With a foreword from Oracle NetSuite

REINVENTING FINANCE AND TAX: LEADERS SEE AI AND E-INVOICING AS AGENTS OF CHANGE

Avalara
Tax compliance done right

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REPORT

WHAT WE LEARNED | WORKING DIFFERENTLY | EFFICIENCY BOOST | E-INVOICING READINESS | TRUST ISSUES | ALIGNING PRIORITIES | PARTICIPATION | AVALARA SOLUTIONS
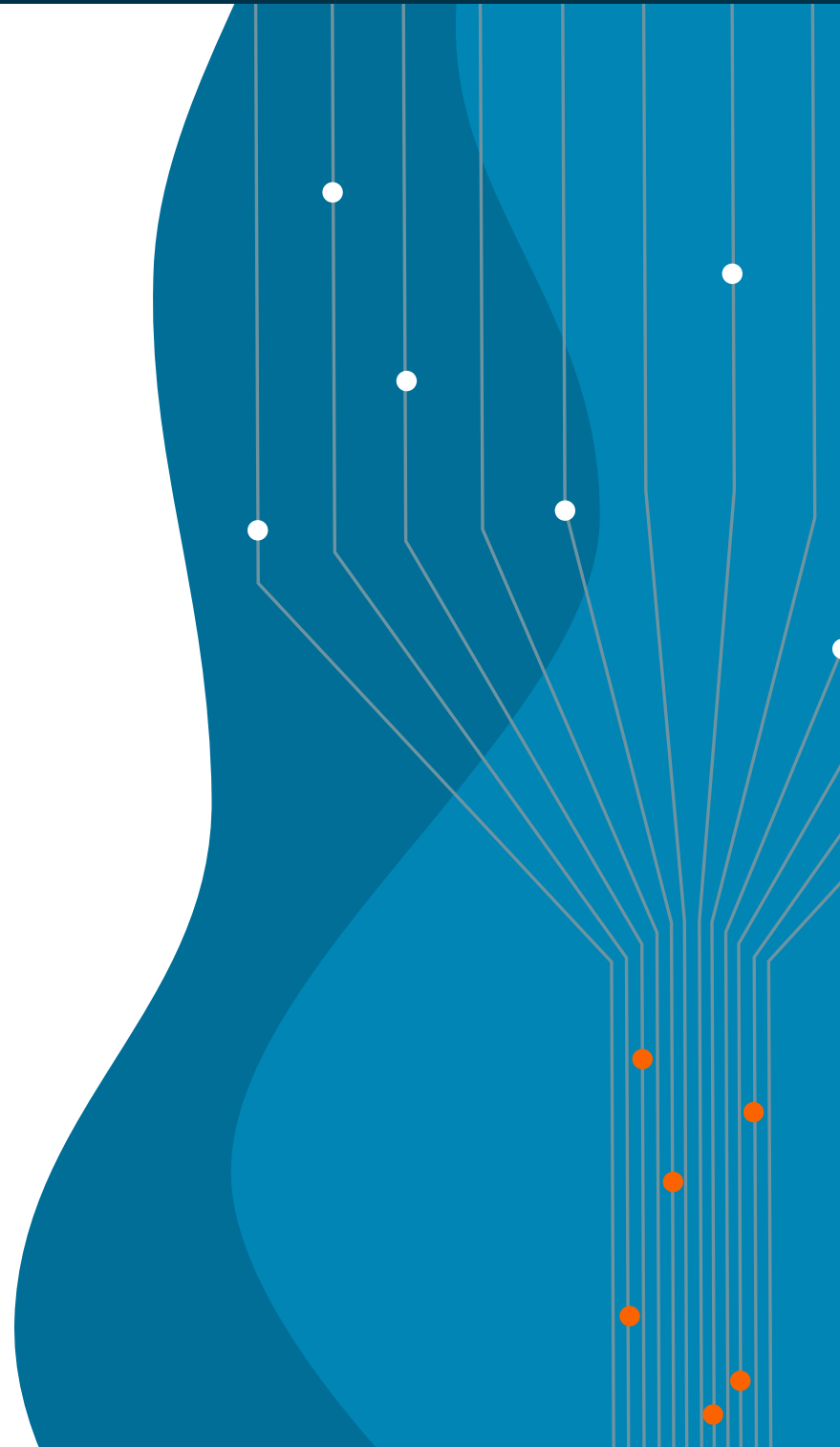
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Foreword from Oracle NetSuite

In today's rapidly evolving financial landscape, finance and tax leaders face mounting pressure to deliver accuracy, agility, and insight – faster than ever before. At NetSuite, we see firsthand how organizations are turning to automation, AI, and cloud-based platforms to not only survive but thrive in this fluctuating environment.

