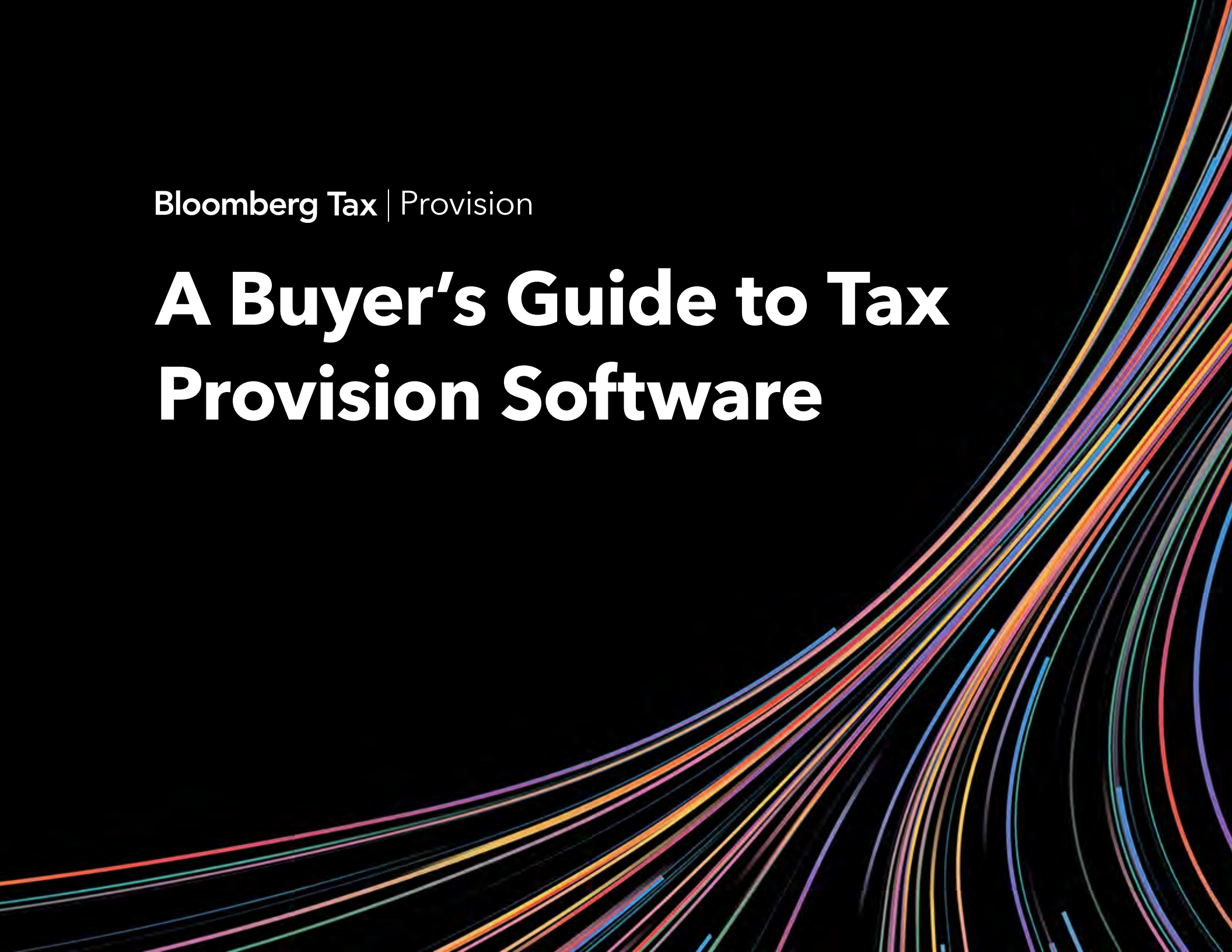


Bloomberg Tax | Provision

A Buyer's Guide to Tax Provision Software



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Introduction

Navigating the intricate maze of the corporate tax provision process is complicated. With tight timelines and magnified scrutiny, it's a walk on a tightrope, where every misstep could spell inaccuracies and potential control failures. Many companies kick off their tax provision calculations in Excel. After all, it's familiar territory. Excel spreadsheets offer flexibility, and building out the basic calculations is easy.

