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An aerial photograph of London at dusk, showing the River Thames, the Tower Bridge, and the Shard. The sky is a mix of deep blue and orange, with some clouds. The city lights are beginning to glow.

# TAX LEADERSHIP SERIES

## What CFOs want from their Heads of Tax

**The rapidly changing Tax Landscape poses many challenges. The Oscillating environment that seems to be introducing legislation and expecting interpretation at the rate of light is increasingly difficult to navigate through however also presents new opportunities for CFOs and Tax Leadership teams to effectively partner to determine and execute an organisations wider strategy.**

As MNE's begin to process the implications of Tax Reform, Tax strategy and the risks associated continue to climb up the agenda- a repercussion has led to the subject matter increasingly appearing in the boardroom.

**"The role of a Head of Tax has taken on a new meaning as the traditional business environment continues to evolve"**

The Introduction of Technology led solutions has, inevitably, caused disruption. Intelligent Enterprise Evolution requires a huge amount of change management which tends to be led by the CFO and provides major opportunity to transform. With next generation technologies, Tax teams will have a whole new level of trust and confidence that their data is up-to-date and accurate placing even more accountability on the CFOs shoulders.

CFOs reported that the fallout from 'Tax reform' is leading them to strengthen or restructure their tax functions.

Given the complexity of implementing new regimes and the difficulty in communicating its implications, CFOs are expecting a degree of accountability, more than ever before.

Having surveyed a population of CFOs from FTSE listed businesses to SME's, below are the top 7 expectations that are placed on the Tax leadership team for 2019.



## Communication that translates tax into an understandable language

Beyond the regular tone and pitch, a study conducted by Morgan McKinley showed us that CFO's want their Heads of Tax to be effective and concise communicators. With a wider remit across the finance department, a deep technical understanding of tax issues may not be realistic but CFO's find it essential to have an appreciation of the tax value proposition so they can adequately communicate it across the organization and to the board.

These conversations allow for a stronger allegiance between the Tax and wider Finance department and allow for the CFO to be an internal and external advocate for tax.

## Effective Risk Mitigation

As CFOs take an increasing role in managing operational risk, they are looking to their Tax Leadership team to understand how tax deliberations integrate into the broader business decision making process and approach to managing risk. In addition, CFOs are looking to Heads of Tax to manage the risks associated with the tax regulatory landscape and ensuring that the team skillset is able to support the increasing demand on both Compliance, Reporting and Transparency measures.

## Tax DNA

In order to manage the developing Tax regulatory climate, CFOs are depending on Heads of Tax to ensure they deploy the right people across the respective discipline, particularly when considering reporting standards. CFOs, in this regard, also want to ensure that reporting lines are clear and that the tax structure ensures a solid flow of risk information to the rest of the business.

## Strong Partnership with CFO and other C-Suite Leaders

With accountability from a tax department rising in light of SAO, CFOs increasingly want a Head of Tax who can partner with them and other leaders across the business. As tax is thrust into the spotlight with MNE's increasingly being held accountable by worldwide authorities, CFOs have begun to look to Tax Leadership to shape company strategy. Along with this, CFOs are looking to Heads of Tax to educate the rest of the organisation on what it is that tax does and why it is so important- hence a rise in independent tax bodies and forums across the market.

## Adaptation of Tax Technology

Over the course of the last 18 months, Tax Technology continues to become a large agenda point for tax departments. CFOs are increasingly feeling the pressure of reducing costs in the form of headcount across the wider finance function and therefore want to be encouraged that Heads of Tax are effectively and efficiently using technology as a potential solution.

## Tax Department Transformation

As Tax continues to develop in 2019 with the introduction of varying degrees of reform measures from Taxing the Digital world to Making Tax digital, CFOs are looking to restructure their tax function to ensure that they are fit for purpose. Pressure is mounting for tax departments to expand in scope and impact as their organisations cope with increasing competition, globalization and technologies in the midst of stricter tax regulations. Responding to these demands involves a shift in how work is performed and the prioritization of issues from Tax Leadership. This has bought a significant change in alignment of tax strategy with both business and strategic goals.

## Strong Talent Development/Succession Planning

Within a tax department, threats to retention can put the organization at risk from a compliance and commercial perspective. CFOs want to know that the future of the tax function is stable and therefore appointing a succession plan as a Head of Tax has become more crucial than ever.

The rapidly changing tax environment poses many challenges and potential threats but also a huge amount of opportunity for tax teams and Heads of Tax to make a difference and boost their own internal and external profile. While CFO's continue to hope for a 'no surprises' counterpart in the form of a Head of Tax, it's inevitable in the course of the developing regulatory environment for new issues to be issued into the realm. That said, the expectations on a Head of Tax in this current climate continue to be one who can both partner commercially and technically with the wider business as we head into the end of 2019.

To find out more about the demands that CFOs are placing on their tax departments, please don't hesitate to contact [ekumar@morganmckinley.co.uk](mailto:ekumar@morganmckinley.co.uk)



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