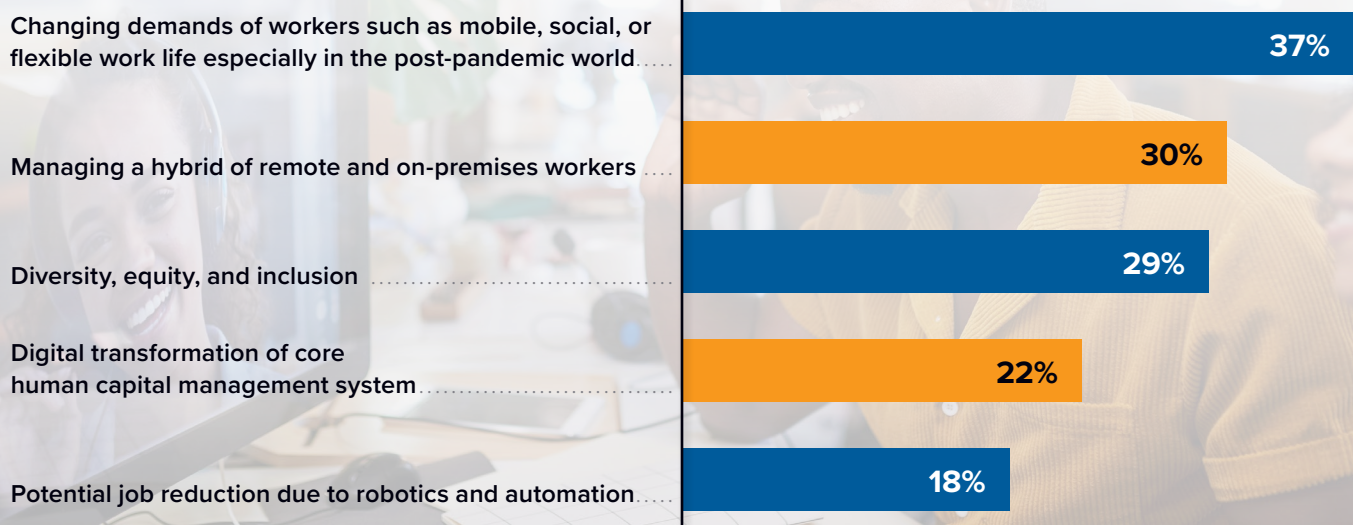




Meeting the Challenge of Expense Management in a Hybrid Work Environment

Examining how expense management will evolve as a new future of work develops

Organizational Challenges



n = 110 (49% IT and 51% Line of Business decision makers); Source: IDC's SaaSPath Survey 2022, March 2022

The Future of Employee Spend

The world of employee-based spend is rapidly evolving. While travel has long been the dominant pathway for employee spend to manifest within the business, the recent change in employee work models is shifting the expense management paradigm. Expense management now must include support for workers in remote work or hybrid work environments and for those utilizing decentralized purchasing practices. The range of expense types is also growing more complex. It now includes items like remote work equipment and services, project-based expenses, and accessibility-related equipment like large monitors or text-to-speech synthesizers.

At the same time, fast-changing value-added tax (VAT) regulations make it complicated to manage expenses in businesses with global operations. Understanding VAT as it relates to employee expenses is not a straightforward task. Generally, VAT business expenses occur when goods or services are purchased for explicit corporate purposes. The gray area comes in when the goods/services also benefit the employee's private life. Distinguishing between the personal and professional can present expense management challenges when it comes to things like Internet service, meals, and utilities. It can be difficult to find a happy medium between tightly managing expenses and providing the employee with a safe work/travel environment.

Where Employee Experience and Tax Meet

Taming the fringe benefit process is quickly becoming essential to corporate tax management as benefit types arise. Companies must balance employee engagement with the need to comply with tax laws. This is an area where businesses find themselves dependent on spreadsheets and manual processes to account for fringe benefit taxes, including collecting information on new expense types. This data then must be blended with travel and expense data and with that from the HR/payroll systems. These often disparate parts of the organization must be connected to optimize business spend and reduce business risk while lowering the cost of third-party software integration.

As expense types and work models proliferate, managing fringe benefits will only grow more complex. This complexity not only hinders smooth operational function but also negatively impacts the experience of back-office users (tax managers, expense managers, controllers). Therefore, businesses seek modern solutions to address the challenge of fringe benefit management. Deploying such a solution can help:

- ▶ Increase automation in the taxation process.
- ▶ Manage risk exposure from compliance issues or fraud.
- ▶ Enable more visibility into employee taxable expenses.
- ▶ Reduce reliance on sampling for expense compliance audits.

What Should an Organization Look for in a Modern Tax Solution?

Data security.

Security is a multifaceted issue given the amount of sensitive data being stored and shared with payees and government agencies through varying delivery channels.

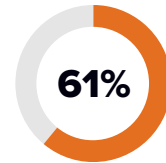
Automation functionality.

An extensive automation function is necessary to cope with the huge data load generated during the sales tax management process. Automations must also be transparent, verifiable, and easy to adjust.

Innovation.

Consider a provider with investments in machine learning and artificial intelligence to support the tax functions, including the collection and analysis of relevant data to expose areas of risk/exposure.

As the corporate world adjusts to the rapidly evolving future of work, businesses will need to leverage advanced technology for risk management and compliance. For companies leveraging remote work or hybrid work models, the impact of fringe benefit tax compliance will be massive. Given the swift changes in country tax mandates, businesses looking to manage a global employee base will require advanced technology for tracking and dealing with employee benefits. It will be incumbent upon vendors in this space to provide advanced functionality in tracking and managing employee benefits to help companies survive and thrive in the an evolving work environment.



agree that value-added tax will have a significant impact on their tax management process in the next 24 months.

n = 110 (49% IT and 51% Line of Business decision makers); Source: IDC's SaaSPath Survey 2022, March 2022

Message from the Sponsor

Concur Tax Assurance by Blue dot and Concur Benefits Assurance by Blue dot are SAP Concur solution extensions. Concur Benefits Assurance helps achieve compliance by automating identification of taxable employee benefits. Concur Tax Assurance is automated by Artificial Intelligence (AI) and Machine Learning (ML) to reclaim VAT, HST, and GST.

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