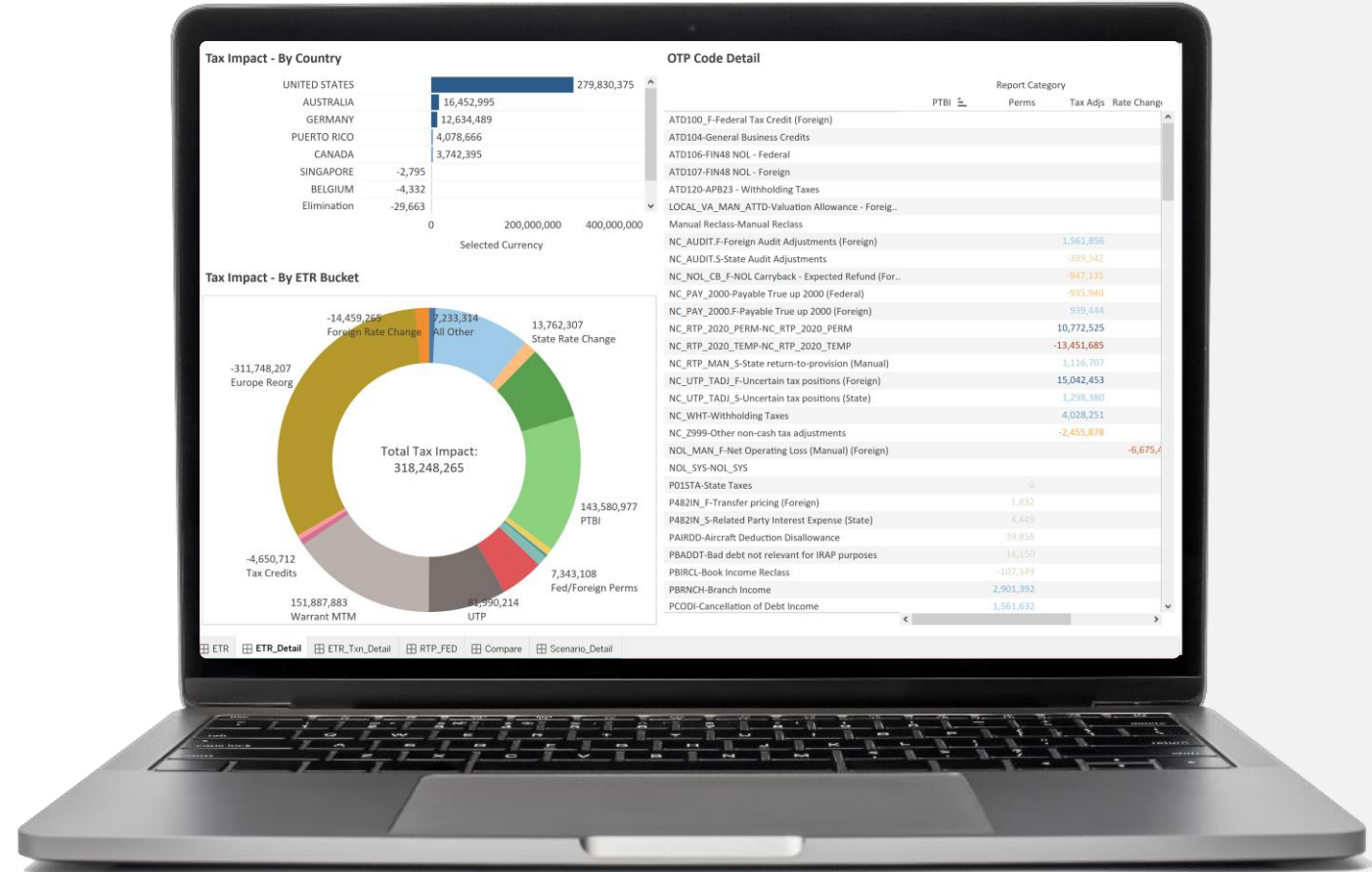
Business Intelligence Processor

Business Intelligence Processor is an on-demand automated tool that consumes source data and creates flexible tax provision dashboards.