The insights in this report reinforce what we hear from CFOs and finance leaders every day: the traditional, manual, reactive approach to financial management can no longer keep up with the pace of change. From rising audit risk to shifting tax mandates across borders, finance teams need modern tools that streamline compliance, unlock visibility, and reduce operational drag.

NetSuite and Avalara deliver unmatched integrated, purpose-built solutions that help businesses automate tax compliance, improve accuracy at scale, and respond confidently to regulatory changes around the globe.

Whether you're expanding into new markets, adapting to new tax rules, or simply looking to modernize your finance function, this guide offers a valuable lens into how automation and AI are shaping the future.

– Scott Derksen, Vice President, Partnerships and Business Development, Oracle NetSuite

WHAT WE LEARNED   WORKING DIFFERENTLY   EFFICIENCY BOOST   E-INVOICING READINESS   TRUST ISSUES   ALIGNING PRIORITIES   PARTICIPATION   AVALARA SOLUTIONS

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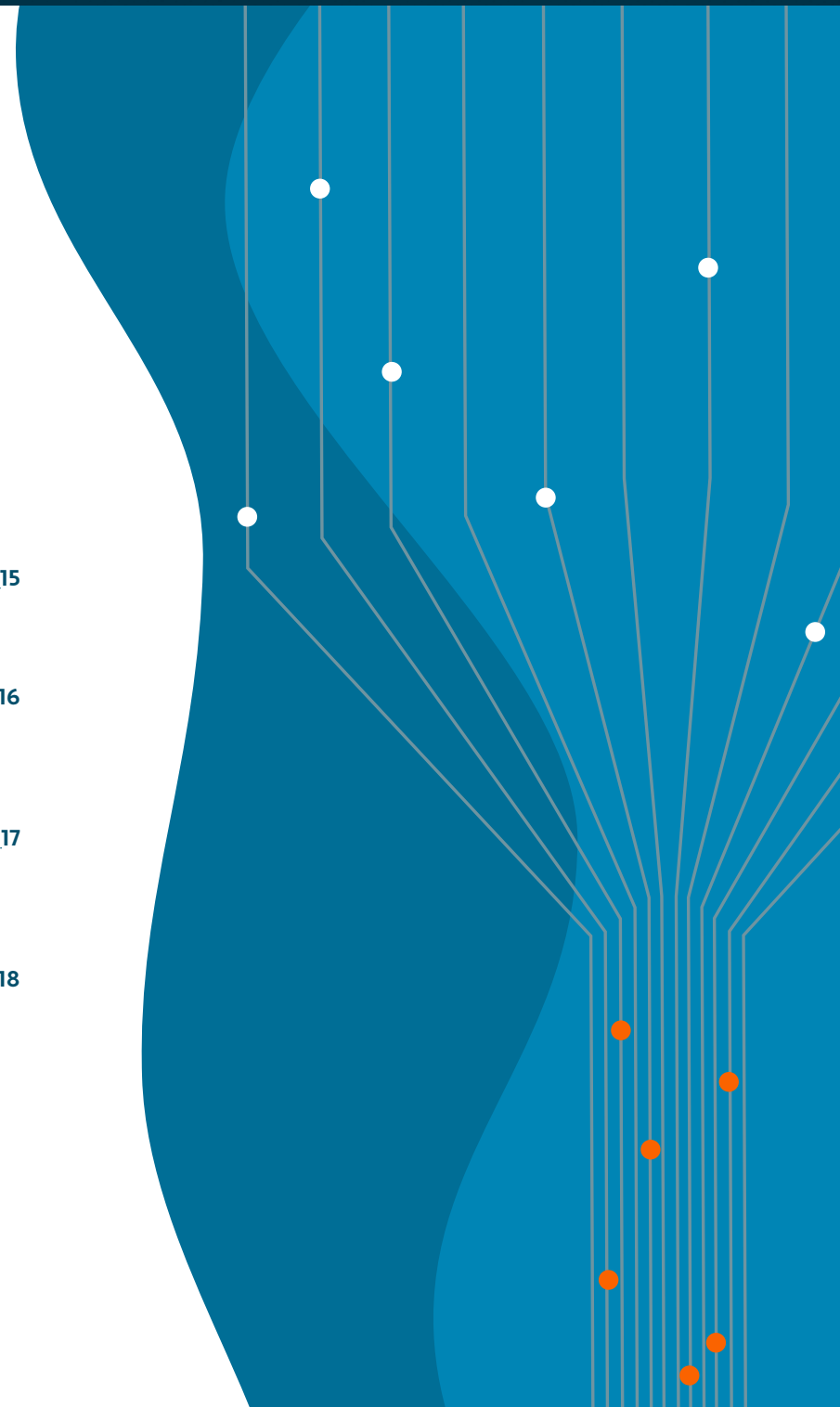
Reinventing finance and tax