However, that flexibility can create risk in the form of incorrect formulas, version control issues, and other spreadsheet deficiencies. Excel also does not easily adapt to the common factors that complicate the provision process, such as adding new jurisdictions or legal entities, making last-minute changes, or incorporating tax law changes.

It's often these factors that provoke tax departments to make major changes to their provision process, including making the switch to a new software solution. Or perhaps its new leadership or a new audit team precipitates the need for a better process.

But even in times of relative stability, certain challenges remain – and are only getting worse. Close times are shorter, reporting requirements are increasing, and accuracy remains critical.

Bloomberg Tax surveyed 600 provision professionals and found that companies of all sizes could benefit from rethinking their current process and tools.

When asked about their use of rate reconciliation comparison schedules for review and analytical purposes, only 25% indicated their provision software generates those schedules, indicating the remaining 75% either don't prepare schedules at all or prepare them manually (likely in Excel).

Yet when we asked which parts of the provision process management cares about the most, the top two responses were:

- The rate reconciliation: 31%
- Accuracy of the process/no control issues: 27%

In other words, the two areas of the provision process management recognizes as most important are the exact areas where manual processes fall short.

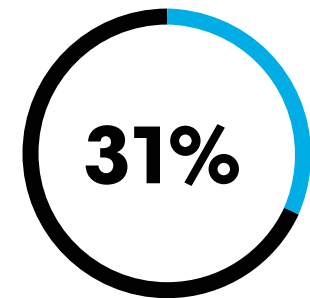
Consider this: just because something is important, doesn't mean it has to be difficult and time consuming. In fact, tax provision software can be trusted to make your job easier and reduce the risks keeping you up at night.

If you're ready to reclaim your time, confidence, and peace of mind with tax provision software, this buyer's guide will make the process of selecting the right solution easier by:

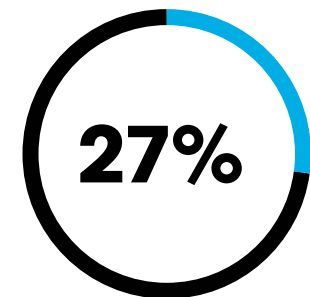
- Demonstrating why it's time to rethink your provision process
- Showing a step-by-step process for evaluating tax provision software
- Providing recommendations to help you build the business case

When we asked which parts of the provision process management cares about the most, the top two responses were:

The rate reconciliation



Accuracy of the process/ no control issues



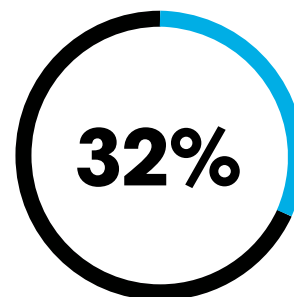
Common provision challenges

Precision, compliance, and efficiency are paramount to completing your tax provision. Any weak spots in the process can lead to expensive financial restatements, scrutiny from auditors and regulators, and reputational damage.

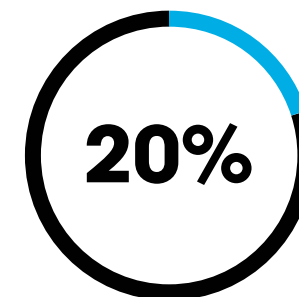
We've identified the four most common challenges that can impede a smooth provision process, and provision professionals agree.

When asked which areas create the most challenges for the provision process, the top two responses in our survey were:

Data gathering, transformation, & manipulation



Tax technical complexity (applying the tax law to your data)



Four most common challenges



Data challenges

Gathering and transforming data is the biggest hurdle in most organizations. Most software solutions aren't tailored for intuitive data collection, often causing fragmentation. Even once information is in the system, the manipulation phase becomes a bottleneck, especially if the software lacks flexibility.



Technical complexity

Applying tax law to your data is where the rubber meets the road. Here, the intricacies of tax regulations demand a deep understanding of how the law interacts with financial data. Most solutions on the market aren't built around ASC 740. As a result, they're not geared to handle this unique synthesis, leading to potential inaccuracies.



Lack of flexibility and transparency

Many available tax provision software options in the market are rigid frameworks, offering limited visibility into calculations. Without transparency, it's challenging for teams to understand, review, or audit processes thoroughly, further complicating compliance efforts.



Reliance on manual processes

Each manual entry or formula adjustment introduces potential risk, not to mention the hours consumed in verifying and reverifying calculations.

