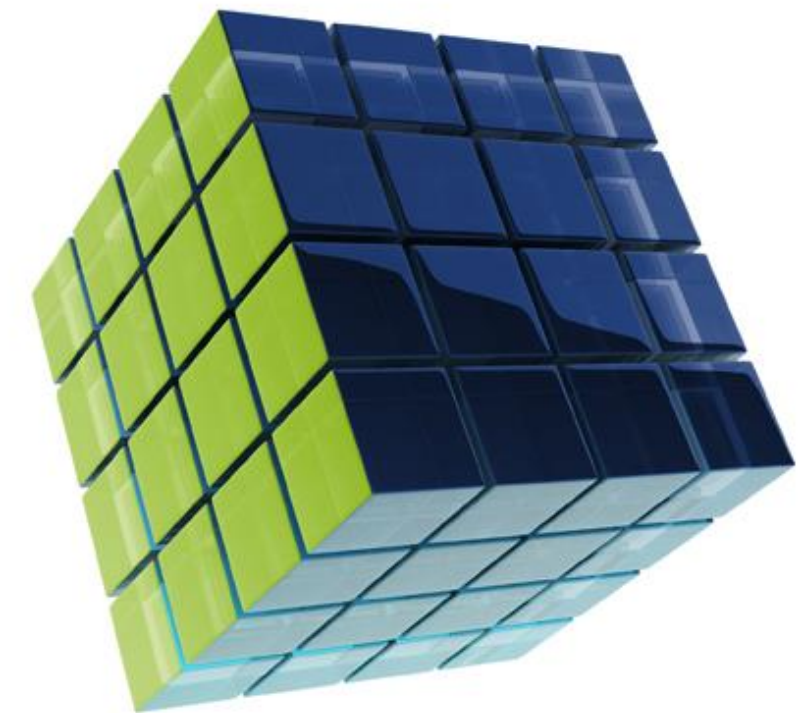


Annual Shared Services and BPO Conference 2013

How to successfully include tax activities within your shared services organisation



Introductions

DIAGEO

Nándor Makos



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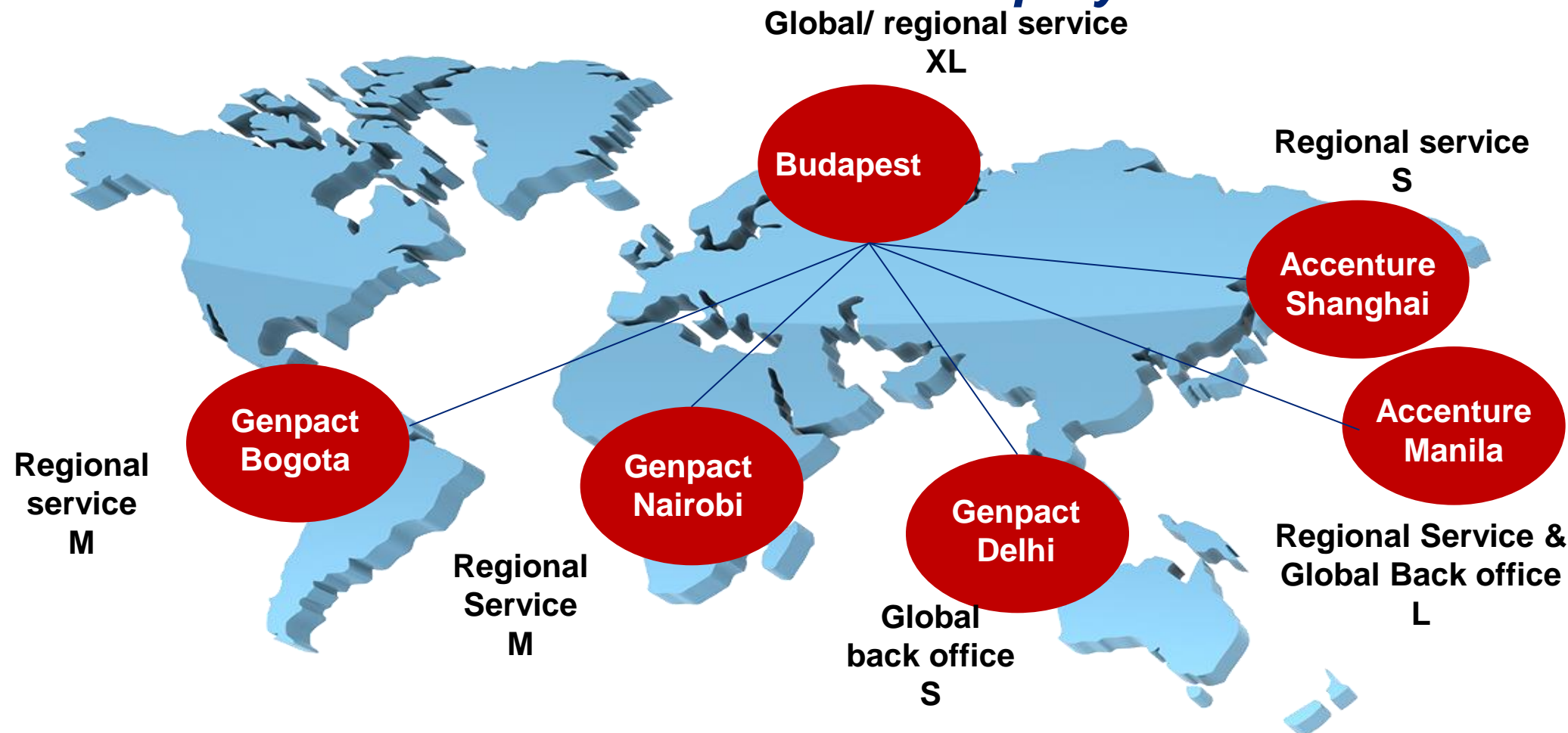
Agenda