What we learned: Voices from global leaders

Finance and tax teams are embracing a new era: one where artificial intelligence and automation are not just tools for improving efficiency but serious powerhouses in ensuring compliance across an increasingly complex regulatory landscape.

Today's businesses face growing pressure to comply with global e-invoicing and live reporting mandates. These challenges are added to an already overflowing plate of international and domestic tax compliance obligations.

While AI and automation are taking off, not everyone is at the same stage. Countries are progressing at different speeds. Many remain exposed to risk.

The latest survey from Hanover Research and Avalara uncovers several key findings.

Methodology

In March 2025, Avalara partnered with Hanover Research to uncover the top challenges finance and tax professionals face today, with a particular focus on new e-invoicing mandates and how technology is helping them scale and drive efficiency.

A total of 345 professionals from Australia, Canada, the United Kingdom, and the United States responded to the survey. They work in tax, finance, or accounting roles at companies with at least $50 million in annual revenue and across 25 industries. Nearly half of participants work at companies with $1 billion or more in revenue, and 65% overall are from enterprises with revenue of at least $500 million.

Where appropriate, year-over-year comparisons to a **similar study** conducted by Hanover in July 2024 are included to highlight key trends. Insights from Avalara are woven throughout to offer broader context on how technology is reshaping finance and tax management.

Reinventing finance and tax

What we learned: Voices from global leaders
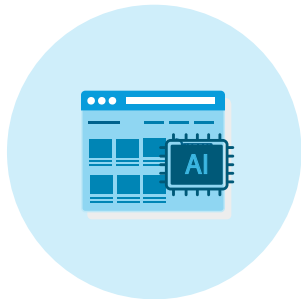
AI AND AUTOMATION ARE NO LONGER OPTIONAL

Most finance and tax teams surveyed (84%) are using AI heavily. Virtually all believe AI improves day-to-day operations. Organizations cite increased operational efficiency, improved decision-making, and improved accuracy as major benefits. However, critical compliance areas like exemption certificate management and customs duty compliance remain largely manual.

BUSINESSES FEEL READY FOR E-INVOICING, BUT ARE THEY?

Nearly 9 in 10 respondents say they're prepared for e-invoicing and live reporting, but only a third have a standardized, global approach. Automation adoption for real-time reporting varies with companies employing diverse technologies.

PRIVACY AND SECURITY CONCERNS ARE STILL PREVALENT

While AI is the norm, privacy and security concerns still weigh heavily on businesses. Results show 57% of organizations say these concerns were barriers when selecting AI solutions and almost as many still have concerns post-implementation. In addition, nearly two-thirds cite the same concerns as obstacles to automating tax and finance processes.

Reinventing finance and tax

Executive summary: Key findings at a glance

AI AND AUTOMATION ARE MAINSTREAM

- 84% use AI heavily (up from 47% in 2024)
- 63% report operational efficiency gains
- 60% say decision-making has improved

EFFICIENCY GAPS STILL EXIST

- 86% outsource or automate tax functions
- 53% still manually manage exemption certificates
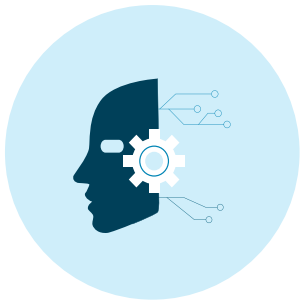- 56% manually handle customs duties and tariffs

E-INVOICING HAS ROOM TO GROW

- 86% say they're ready for mandates
- 33% have a global, standardized process
- 64% use real-time digital auditing tools

Insights from 345 finance and tax professionals at mid-market businesses and enterprises across four countries

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Reinventing finance and tax

Executive summary: Key findings at a glance

TECHNOLOGY INVESTMENTS SURGE

- 80% prioritize new technology integration, among those:
  - 91% focus tech investments on AI and machine learning
  - 77% prioritize automation initiatives
- 86% expect to boost AI spending within 12 months