If these challenges sound familiar, it's time to reflect on whether your current approach – be it Excel or another software solution – is truly serving your needs. Embracing a solution specifically designed around the nuances of ASC 740 and the inherent challenges of the tax provision landscape is more than just a good idea – it's a strategic imperative.

Evaluating tax provision software: Questions to ask

Tax provision software is a specialized digital solution designed to handle complex tax provision calculations and comply with the most up-to-date laws and regulations.

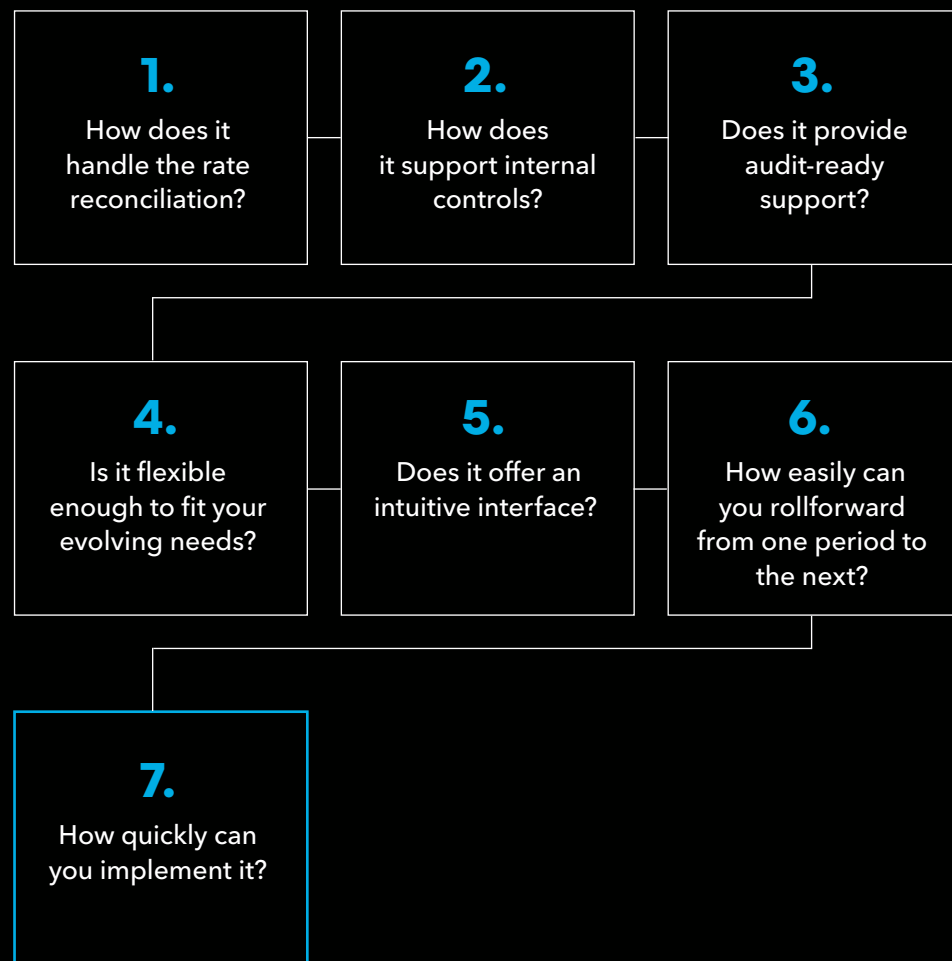
Traditionally, many organizations relied on Excel to carry out complex ASC 740 tax provision calculations. While Excel is a great tool, it has limitations. The slightest data entry error, omission, or inconsistency can result in inaccurate calculations - or hours spent combing through complex spreadsheets to find the problem.

With the right tool, you don't have to rely on manual methods that become error-prone and inefficient as your business scales and tax scenarios become more complicated. It meets the needs of busy tax professionals by providing a streamlined, accurate, and efficient tool to navigate the journey from tax calculation to compliance.



How to evaluate tax provision software

Selecting the right tax provision software is a crucial decision that can significantly influence the efficiency and accuracy of your tax processes. Here's a guide to help you make an informed choice and ensure you're asking the right questions.



First, identify your pain points

Before diving into software evaluations, list your key needs and challenges. What issues do you frequently encounter? What features are absolute must-haves for your organization?