Business Intelligence Processor

- ▶ Easy-to-use interface offers appropriate views for all members of the tax department
- ▶ Users can toggle between reporting and local currency
- ▶ Data can be filtered at the sub-consolidation or unit levels
- ▶ Drill-down functionality allows user to gain insight about the data at the click of a button



Lessons Learned from Walking the Walk

4

Recipe for Success

1

Develop a master data management process



2

Cleanse and organize data from source systems and create tools or templates that connect to the source



3

Utilize ETL tools to drive custom reporting and analytics



4

Empower team, identify champions, consider tax model methodology, and regularly monitor change management



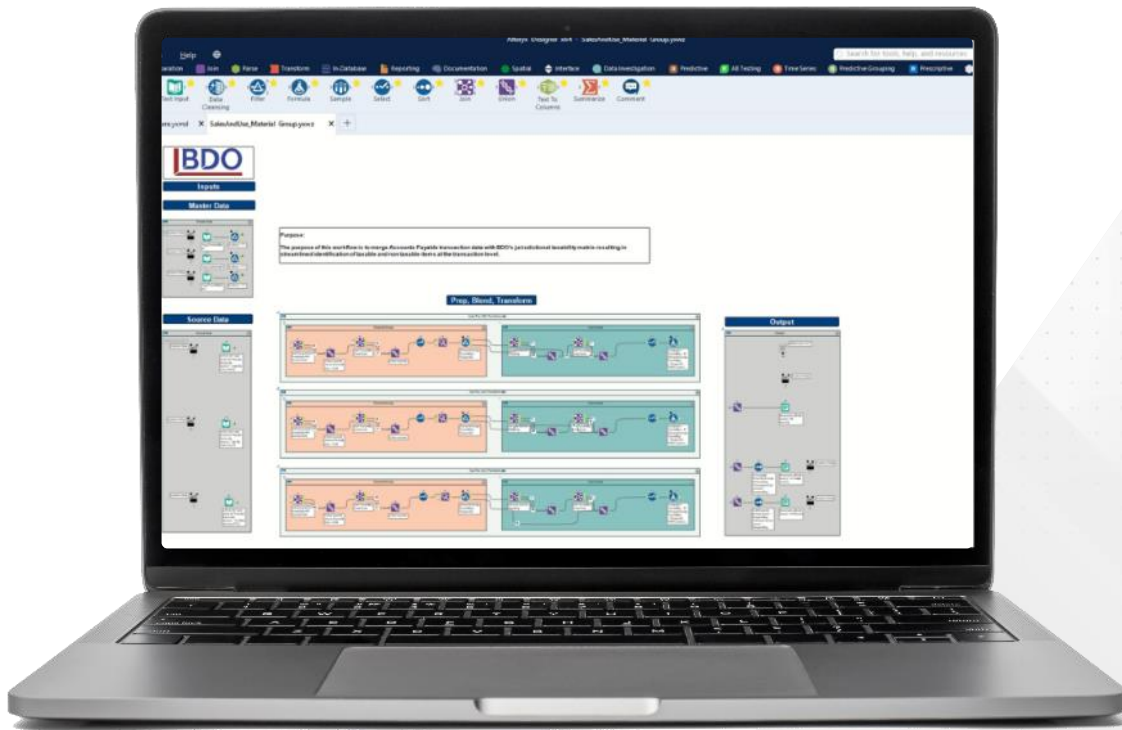
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Don't settle for the status quo - tools may exist or can be built; strive to keep tools simple by using similar formatting and leveraging successes



Tools in Practice

Any time there is a repeatable process with large amounts of data, an ETL tool can be beneficial.



