

What is the future for tax and global trade when the COVID-19 dust settles?

By Virginia Ginnane



The world won't ever be the same post COVID-19. So what is the future for tax, globally? Our country's top tax experts share their predictions.

In a unique forum **Top 5 Expert Tax Predictions for Post COVID-19** hosted by Thomson Reuters on 3 June, Professor Robert Deutsch (TTI, Sydney), Lachlan Wolfers (KPMG International, Hong Kong), David Fox (Thomson Reuters, Singapore) and Emily Acraman (KPMG Aust, Sydney) joined moderator Neha Mahindra (Thomson Reuters, Singapore) to focus on the future state of tax.

“Although returning to normal is not on the cards, this transformation will provide the springboard for a “better” normal, where technology provides the key to empowering business to stay ahead of future changes, forecasts David Fox.

And the prognosis? **“There’s no coming back,”** predicted Emily Acraman, who spoke of the opportunity for transformation that the pandemic afforded.

Where tax reform and innovation by tax authorities, in technology and in tax functions were once on a wish list in a drawer, they’re now on the table, at the forefront of everyone’s mind.



And the future is?

Lachlan Wolfers can see one thing for sure, **“No country will be able to tax their way back to prosperity.”**

But there’s no harm in trying. Drawn to the revenue-raising power of indirect tax, Professor Robert Deutsch kicked off the webinar Top 5 Expert Tax Predictions with the ever-provocative nugget – GST reform. Raise the rate or expand the base? Deutsch plumps for a broader base to include exempted categories basic food, education and health services, with a generous compensation package for the lower-paid to be disadvantaged by the change.

The TTI’s Senior Tax Counsel also predicted a revisit of the wildly divisive call by Labor in the last election to scrap the refund of excess franking credits, proposing to limit the refund to \$10K per entity. Unlikely? Well judging by the strength of his predictive powers it has every chance.

His call in the webinar to extend the Instant Asset Write-off measure to 31 December was granted six days later.

Indirect tax hikes to increase

Although the limit on the refund of excess franking credit would not be a popular move, nor would fiddling with GST.

Nevertheless, Lachlan Wolfers, Head of Global Indirect Tax Services at KPMG International was in full agreement that the debate to consider extending GST up or across should be underway, citing New Zealand’s as the **best model at 15%** with the broadest base in the world.

“Supply chains are shifting before our eyes, with Wolfers predicting a lot more focus on near-shoring and bringing manufacturing home, plus a back to the future growth of turnover taxes, with increased environmental taxes and levies.

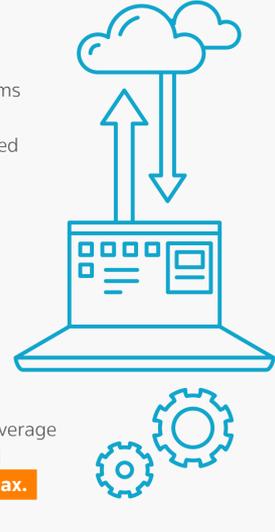
Indirect tax across the globe is already seeing sudden change in Saudi Arabia and Indonesia, and there’s more to come with increased unilateralism on digital economy measures, he warns.

Tax authorities, he claims, with real time access to transactional data, advanced data and analytics will be the winners.

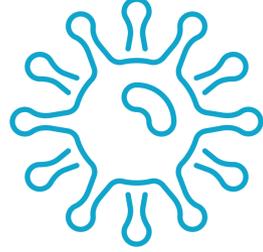
Technology empowering the COVID-19 winners

But they won’t be the only winners, according to a recent Thomson Reuters multi-national customer survey, shared by David Fox, Vice President - Corporates. Tax teams with automated workflows, and analytics-driven reporting and decision-making scored as “Optimised” during COVID-19, versus their colleagues who were ill-equipped technologically reporting they were still in a “Reactive” or “Chaotic” state.

“Fox cited the example of one customer in the global technology health care manufacturing sector, who are redeploying their manufacture to new markets. “They’re looking at maturing their supply chain management to leverage new technology to be able to apply resources on refinancing activities, capitalising on low interest rates,” he explained.