The provision process flow includes three distinct but related elements:

1. Corporate facts. These entail the legal structure, jurisdictions, and general ledger and other data that affect the provision process but exist independent of tax. Last-minute changes here can wreak havoc for organizations of all sizes and complexity.
2. Tax law. This is the body of law written by the tax authorities including items such as foreign tax credits (FTCs), global intangible low-taxed income (GILTI), and research and development (R&D) tax credits.
3. ASC 740. The financial accounting standard for computing and reporting income tax provisions has its own separate body of rules written by the Financial Accounting Standards Board (FASB). It interacts with the corporate facts and tax law but also has requirements separate from them.

Next, ask these questions of the software you're considering:

1. How does it handle the rate reconciliation?

Does the software offer robust and intuitive rate reconciliation features? Ensure that it not only simplifies the rate rec process but also guarantees accuracy. In Excel, every manual entry and change can lead to a cascade of misalignments. It's a time-consuming, hands-on job to manage the provision process, analyze key rate drivers, consolidate data across entities and schedules, and prepare rate recs.

The right software solution provides automatic and accurate calculations without the need for manual adjustments. Bloomberg Tax Provision improves accuracy in state calculations by allowing companies



How to evaluate tax provision software

to ditch the blended rate approach for state deferred taxes without the laborious undertaking that would come from calculating and tracking this in Excel. Instead, users simply add a new state, and the software automatically updates applicable apportionment rates and state tax rates, recalculating deferred balances precisely and quickly.

2. How does it support internal controls?

Investigate the software's internal control mechanisms. Can it enhance the reliability of tax calculations and ensure data integrity? Your tax provision solution should support audit trails showing the date and time of each change made and allow you to securely lock and sign off on a provision. Otherwise, there's a risk of missing intentional or unintentional changes to the provision or altering a prior provision file so it doesn't tie to the original calculations.

When a change impacts your tax provision, add the new adjustments, filings, or entities in one area in the software, and the software intelligently channels them where needed. Last-minute tweaks during reporting won't throw a wrench in your workflow.

Make the edits, and the software cascades the changes across the entire provision. No more checking and rechecking Excel formulas - updates in one area automatically flow to other impacted areas. Bloomberg Tax Provision software is especially powerful when considering uncertain tax positions (UTPs).

Tax professionals who have questions about UTPs and any related uncertain tax benefits (UTBs) will find the program easily uploads and integrates all data throughout the tax provision. It tracks UTBs issue by issue, resulting in more accurate tracking as issues are settled and statutes expire.

3. Does it provide audit-ready support?

An ideal tax provision software should keep you audit-ready at all times. Evaluate if the software facilitates easy report generation, maintains clear audit trails, and provides data transparency for internal and external reviews. Bloomberg Tax Provision delivers audit-ready tax reporting tailored for today's deadline-driven landscape. In addition to providing a holistic view of your company's tax rate drivers, the software bolsters tax-related internal controls and reduces the risk of control deficiencies or weaknesses.

The software also enables more granular reporting across jurisdictions, so you don't need to manually organize hundreds of spreadsheet rows or create multiple PDFs from Excel for review. Tax professionals spend less time preparing deliverables - they simply input their work, and the deliverables flow out of the systems. You can easily overcome the "same as last year" (SALY) mentality and provide the detail auditors need.

Bloomberg Tax Provision also streamlines the review process by automatically generating comparative reports, sidestepping the manual gymnastics required to create such a comparison in Excel.



How to evaluate tax provision software

4. Is it flexible enough to fit your evolving needs?

Tax laws and company needs are ever-evolving. Your chosen software should be adaptable, allowing for easy modifications in jurisdictions, tax rates, and tax laws without exhaustive overhauls.

Maintaining a tax provision manually is especially challenging for companies that work in multiple jurisdictions and countries. Users need to manually update Excel for any new tax laws or changes to tax rates and ensure those changes carry through every spreadsheet and calculation. Software can handle vast datasets and is suitable for organizations of any size. The solution provider handles updates, ensuring your software quickly and automatically accommodates new tax regulations, standards, and rates.