Some examples include:

- ▶ **Income Tax:** Federal Taxable Income Model, Business Intelligence Processor (TARF/ETR), Trial Balance Consolidation & Mapping
- ▶ **State & Local Tax:** State Apportionment, SALT Indirect Compliance Calculation, Nexus Study
- ▶ **Indirect Tax Automation:** Tax Data Ingestion & Integration
- ▶ **International Tax:** BDO Horizon, Pillar Two (Safe Harbor) Models
- ▶ **Fixed Assets:** Book-to-Tax Reconciliation, Depreciations, Asset Imports
- ▶ **Business Incentives:** Research & Development Documentation Information Retrieval, Human Resources Data Retrieval

Alteryx and Your Tax Department



EASE OF ADOPTION

- ▶ Low code/no code
- ▶ Alteryx academy
- ▶ Quick & meaningful wins



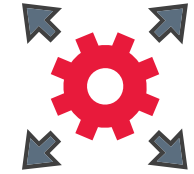
EMPOWERING

- ▶ Enables tax departments to manage & own data
- ▶ Allows tax professionals to build meaningful reports



CONNECTIBLE

- ▶ System agnostic
- ▶ Connectible to various tax engines & ERP systems



SCALABLE

- ▶ Workflows can be leveraged throughout organization
- ▶ Can replace complex and error-prone Excel calculation workbooks