- Overview of Global Diageo Business Services (GDBS)
- Tax GDBS Journey
- Tax Operating Model
- Drivers for including tax within the scope of GDBS
- Poll Question
- Tax Processes Migrated
- Challenges Encountered
- Process & Technology Enablers
- Q&A

Overview of GDBS



Common back office processes supported by SAP across 87% of business and 15,000 employees

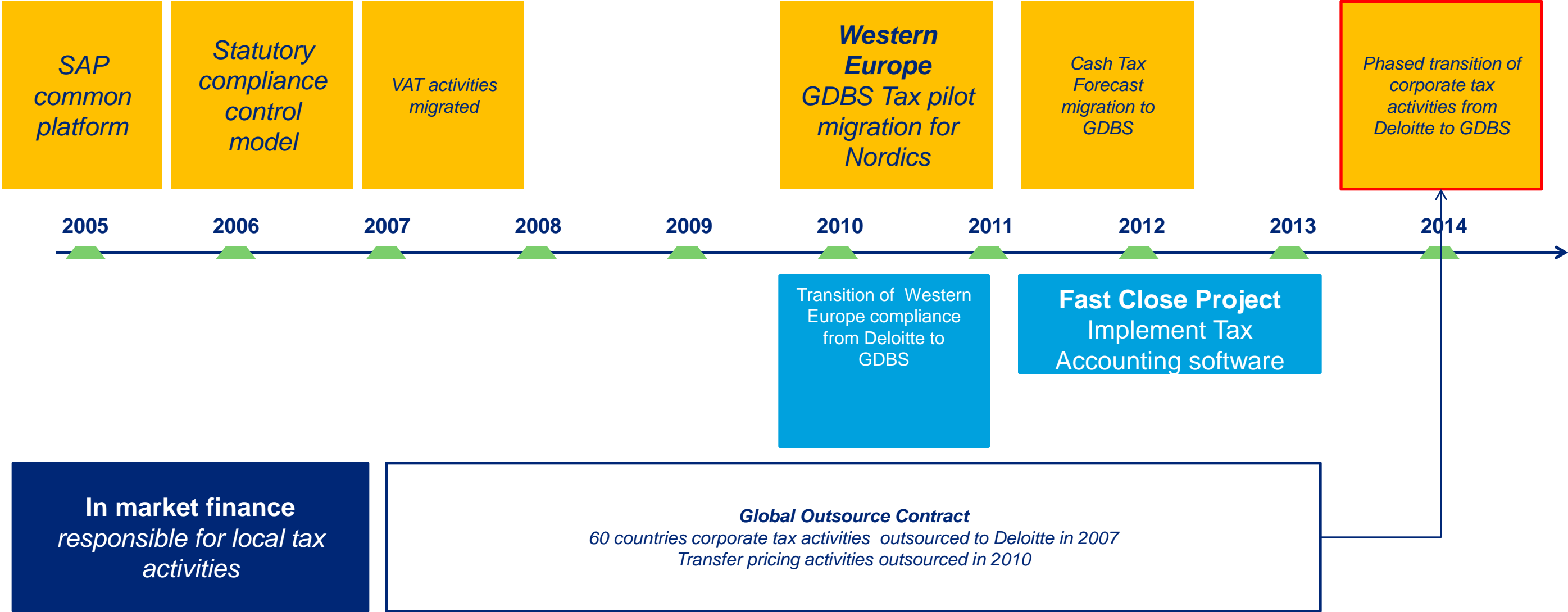


Western Europe Pilot
Statutory compliance controllership
and corporate tax activities
managed out of Budapest for the
Nordic countries and Austria

