

## ***Use case for SparkEd - University of Texas at Dallas; February 2023***

### **Problem Statement:**

Using the faux data files provided, design workflow(s) which will create the dataset that is used to populate the CbC Tax Return. *(NOTE: no tax return will be prepared, this exercise is strictly to create datasets that would ultimately be utilized in the CbC Tax Return).*

### **Suggested Approach:**

Step 1: Prepare the 2021 CbyC Data per instructions provided

Step 2: Assume that in the preparation of the current year's form, you discover

(a) two entities were inadvertently left out of the prior year form because they were liquidated at the end of 2020, but existed earlier in the year,

(b) one entity that was included in the form, but is not a constituent entity,

(c) the revenue for one entity was inadvertently reported as part of a different entity in a different country.

Correct the prior year dataset.

Step 3: Prepare analysis to present to management

### **Background:**

The Organization for Economic Cooperation and Development ("OECD") is an international organization formed in 1961 which works to build better policies for better lives with a goal of fostering prosperity, equality, opportunity and well-being for all. It currently has 38 member states which are all democratic countries with free market economies. There are also Key Partner countries.

The OECD perceived that there was lack of transparency into corporate taxes paid and this lack of transparency is a major limitation on measuring the fiscal and economic effects of how a business contributes to the economy of countries in which they are operating. The OECD passed Action 13 to address this challenge. Under this action businesses operating in multiple countries which meet certain minimum thresholds must provide certain information to the tax authorities in its headquarter country including certain revenue, income, tax, asset and headcount information. This is commonly referred to as "country by country" reporting or cbc for short.

Note that the OECD does not have legal authority to require compliance with any of its actions. Rather, each country must separately adopt the actions into their own laws and/or treaties.

The United States did incorporate Action 13 requirements into its tax reporting regime. The U.S. Internal Revenue Service ("IRS") shares cbc information with tax authorities in other countries through its information exchange agreements. For U.S. headquartered companies, IRS Form 8975 is used to report this information. This Form is required to be attached to the tax return annually. Where

corrections to a prior filing are required, sometimes the prior year corrected form is also attached to the current year filing.

**Data Sets Provided:**

- Headcount file
- Cash Tax File
- Main G/L Data File including:
  - Unrelated Party Revenue
  - Related Party Revenue
  - Profit After Tax
  - Stated Capital
  - Accumulated Earnings
- Business Unit file providing Income Tax Paid and Income Tax Accrued
- 2020 deliverable data (including errors)
- 2020 corrections needed to restate the 2020 filing

**Data Set Challenges:**

1. Data Cleansing:
  - a. Missing data/null data
  - b. Inconsistent capitalization
  - c. Inconsistent use of country abbreviation (Spain vs. Iberia)
  - d. Replace error data in the 2020 file
2. Data Aggregation/Separation:
  - a. Importing a separate HC file, Income Tax file, Entity Attributes and Entity Master Data
  - b. Excluding certain entities that are not 'constituent entities'
  - c. Mapping accounts provided to CbyC Accounts
  - d. Several join elements (both joins and unions) to merge necessary data together
3. Calculation of Data Elements
  - a. Calculation of Profit (Loss) before Income Tax and Accumulated Earnings
4. Creative
  - a. Once you have prepared the FY20 and FY21 datasets, think about what some valuable reporting might be to include.

**Disclaimer:**

***This dataset was created for the sole purpose of being utilized in an Alteryx Datathon event. The use of this dataset for any other purpose is expressly prohibited.***

***All data included within is fictitious and in no way represents actual legal entity or financial data of The Walt Disney Company and its Subsidiaries. This includes but is not limited to: General Ledger data, Headcount, Legal Entity Master Data and addresses and Income Tax Paid and Accrued.***

Hello,

My name is Jim, and I will be the Manager on the preparation of the FY21 Country by Country ("CbyC") tax return. I am excited to work with you on this project. As you are aware we need this process to be automated for future years to reduce the manual effort put into preparing this return. You are to use Alteryx to create a process flow that will work for this year's return and all future year's preparation work as well.

Your colleague on this project, Mary, has already reached out to our business data providers and compiled what you should need to complete the preparation of this return. With that said, Mary and I are very busy putting together a forecast for the CFO and will be unable to assist you in this work. In our stead, please contact Justin or Mike with any questions that you may have.

To complete this project, I am going to need a summary of our Table 1 data by country, along with a detailed summary by entity of all entity master data and Table 1 and Table 2 datasets. Mary included a brief step-by-step guide on the preparation steps and I think also included her tips for preparing that she thought would be helpful to you. I definitely suggest reviewing those tabs before you get started.

Now, I think you may already be aware of this, but last year we made a few errors in the CbC Return. I had Mary go ahead and prepare what you will need to add, but you are going to need to append that data to the FY20 report that we sent you. There are a couple other correcting items that she explained in the instructions as well. The FY20 report we included, can also be utilized as a visual of what the entity level output should look like.

Lastly, upper management is going to need reports detailing the top 5 largest changes by Table 1 category, the top 5 largest entities for each Table 1 category and what entities were retained, added or removed as compared to FY20. Given the delay in receiving data this year, we must request that you be finished with this project no later than February 11, 2023.

**RUBRIC:**

Category	Points
<b>Presentation</b>	
Presentation is well organized	5
Team members answered questions well	5
Timing of presentation	5
Clarity of presentation	5
Originality and innovation	5
Unity/Teamwork	5
<b>Executive Summary</b>	
Clearly states premise and defines purpose	5
Stands alone as a complete high level report	5
Writing quality	5
<b>Infographic/Visual</b>	
Charts/graphs are helpful in portraying information	5
Insights are valuable	5
Depth of analysis	5
Variety of analysis	5
Easy to understand and not repetitive	5
Scalability	5
<b>Total Available Points</b>	<b>75</b>