The 2023 ML, AI and Data Landscape

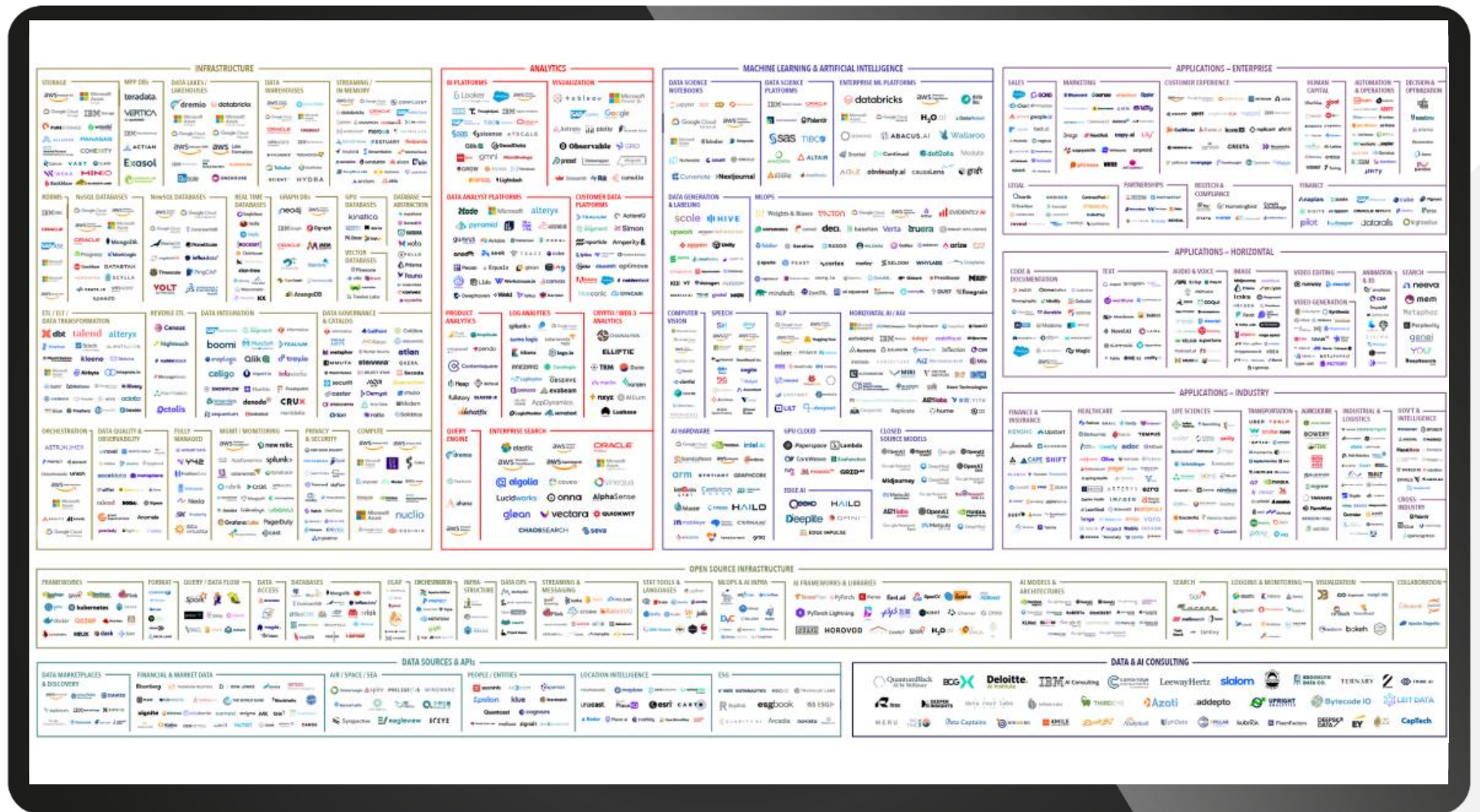


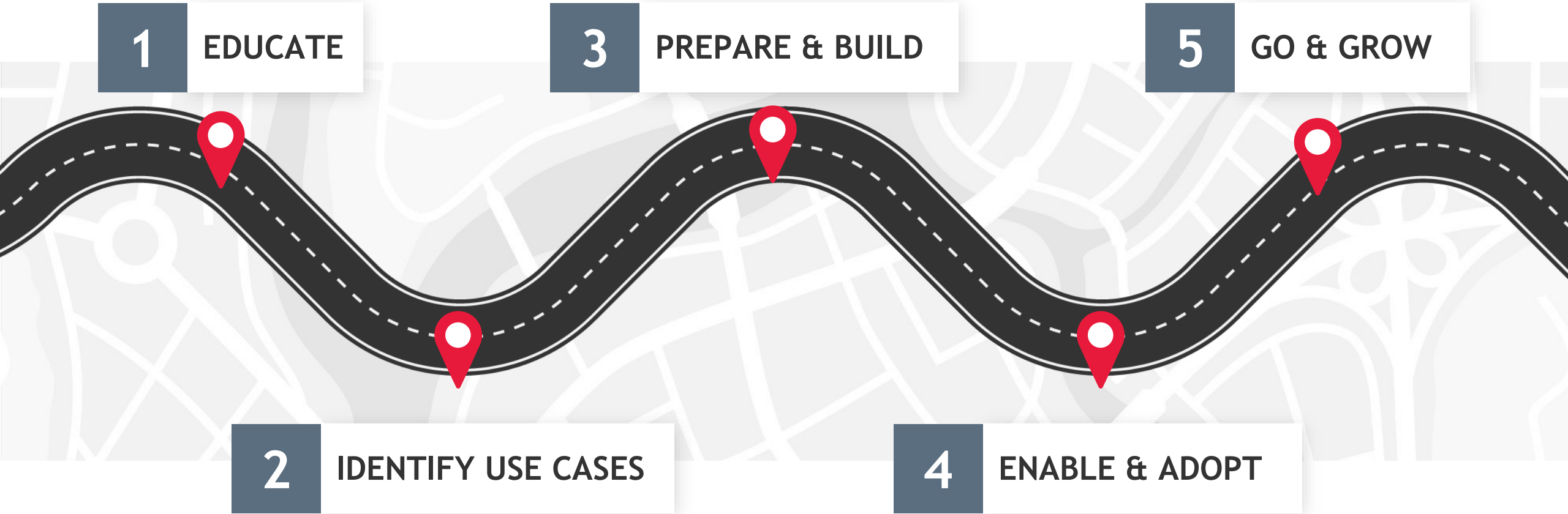
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Roadmap to Modern Tax Department

How do I plan for the future?