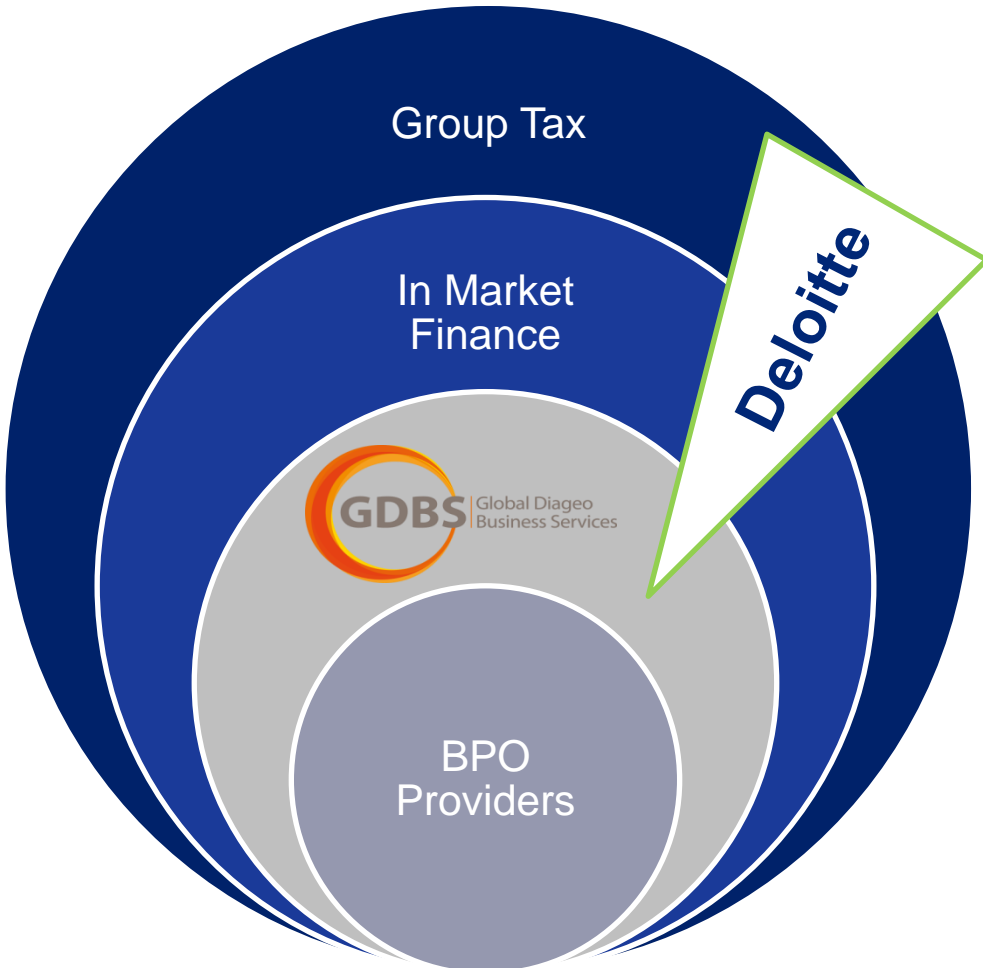
Project Symphony
Phased migration of Global
Finance and Tax Statutory
Compliance processes to GDBS

Global captive supported by regional BPO. To leverage scale efficiency and low cost locations, regional captives will grow over time

Tax GDBS Journey



Tax Operating Model



Group Tax

- **Accountable** for putting in place appropriate framework, procedures and guidelines to support the key tax policy principles
- **Responsible** for “big ticket” cross territory items
- **Consult** on specific tax technical areas