REGIONAL DIFFERENCES DIVIDE

- North American businesses (66%) lag behind those in Australia (87%) and the U.K. (82%) in prioritizing automation; North America was the leader in 2024
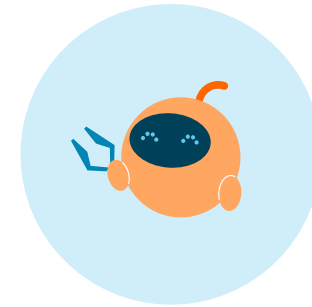
AI FEARS

- 57% cite privacy/security concerns pre-implementation
- 55% say these concerns persist afterward
- 63% name privacy/security as the top automation barriers

Reinventing finance and tax

Working differently: AI and automation acceleration

Artificial intelligence and automation have transformed the way finance and tax teams perform their work. More than a quarter (26%) of all respondents reported their finance and tax teams have been majorly impacted by the internal adoption of artificial intelligence and automation in the previous 12 months. Another 57% reported moderate impacts.

Professionals who work for software companies were significantly more likely than those in other industries to say the internal adoption of AI and machine learning had a major effect on their teams. Businesses in North America and enterprises across countries were also more likely to be majorly affected.

In addition, when respondents were asked about external factors that have impacted their departments in the previous 12 months, advancements in artificial intelligence and machine learning were deemed the most impactful.

Virtually everyone (99% of respondents) believes AI is uniquely suited to make the day-to-day operations of their finance and tax teams run more efficiently. Moreover, the percentage of businesses who strongly agree with this statement in 2025 (86%) is more than double what it was in 2024 (41%).
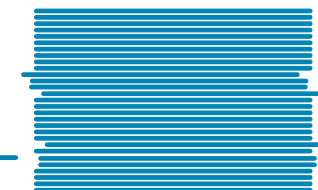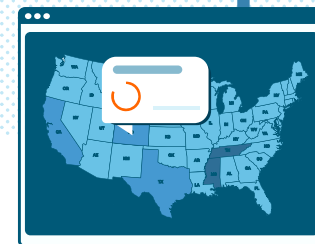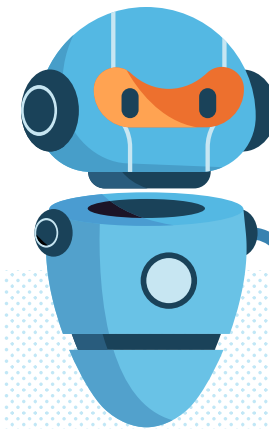
26%
saw major **AI- and automation-driven** changes in finance and tax last year

57%
reported **moderate impacts**

99%
say **AI boosts efficiency**

Reinventing finance and tax

At most surveyed organizations, finance and tax activities are mostly or fully automated. Managing payroll (84%) and financial analysis and reporting (83%) are most frequently automated, followed by managing receivables and payables (73%), preparing and filing tax returns (70%), and monitoring changes in tax regulations (70%).

Most tax and finance teams (84%) said they're using AI heavily in 2025, up from 47% in 2024. This jump indicates that AI is now table stakes and that businesses that haven't adopted AI for compliance or efficiency may be falling behind their peers.

Organizations are using AI for a variety of tasks including financial analysis and reporting (72%), managing audits (54%), and managing receivables and payables (45%). AI is also helping them monitor changes in tax regulations and compliance (51%), prepare and file tax returns (47%), and research and calculate sales tax and VAT (37%).

They're seeing real benefits from AI including increased operational efficiency (63%), improved decision-making (60%), and improved accuracy (58%). Respondents also said AI has led to scalability of operations (39%), cost savings (38%), and better compliance and risk management (28%).

Organizations believe their teams are better off because of AI. Every respondent said AI usage has had a positive impact on employee productivity. AI has also had a positive impact on employee engagement (97%), happiness (91%), and retention (78%).