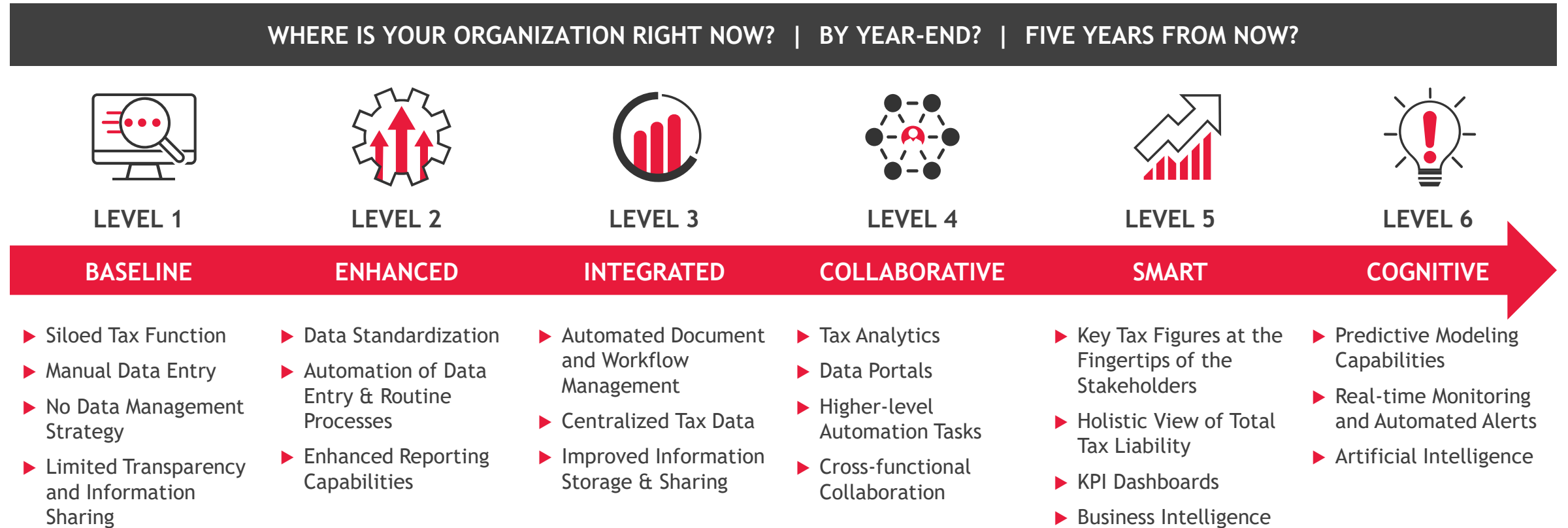
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The Road to a Modern Tax Department

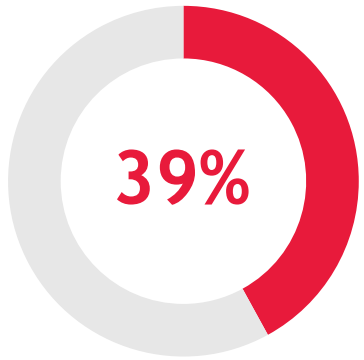


Tax Process and Technology Continuum

To understand where you need to go on your journey, it's critical to first understand where you are. Start by assessing where your tax function is today by measuring it against the below continuum.



Preparing the Tax Function for AI



of tax leaders say they spend 25%-50% of their time dedicated to **extracting and managing underlying data** for tax reporting.

Tax leaders agree that the main reason technology initiatives fail is that tax teams implement technology **before data management processes are in place.**



Recommendations for Success

- ▶ Lay the master data foundation for AI.
- ▶ Factor change management and training into your AI adoption plan.



