

How Modern Tax and SALT Teams Create Business Value

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State and local taxes evolve rapidly, often as a response to expansion and the globalization of business activity. Companies are now interconnected across state lines to provide new and varied products and services, creating a need for tax professionals to stay nimble and ensure risk is managed while also supporting broader business objectives. As a result, tax departments need to collaborate and communicate, sharing perspectives and employing efficiencies to effectively drive value for the business.

SALT Professionals Today

Tax professionals have transcended their historic compliance-driven roles designed to ensure that returns and forms are filed correctly and on time. Today's tax professionals – particularly those in state and local tax (SALT) – thrive as multidisciplinary advisers to various stakeholders. When a tax team can employ a working knowledge of various tax types and also think like a business executive, they will have a better understanding of ways to balance risk management with strategy and growth. With technology and artificial intelligence (AI) becoming more accessible to automate data analysis and reporting, a consultative mindset is crucial to tax professionals as they interpret information, exercise judgment, and advise the business.

This consultative mindset is especially important when considering how to deal with state and local taxes, which are significant in the aggregate when compared to federal taxes. According to the Bureau of Economic Analysis, in fiscal year 2024 federal government tax receipts totaled approximately \$3.1 trillion, while state and local tax receipts for the same period were \$2.6 trillion.¹

Most practitioners have a clear understanding of the impact of federal and state income tax, but indirect tax obliga-

tions should not be overlooked. Non-income business taxes comprise nearly 80% of state and local business tax collections, as noted in the EY/COST 2025 SALT Business Tax Burden Study.²

Income tax is often the focus of executive leadership, perhaps due in part to its visibility on financial statements. Indirect tax, however, can result in large dollar issues.

Structuring an Effective Team

Tax departments come in many shapes and sizes. In larger organizations, there may be different teams handling each category – an income tax team, an indirect tax team, possibly even a separate property tax team. Midsize or smaller companies may have one or two (or even zero) professionals who tend to be tax generalists that are required to advise on all areas. In these cases, the tax function may be fully or mostly outsourced.

As noted above, income tax is just one facet of SALT. Indirect taxes make up much of the SALT landscape, and can include sales and use tax, property tax, excise taxes, gross receipts taxes, and other miscellaneous taxes. Layer in other areas – including credits and incentives, unclaimed property, or employment-related taxes – and it can vary as to which department in an organization has responsibility over a particular tax aspect.

When structuring a tax department, it is important to consider the needs of the business both in its current and future state. If the company is currently in a loss position for income taxes but has a strong indirect tax presence due to the type of business or the products it sells, the department may need professionals who are more focused on indirect taxes. Depending on the size of the organization and the complexity of its operations, it may not be feasible to support a tax department with multiple dedicated

professionals, and a tax generalist may be the better fit.

Companies may also consider leveraging offshoring – whether internally or via an external service provider – as a cost-effective way to handle compliance and reporting responsibilities. These resources can allow domestic professionals to allocate their time to tax planning and development rather than time-consuming data driven projects.

There are multiple paths to success for tax leaders and professionals. Whether focusing on specialty areas vs. tax generalists³ or developing teams in-house vs. outsourcing to consulting firms, understanding the business as a whole is key to influencing the success and growth of the organization.

Staying connected to the larger business team is helpful to promote collaboration and communication to confirm that business activities that create exposure are handled proactively.

Value Beyond Compliance

To stay visible to the C-suite and ensure inclusion in larger enterprise business discussions, tax professionals must be able to concisely translate technical tax positions and strategy for nontax professionals. Using common language to make complex concepts more easily understandable is more advantageous than getting bogged down in the details.

High-level summaries that connect tax to revenue, margins, cash flow, and risk help executives prioritize and see the value of tax as part of strategic planning, not just a cost center.

Central to this alignment is understanding the goals of the business. Even if this creates complexities for the tax function, collaboration and creativity can advance the objectives of the business while still managing risk and compliance. Brainstorming options and solutions with various internal stakeholders indicates a

willingness to partner and focus on the bigger picture.

For example, generating higher sales or hiring a key employee in a new state likely will trump related tax concerns. Often, it is an exercise in practicality and performing a cost/benefit analysis of a business decision, including, but not limited to, the tax impact.

Effective Use of Technology

Advances in technology are important to promoting tax planning and strategy beyond compliance. Using technology, tax teams can more quickly review and analyze data from across an organization and determine any potential impact on tax planning and reporting. Teams can more easily identify trends, patterns, and inconsistencies in data.

For example, if a company can more accurately determine where its employees are performing their responsibilities via badge swipes, such information can lead to more accurate apportionment factors and potentially assist with a multiple-points-of-use analysis for enterprise software. Data analytics can also act as a bridge between an organization's different systems to compile usable reports more efficiently than a manual review.

By spending less time on repetitive tasks, tax professionals can take a more holistic view of an organization's operational data and devote more time to strategic initiatives.

AI is profoundly impacting the economy, but it can also serve to benefit the tax function. By enhancing, but not replacing, a tax professional's expertise, AI can automate repetitive tasks, assist with efficiency and accuracy of reporting, and monitor changes in data more rapidly.

The Future

As the tax landscape evolves, so does the role of the tax professional. To remain effective, it is essential to be flexible and embrace ways to improve efficiency, leverage technology, and deliver greater value to stakeholders beyond core compliance responsibilities. Technology can enhance the tax function, but it should not be a replacement for pro-

fessional judgment and a consultative spirit.

Future generations of tax professionals will be most successful when they can use technology to translate insights into practical planning and business value. 

¹ U.S. Bureau of Economic Analysis, *Table 3.2 Federal Government Current Receipts and Expenditures* (accessed July 20, 2026); *Table 3.20 State Government Current Receipts and Expenditures*, (accessed July 20, 2026); and *Table 3.21 Local Government Current Receipts and Expenditures*, (accessed July 20, 2026). All three tables can be found in Section 3 of the *National Income and Product Accounts (NIPA) Data Tables* located here: https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey&_gl=1*7iov7v*_ga*MzQ5Njg4MzU5LjE3ODM1NTY4NTk.*_ga_J4698JNNFT*cZ3ODQ1NjIwODEkbzIkZzAkDE3ODQ1NjIwODEkajYwJGwwJGgw.

² Council on State Taxation, *Total State*

and Local Business Taxes: State-by-State Estimates for FY24 (2025). www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/2511-10951-cs-50-state-report-v10.pdf

³ Similar concepts regarding SALT teams are discussed in the Tax Executive article, "The SALT Team of the Future," by Jamie Yesnowitz (May 14, 2024). www.taxexecutive.org/the-salt-team-of-the-future

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