Perceived benefits of AI adoption

INCREASED EFFICIENCY
63%

IMPROVED DECISION-MAKING
60%

IMPROVED ACCURACY
58%

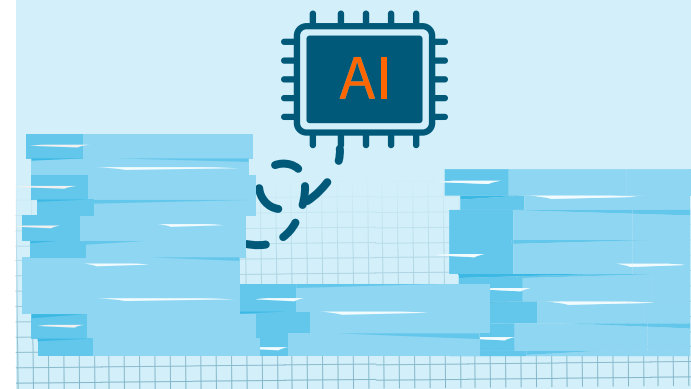**SCALABILITY OF OPERATIONS**
39%

COST SAVINGS
38%

BETTER COMPLIANCE AND RISK MANAGEMENT
28%

Reinventing finance and tax

At the opposite end of the spectrum, more than half of businesses (53%) are still managing exemption certificates manually or with an even mix of manual and automated processes. Even more (56%) are managing customs duties and tariff compliance this way. Only 8% of companies surveyed use AI to make these compliance activities easier. Moreover, when respondents were asked to identify functions that would be most beneficial to automate, they were least likely to mention managing exemption certificates and customs duties and tariff compliance.
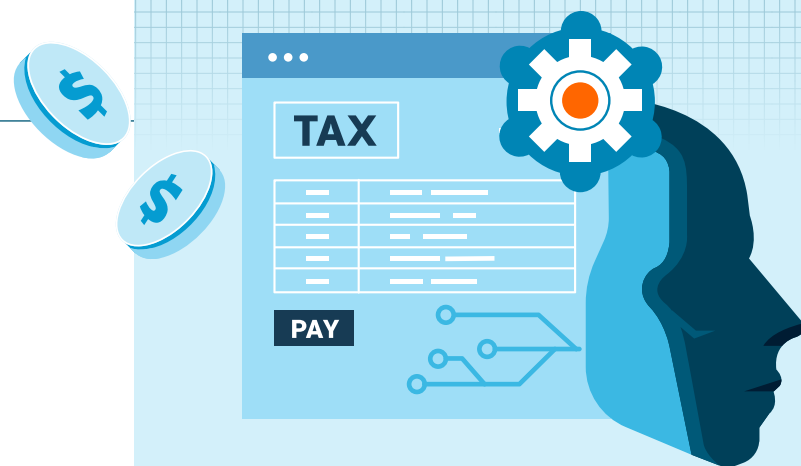
Avalara insight:
What this means for finance and tax professionals

Compared to findings from our 2024 survey, it's clear AI is viewed as more than simply a means of streamlining operations. Today, it's recognized as a catalyst to optimize decision-making, compliance, cost savings, and employee engagement.

However, missed opportunities to automate exemption certificate management and customs duty and tariff compliance means many businesses may be unnecessarily putting themselves at greater risk.

Missing exemption certificates are one of the top reasons businesses incur penalties from sales and use tax audits. Real-time, AI-assisted certificate validation helps prevent this problem by enabling customers to easily complete and upload the right certificates at the point of sale.

Businesses must also be prepared to navigate evolving trade policies and tariffs, including the **latest tariffs** proposed by the U.S. administration under President Donald J. Trump and retaliatory measures by other nations.

AI-powered solutions can automatically assign Harmonized System codes to products being shipped across borders. Automation also makes it possible to calculate or estimate and collect customs duties and import taxes at checkout (even when HS codes aren't available). This information helps businesses uphold transparency and avoid cart abandonment or refused packages.
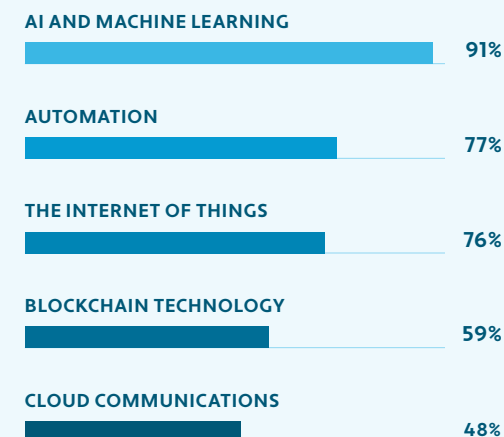
Reinventing finance and tax

Efficiency boost: Teams search for helping hands to close gaps

The need to work smarter in the era of artificial intelligence has many organizations turning toward outside experts and technology. Businesses are outsourcing (86%), investing in more technology (80%), and automating and optimizing processes (80%) to close efficiency gaps overall. They're also taking these actions to close efficiency gaps specifically in tax management and in response to internal and/or external factors.

The survey found that 9 out of 10 respondents reported their businesses outsource tax functions. But many are also focusing internally; nearly 3 out of 5 respondents reported that increasing efficiency of the existing finance and tax team will remain a priority going forward.