High-quality data is one of the greatest assets of the tax practice, and ensuring its availability should be a top priority for tax leaders. To unlock the potential of AI, tax functions need to validate the integrity, accuracy, and completeness of data. A strong data foundation will allow tax leaders to derive better insights, enhance collaboration, and enable a culture of continuous improvement.



HALEY DOBRE

Tax Automation & Innovation
Practice Leader

What Can AI Do?



Time-Saving: provide quick and accurate answers to questions, eliminating the need for extensive research.



Idea Generation: generate ideas and offer suggestions for various tasks, such as brainstorming sessions or creative projects.



Language Assistance: assist with language-related tasks, such as proofreading, grammar suggestions, and language translation.



Learning and Education: serve as an educational resource, providing explanations, examples, and practice opportunities.

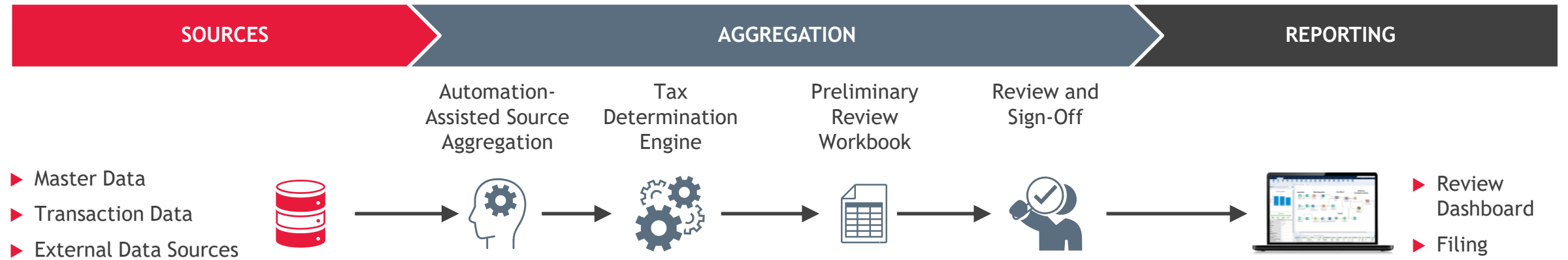


Task Automation: can automate some simple tasks, such as generating code snippets or providing basic information.



Virtual Assistance: act as a virtual assistant, helping with basic tasks like setting reminders, making to-do lists, or providing weather updates.

The AI-Powered Future of Tax



INTELLIGENT DIGITAL STAFF LAYER

- ▶ Automated Data Intake
- ▶ Transactions & Account Mapping
- ▶ Pattern Recognition
- ▶ Unstructured Data Transformation
- ▶ Tax Regulation Research
- ▶ To-Do Reminders
- ▶ Information Aggregation
- ▶ Email Summary
- ▶ Document Summary
- ▶ Formula Review
- ▶ YOY-Based Review
- ▶ Reconciliation
- ▶ Memo Generation
- ▶ Financial Report Generation
- ▶ Email Draft
- ▶ Due Date Reminder



TAX DATA LAYER

Tax Data Warehouse, Connectors to the Sources, Ability for Real-Time Analytics, Dashboard-Assisted Review, Workflow-Driven Review & Approval, Collaborative Calendar and Tracker

In Summary

BE CURIOUS

Staying educated is the best way to support the conversation internally and externally.



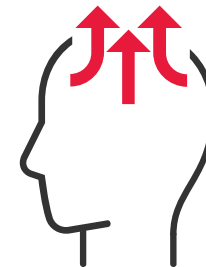
BE ACTIVE

Try it out! Start with some innocuous examples, personal and professional. Have fun. Get creative.



BE PRAGMATIC

Be honest about where you are and where you want to end up on your technology journey. Apply different lenses.



Thank you!



Knowledge Check

Would you like to speak with **BDO** about the content from today's webcast?



Yes, please.



No, not at this time.



CONTACT US ▶

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