For those tax functions empowered by technology to meet compliance needs and leverage data to guide decision-making, explains Emily Acraman, the pandemic has provided organisations with the opportunity to reset and redefine reality. **What a future for tax.**



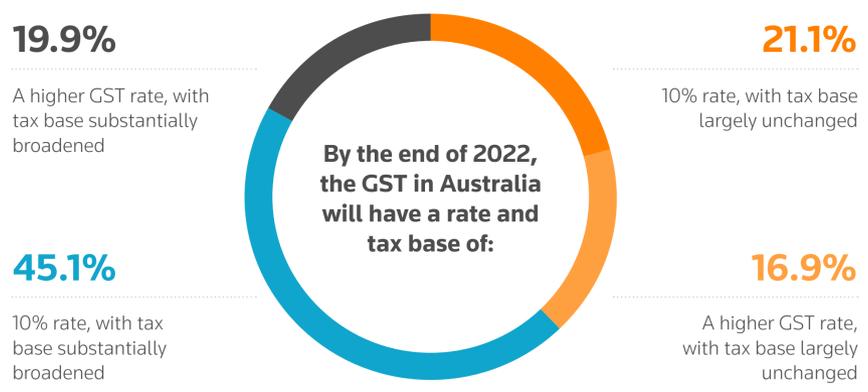
Poll Results: Top 5 Expert Tax Predictions for Post COVID-19

With about 1000 registrations for the Top 5 Expert Tax Predictions for Post COVID-19 webinar it was a great opportunity to gauge so many views on a wide range of questions.

Here are the responses to our three poll questions:

1 GST Rate and Base

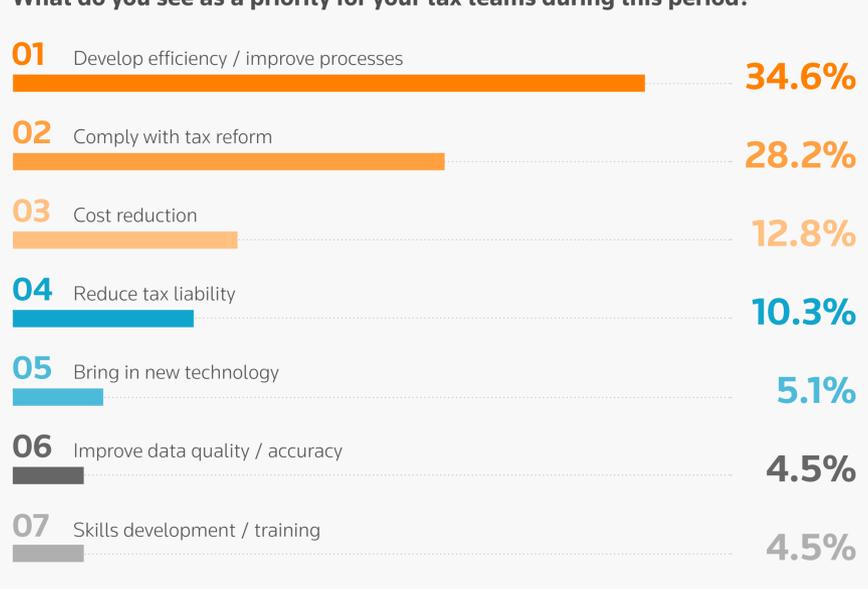
Those in the majority group (45%) forecasting the GST rate to stay the same but with a substantially broadened base echoed the prediction of Professor Robert Deutsch during his presentation.



2 Priorities for Tax Teams

Here, insights into the priorities for tax teams during this time indicate that improving efficiency and processes is the outstanding focus currently, followed by tax reform compliance and cost reduction. Interestingly, the results of the Multi-National Customer Survey shared by Thomson Reuters’ David Fox during the webinar revealed tax compliance as the leader, with reduction in tax liability and costs next, ahead of efficiency improvement.

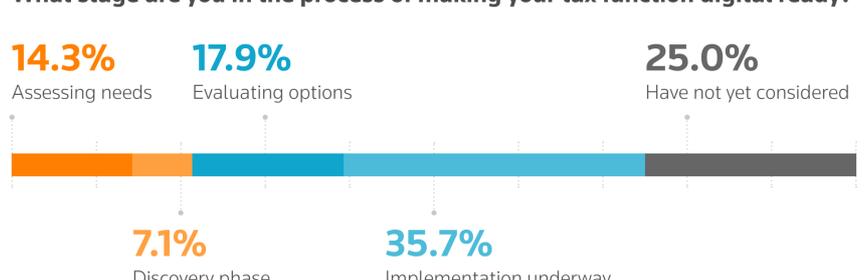
What do you see as a priority for your tax teams during this period?



3 Transforming your Tax Function

With transformation for tax functions predicted by KPMG’s Emily Acraman, the poll responses show that more than one-third of the audience are already making the move to making their tax function digital ready.

What stage are you in the process of making your tax function digital ready?



To view all the engaging and thought-provoking insights in the Top 5 Expert Tax Predictions for Post COVID-19 webinar, [CLICK HERE](#).

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