5. Does it offer an intuitive user interface?

The best software in the world is of little use if it's not user-friendly. Explore the software's interface. Is it intuitive? Does it streamline tasks and offer helpful prompts or guides? Companies that manually calculate their tax provision often rely on one or two key people who know the company's spreadsheets and models well. This makes reviewing the preparer's work difficult if the reviewer doesn't understand the spreadsheets, resulting in a more time-consuming process and increasing the risk of missing errors.

When people leave the company, shift roles, or embark on new responsibilities, this creates a knowledge gap that can slow the process or result in errors. Tax provision software guides users through a standardized provision process, making training new employees and reviewing their work easy. When your software offers easy-to-use templates and uniform input fields and formats, you ensure consistency across the board.

With Bloomberg Tax Provision, tax departments don't need to depend on team members with in-depth knowledge of existing spreadsheets to manage their ASC 740 provision process. The software standardizes workflows and reduces risk by allowing tax departments to divide duties via granular permission access controls at the provision, return, and entity levels. It also allows multiple users to work on the tax provision concurrently without running into version control issues.

6. How easily can you roll forward from one period to the next?

When you are using a spreadsheet to calculate your tax provision, rolling over data from one period to the next is difficult, and usually involves copying and pasting values and updating formulas. With Bloomberg Tax Provision, rolling your tax provision forward is as simple as pushing a button.

How to evaluate tax provision software

7. How quickly can you implement it?

Consider how long it will take to fully implement the software and integrate it into your existing systems. The shorter and smoother the implementation phase, the better.

With more complex enterprise software options, it's often the hidden costs of implementation that can cause an undue burden on the department. These costs can include your staff's time spent on training and testing, consultant support, and updates to process.

Bloomberg Tax Provision's hands-on onboarding process is remarkably quick, getting you familiar with our system and ready for your next provision. Starting from your trial balance, our trusted, certified implementers work within your process and guide you through all functionalities and features until you are comfortable going live.

Here's what the onboarding process looks like:



Step 1

You provide last year's provision and supporting files



Step 2

We'll configure your automation sessions



Step 3

We'll provide hands-on training for your tax team or guided onboarding session



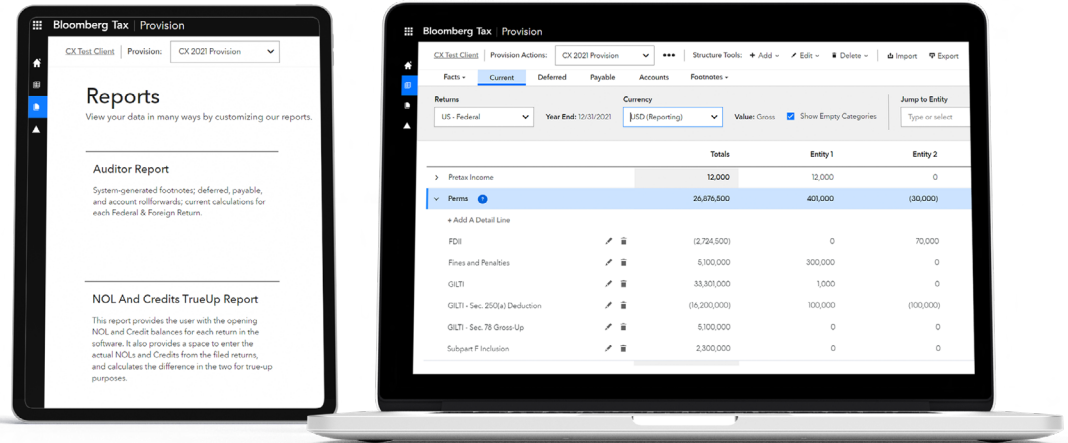
9 must-have features in your provision solution

Feature	Benefit to the tax department	Benefit to the organization
 Automatic ASC 740 calculations	Close quickly and confidently	Reduce risk of costly errors
 Automated rate rec adjustments	Flexibility for easy modifications in jurisdictions, tax rates, and tax laws without exhaustive overhauls	Free up the tax department for strategic planning and advising
 Audit-ready reports	Save time by not having to manually prepare reports	Keep the company audit-ready at all times
 Full audit trail	Easily catch all intentional or unintentional changes to the provision	Ensure the audit process is smooth and transparent
 Fast implementation	Save weeks of added work, training, and change management	Get the tax function running more efficiently in no time
 Automated state rate calculations	Proactively ditch the blended rate approach	Increase the accuracy and compliance of the financial statements' income tax footnote
 User management	Increased internal control with customizable user permissions and controls	Increased internal control with customizable user permissions and controls
 Easily export footnotes	Faster financial close to enable meeting reporting deadlines	Reporting is accurate and on time
 Automated m-adjustment calculations	Integration saves time across the end-to-end provision process	Tax tools that talk to each other make the entire tax function more efficient and accurate