In Market Finance

- **Responsible** for commercial agenda
- **Split of FD role** - No or reduced in market statutory and tax compliance teams

GDBS

- **Responsible** for statutory compliance and reporting
- Financial controllers own statutory compliance
- Tax advisory roles in GBDS

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- **Responsible** for compliance deliverable review
- **Consult** for tax advisory

BPO

- **Responsible** for finance transactional processing
- **No Tax activities performed**

Drivers for including tax within shared services

Drivers	Overall	GBDS specific
Improved risk, quality and control	<ul style="list-style-type: none"> • Maximise efficiency through standardised processes, driving long term cost reduction across the organisation • Increased control and assurance over regulatory compliance • Common and documented tax training and knowledge • Clearly defined and embedded process and accountability model between tax and Finance, ensures no duplication of effort 	<ul style="list-style-type: none"> • Liberate in market commercial finance teams by taking full ownership for management reporting, statutory compliance and overall control environment • Quicker and more efficient issue resolution, sharing best practices enabled by standard processes • Increased control and assurance over regulatory compliance
Reduce costs	<ul style="list-style-type: none"> • Reduction professional provider outsource fees • Capital investment in finance shared services has already been made • Standardised process and technology generates a lower cost of compliance 	<ul style="list-style-type: none"> • Ongoing focus on process improvement • LEAN efficiency, reduce waste mindset through Governance function
Enhance employee value proposition	<ul style="list-style-type: none"> • Enable tax professionals to focus on activities requiring expertise/judgement • Frees up time and resource to engage in tax strategy and planning • Helps effectively manage tax risks 	<ul style="list-style-type: none"> • Developing experts • Talent / career development • Succession planning • Capability development

Poll Question

What tax processes does your organisation currently use shared service centres for?

1. No significant use of shared service centres for tax processes
2. Financial reporting and / or statutory reporting
3. Corporate Tax compliance
4. Indirect Tax (e.g. VAT)
5. Transfer pricing
6. Tax enquiries and auditing

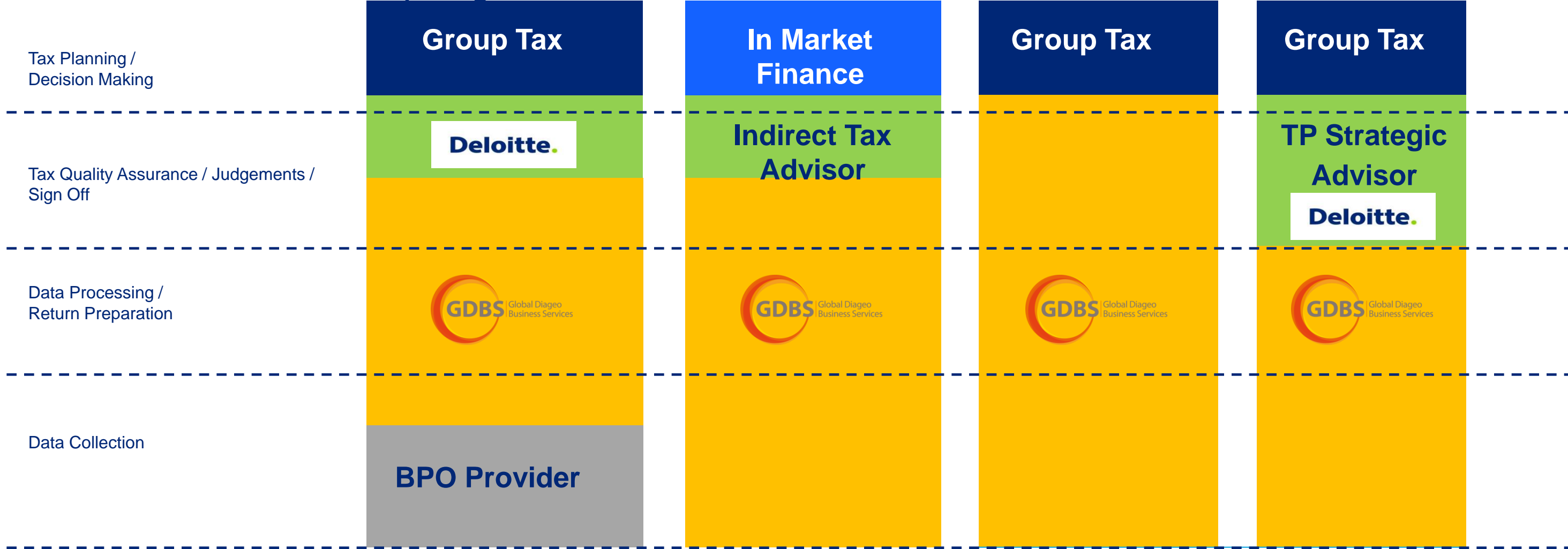
Tax Processes Migrated

Corporate Tax Compliance & Statutory Reporting

Indirect Taxes (VAT, Customs & Excise)