When respondents were asked about their main priorities during the previous 12 months, integrating technology solutions was at the top of their list. This task will continue to be a main priority for 80% of organizations over the next three years. Those who say they're prioritizing the integration of new technologies are focusing foremost on AI and machine learning (91%). They're also prioritizing automation (77%), the Internet of Things (76%), blockchain technology (59%), and cloud communications (48%).

FOCUS AREAS FOR COMPANIES PRIORITIZING NEW TECHNOLOGY INTEGRATION

AI AND MACHINE LEARNING
91%

AUTOMATION
77%

THE INTERNET OF THINGS
76%

BLOCKCHAIN TECHNOLOGY
59%

CLOUD COMMUNICATIONS
48%

Reinventing finance and tax

Organizations in Australia (87%) and the U.K. (82%) are more likely to prioritize automation than those in North America (66%). This is a change from 2024, when 84% of businesses in North America were prioritizing automation compared to 69% in the U.K. and 81% in Australia.

The survey found 86% of finance and tax teams expect to increase AI technology spending within the next 12 months. However, finance and tax departments are less likely to see a significant increase in AI spending compared to the rest of the organization.

Avalara insight:

What this means for finance and tax professionals

Outsourcing can be an effective strategy to reduce the burden on lean teams and shift the role of finance and tax professionals toward data interpretation, strategic tasks, and vendor oversight.

Rather than outsourcing all finance and tax activities, many enterprises today use a hybrid model known as co-sourcing. They outsource routine compliance tasks while keeping higher-value activities in-house. According to a **2024 EY survey**, 54% of tax department leaders are reexamining their operating models and say co-sourcing is the most important change they're considering.

A 2023 survey by **Deloitte** found that businesses were more likely to say that accessing the latest technology capabilities was a significant benefit to outsourcing than they were to mention reduced operating costs. The Deloitte survey found businesses use outsourcing for activities like advising on tax policy, tax advisory for strategy decisions, tax governance and risk, and global tax provisioning.

Finance and tax teams might be underfunded relative to their automation ambitions. Without executives advocating for spending, teams may not keep pace with technology needed to meet regulatory requirements and close efficiency gaps. We explore this idea in the section on aligning priorities.

Reinventing finance and tax

E-invoicing readiness: The global standard is coming

BUSINESSES PREPARED TO COMPLY WITH E-INVOICING AND LIVE REPORTING MANDATES

EXTREMELY/VERY PREPARED

86%

STANDARDIZED PROCESS GLOBALLY

33%

ONLY WHERE LEGALLY REQUIRED

27%

Businesses are feeling the rising urgency to comply with mandates set by 80+ countries worldwide that have announced – or already require – e-invoicing and live reporting. Technology is an important part of their readiness plan.

Most survey respondents (86%) say they're extremely or very prepared to comply with e-invoicing and live reporting mandates. One-third of businesses have a standardized e-invoicing

process globally, even where not required, while just over a quarter (27%) say they comply only where legally required. The majority are exposed to audit risk as mandates expand.

Others are in the process of implementing e-invoicing, either for compliance or to create operational efficiency. Only 2% don't currently have a strategy for complying with e-invoicing and live reporting mandates.

Reinventing finance and tax

Organizations use a variety of technologies to support e-invoicing and real-time reporting:

- 64% conduct real-time transaction audits using digital tools

- 63% leverage cloud-based platforms for real-time tax reporting

- 60% use APIs to connect directly with tax authorities for real-time submissions

- 55% have implemented AI or machine learning for tax data validation

- 45% have automated invoice format conversions for country-specific compliance

- 42% use an automated e-invoicing solution integrated with their ERP

- 41% have centralized e-invoicing and tax reporting across multiple jurisdictions

- 39% use artificial intelligence for real-time reporting and e-invoicing

These technologies seemingly make it easier for finance and tax teams to do their jobs. Many teams (75%) say they're very or extremely efficient at carrying out their e-invoicing and real-time reporting responsibilities.

