

Tax Function Effectiveness

Best practice checklist



To review whether you are operating a best practice tax function in your organisation you should score each statement below based on 5 – strongly agree; 4 – agree; 3 – neither agree nor disagree; 2 – disagree; 1 – strongly disagree

Enablers	Statement	Score
Tax strategy	We know what taxes we pay/collect (our total tax contribution).	
	We have agreed our approach to corporate responsibility in relation to tax.	
	We understand our overall attitude to tax planning.	
	We have a documented tax strategy.	
	The tax strategy is discussed/agreed at board level at least once a year.	
	We know our key areas of focus for managing tax.	
	We have SMART objectives for each area of focus.	
Structure of the tax function	The structure of the tax function supports the implementation of the tax strategy.	
	The structure of the tax function is aligned with the business.	
	It is clear what the tax function is responsible for – which taxes and which enablers/deliverables.	
	It is clear what the 'shadow' tax function is responsible for.	
	It is clear when we use external advisors.	
People	The structure is flexible enough to cope with ongoing change.	
	We have sufficient tax resources to deliver the tax strategy.	
	Tax function staff have the appropriate skills to deliver the tax strategy.	
	Tax staff are continuing to develop their skills.	

Enablers	Statement	Score
Leadership	The head of tax has access to the board.	
	The head of tax is an effective ambassador for tax within the business.	
	The head of tax is good at managing change.	
	The head of tax is an effective manager of the tax function.	
Control/risk management	Those involved in managing tax risk understand our attitude to tax risk.	
	We have a documented tax risk policy.	
	We understand where the major tax risks are in the business.	
	We have evaluated the tax controls around the major risks.	
	We have put in place appropriate controls to manage these risks.	
	We monitor the operation of the key controls.	
Process	The tax function knows the position on corporate income tax compliance around the whole group.	
	We have a process for evaluating tax planning ideas.	
	We have mapped the key processes for managing tax (including tax accounting and compliance processes).	
	We have reviewed the processes for inefficiencies.	
	We have implemented new processes where there were inefficiencies.	
	We have people with the right skills to operate the processes.	
Data	We monitor and review our processes on a regular basis.	
	We have good data for tax forecasting.	
	We can easily obtain the data we need for tax accounting.	
	We can easily obtain the information we need for tax compliance.	
	We receive data in a standardised format.	
Technology	There is a proper audit trail from the accounts to the tax returns.	
	We use tax technology systems to prepare our tax figures.	
	Our tax technology systems are integrated with the financial systems.	
	Our tax technology systems are integrated with each other.	
	We do not use spreadsheets/email as a way of collecting tax data.	
	We do not spend a lot of time re-keying information.	
	We store information in an electronic data management system.	
We have someone specifically responsible for tax IT matters.		
Communication	We know who the key internal and external stakeholders in tax are.	
	We have a formal plan for communication with the stakeholders.	
	The stakeholders understand the tax strategy as it effects them	
	We understand what they need from the tax function and what the tax function needs from them.	
	We are in regular contact with our stakeholders (including revenue authorities).	
	Total score	

Score (maximum 250):

200 – 250: You are operating best practice in many areas

150 – 200: You are operating best practice in some areas

100 – 150: There is more you could be doing

Below 100: There is more you should be doing

For further information, please refer to the [Tax Function Effectiveness book](http://www.pwc.com/taxfunctioneffectivenessbook)
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