Cash Tax

Transfer Pricing



Challenges Encountered

Sponsorship – building trust in Markets and Global functions

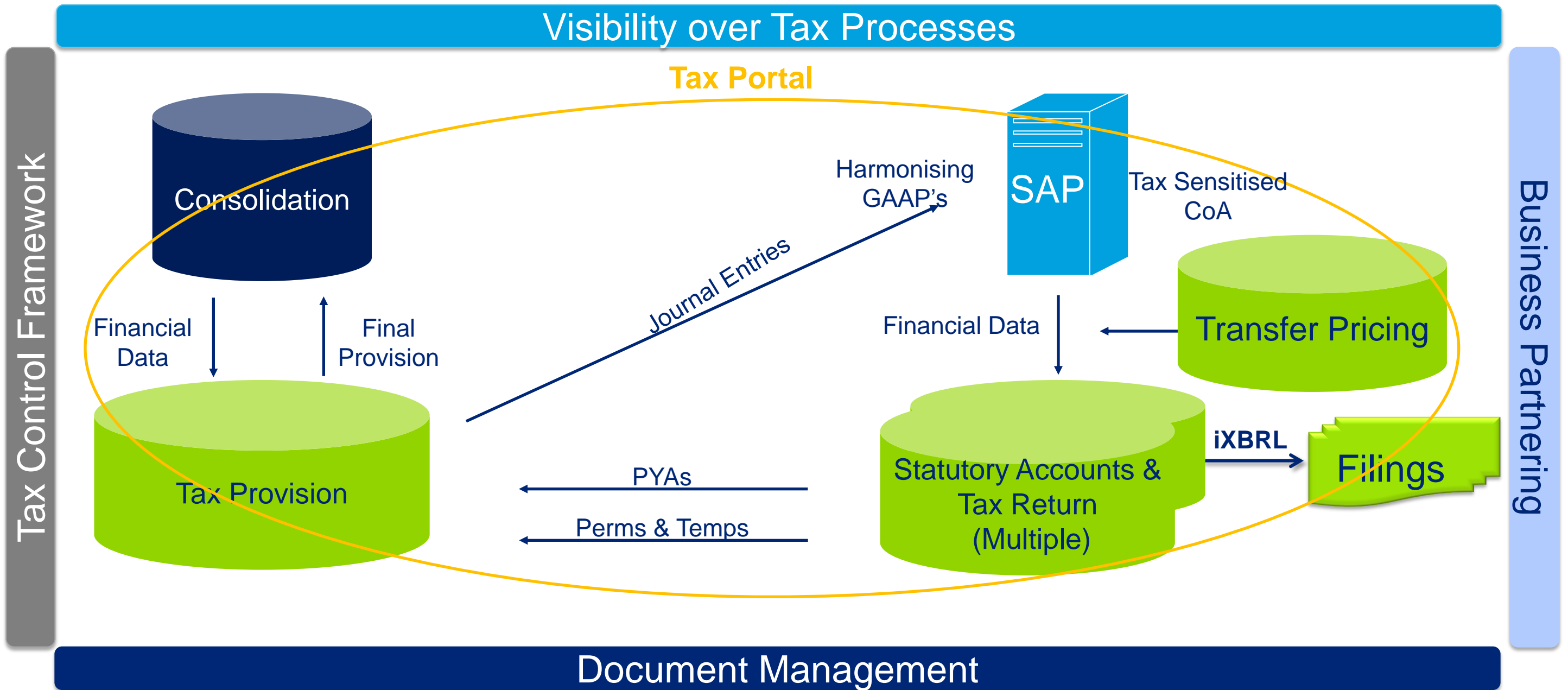
Local market business issues are not known / identified by the GDBS team

Level of standardisation vs local country tax variations

Align ways of working across the Tax and Statutory compliance teams

Ensuring GDBS staff have access to appropriate tax technical knowledge

Process & Technology Enablers



Q&A

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