64%
63%
60%
55%
45%
42%
41%
39%
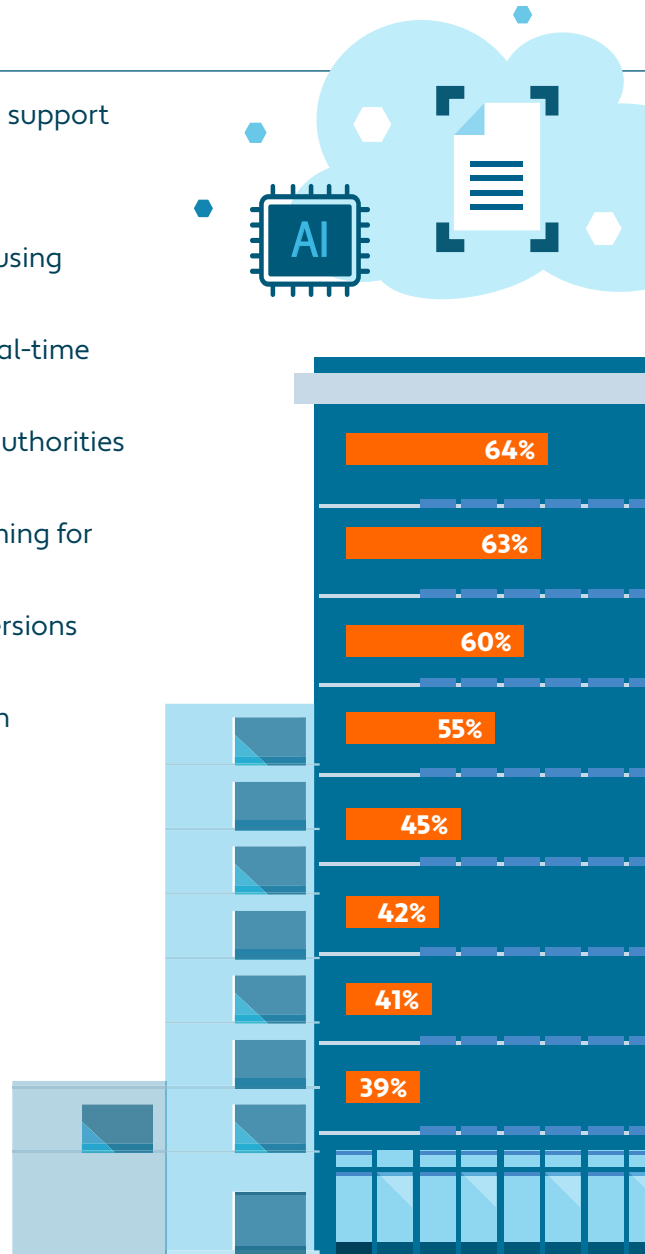
Avalara insight:
What this means for finance and tax professionals

While most organizations feel prepared for e-invoicing and live reporting, a closer look shows much of that confidence comes from partial strategies or region-specific compliance. About two-thirds of businesses lack a truly global, future-proof approach. E-invoicing and real-time reporting processes are mostly or fully automated at 59% of organizations, showing there's still room for improvement. Implementing a standardized process that includes automation can help companies scale compliance across markets, especially as more mandates fan out.
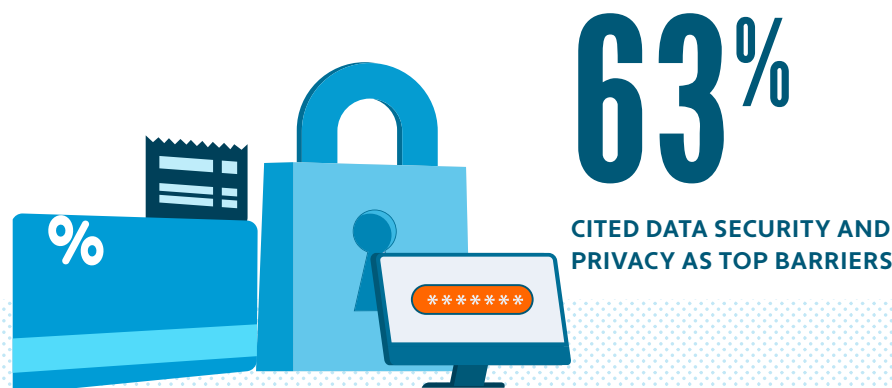
Reinventing finance and tax

Trust issues: What's really holding businesses back from AI success

Almost half of organizations surveyed in July 2024 cited data security and privacy concerns as a challenge when using AI solutions. The latest survey from March 2025 shows privacy and data security concerns are still the biggest blockers when getting started with AI and when rolling it out.

More than half of organizations say worries about data security and privacy were barriers when selecting and implementing AI solutions, and nearly as many continue to have these concerns after implementation.

Many organizations struggle with limited expertise in AI and automation and a shortage of skilled professionals. Other hurdles include complying with regulations, difficulties measuring ROI of AI investments, and integration challenges with current systems.