Build the business case

Once you've identified the right solution, you'll likely have to make the case to your tax department leadership or the C-suite. Build a strong business case for why your organization needs to invest in the tax provision solution by being honest about your pain points and the potential costs of inaction. In most organizations, the tax provision is the only element of the financial statement that hasn't seen significant investment. However, continuous changes to the tax laws and regulations affecting your provision indicate that this is an area of external focus – and should be a focus for your organization.

The following checklist can help you create a business case for finally modernizing and automating the provision process.



Checklist for Building a Business Case for Tax Provision Software

- ✓ Identify and quantify the challenges of current methods.
- ✓ Acknowledge the risks of key person dependency and emphasize the need for a repeatable, automated process that doesn't rely on a single point of institutional knowledge.
- ✓ Highlight the hours spent on manual data entry and verification.
- ✓ Put a tangible figure on the cost of these hours – not just in salaries but in the opportunity cost of tasks your team could tackle if freed from laborious spreadsheet management.
- ✓ Combine these arguments with the potential financial penalties or reputational damage from incorrect filings, and you present a clear financial and operational case for the shift.
- ✓ Address scalability concerns. As the company grows or enters new markets, Excel's limitations become even more pronounced. Contrast this with the automated, standardized processes in tax provision software, which can seamlessly adapt to more complex tax scenarios.
- ✓ Stress the importance of compliance and auditability. Dedicated software provides a built-in audit trail and automatically delivers audit-ready reports.

Elevate your ASC 740 process with Bloomberg Tax Provision

Switching to tax provision software understandably gives some companies cold feet – especially since there are a lot of solutions on the market that overpromise and underdeliver. However, Bloomberg Tax Provision isn't just another software; it's the tool that unlocks risk management, efficiency gains, and pinpoint accuracy. What sets Bloomberg Tax Provision apart?

- Precision and peace of mind. Leverage a complete ASC 740 solution, providing strong review and audit support with Excel reports that include formulas – something our competitors don't do. It's intuitive and robust, and the rate rec always ties.
- Built by experts, for experts. Who better to craft a tax solution than seasoned tax professionals? Our software echoes their insight and experience.
- Evolving as you grow. Whether you have existing reporting needs or are facing new calculations due to business changes or expansions, Bloomberg Tax's software has you covered.
- Swift and smooth integration. Bid farewell to the steep learning curves. Embrace a solution that's extremely fast to implement, learn and use.

Bloomberg Tax's trusted certified implementers can provide support beyond implementation, including:

- Data preparation
- Reconciling
- Change management
- Multiple ERP workflows
- Accounting for mergers and acquisitions



See Bloomberg Tax Provision in action

See how our system automates calculations across the entire tax provision lifecycle and applies adjustments so they're guaranteed to tie out - all within a clean design that feels intuitive to use.

[Request a demo](#)

	Totals	Entity 1	Entity 2
Pretax Income	12,000	12,000	0
Perms	26,876,500	401,000	(30,000)
+ Add A Detail Line			
FDII	(2,724,500)	0	70,000
Fines and Penalties	5,100,000	300,000	0
GILTI	33,301,000	1,000	0
GILTI - Sec. 250(a) Deduction	(16,200,000)	100,000	(100,000)
GILTI - Sec. 78 Gross-Up	5,100,000	0	0
Subpart F Inclusion	2,300,000	0	0

	PV	Bus Combos	True Up
United States			
US - Federal	21.0000%	21.0000%	21.0000%
Hong Kong			
Hong Kong	18.0000%	0.0000%	0.0000%
United Kingdom			
Foreign 2	0.0000%	0.0000%	0.0000%

	PV	Bus Combos	True Up
United States			
US - Federal	21.0000%	21.0000%	21.0000%
Hong Kong			
Hong Kong	18.0000%	0.0000%	0.0000%
United Kingdom			
Foreign 2	0.0000%	0.0000%	0.0000%