

## Treasury and Tax Reform: A 5-Step Checklist

*published on 03.12.2018*

The international tax landscape is undergoing significant change. Long-planned regulations to clamp down on base erosion and profit shifting (BEPS) are now being implemented. And major US tax reforms have arrived quite suddenly.

Naturally, treasurers need to be aware of current and forthcoming tax changes, both internationally and domestically, in the markets in which they operate. And it's no longer just about new rules; it's about new attitudes to tax too, with an emphasis on morality alongside legality.

This principles-based approach requires greater interpretation and a closer look at existing and future tax structures. As a result, treasury and tax departments must work together to understand the implications of the new rules.

Based on the research performed for our [Journeys to Treasury Report 2018-19](#), we have put together a quick checklist to help treasurers respond to these tax changes:

1. Perform an internal audit of vulnerabilities in the way that treasury operates: for example, are there locations where profits are booked but that lack substance?
2. If substance is lacking, what structural changes need to be made to address this?
3. Can the locations of your treasury centres be justified? Tax authorities will ask the same questions, so you need robust answers. If the explanation is clear, document it; if not, you may need to change it.
4. Identify friction points in cash and treasury management processes and structures. What is causing these points of friction? What techniques exist to address them (e.g. POBO and COBO could enable simpler banking and liquidity structures, easier bank account administration and centralised processes)? Are barriers to implementing these techniques real or perceived?
5. Look for efficiencies. Tax change presents an opportunity to centralise part or all of your treasury activities. It can also facilitate the gathering of critical data, which can be analysed and used to improve decision-making.

As these steps indicate, treasurers, together with their tax colleagues, can provide the transparency that tax authorities require by aligning their financial and commercial activities, and ensuring that decisions around organisational structure are fully documented and justifiable.

To find out more about the treasurer's role in embracing tax reform, download your copy of our [Journeys to Treasury Report 2018-19](#)

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