Tax and finance professionals have many of the same concerns about automation. The survey found 63% of respondents cited data security and privacy concerns as the top barriers to automating tax and finance functions.

63%

CITED DATA SECURITY AND PRIVACY AS TOP BARRIERS

Avalara insight:
What this means for finance and tax professionals

Security worries don't vanish with AI and automation adoption. Ensuring finance and tax compliance solutions comply with stringent global data protection and privacy regulations like SOC 2 Type 2 is critical, but it's just the beginning. Long-term success with AI depends on building internal governance and a more AI-literate workforce, so staff at all levels understand the context in which these technologies are helpful.

Reinventing finance and tax

Aligning priorities: Where finance and tax fit in

Finance and tax professionals are focused on many priorities in addition to boosting efficiency and integrating technology. International growth and transactional tax management and compliance are becoming increasingly important as well. How teams achieve these goals may depend on who's in charge – leadership, the teams themselves, or both.

Global market expansion was a top priority for 42% of finance and tax teams during the 12 months prior to the survey and 61% of businesses say it will be a top priority over the next three years.

Teams are also placing a greater focus on transactional tax management and compliance. This was a top priority for 41% of companies during the 12 months prior to the survey. More than half (51%) of respondents say it will be a top priority during the next three years.

Most finance and tax teams (70%) have major input on decisions impacting the tax function at their organization. However, leadership teams (59%) primarily control its strategic direction. In addition, executives (46%) are more likely than finance and tax teams (7%) and IT teams (27%) to control AI strategy.

Despite identifying many tax and finance functions that would be beneficial to automate, 10% of survey respondents said lack of leadership buy-in is a major obstacle to automating.

CONTROL OF STRATEGIC DIRECTION OF AI:

LEADERSHIP TEAMS
46%

IT TEAMS
27%

BOARD OF DIRECTORS
9%

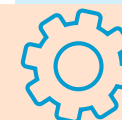**FINANCE AND TAX TEAMS**
7%

Avalara insight:
What this means for finance and tax professionals

Finance and tax professionals have an opportunity to redefine their role as strategic business advisors in an AI-powered world. Close collaboration between tax and finance teams, executive leadership, and IT is crucial to align on global compliance as a priority. Collaboration can be achieved by investing in skills development, engaging in interdepartmental compliance planning, and conducting joint risk assessments. When united, executives and teams are better able to agree on technology investments that help improve operational efficiency and reduce risk.
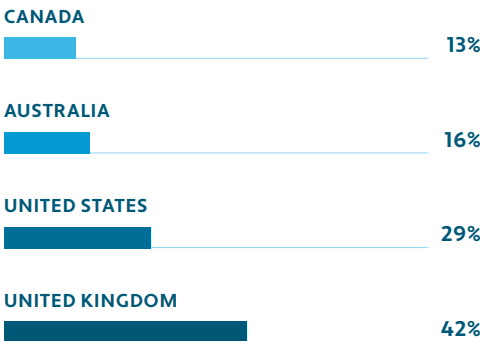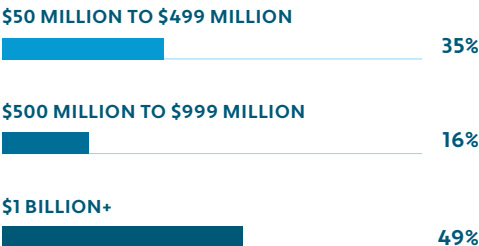
Reinventing finance and tax
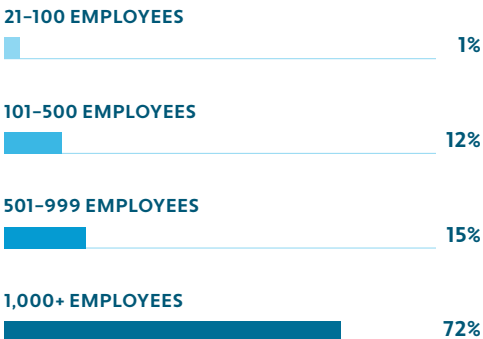
Participation: Who we talked to

COUNTRIES REPRESENTED BY RESPONDENTS

CANADA — 13%

AUSTRALIA — 16%

UNITED STATES — 29%

UNITED KINGDOM — 42%

COMPANY ANNUAL REVENUE

$50 MILLION TO $499 MILLION — 35%

$500 MILLION TO $999 MILLION — 16%

$1 BILLION+ — 49%

ORGANIZATION SIZE

21–100 EMPLOYEES — 1%

101–500 EMPLOYEES — 12%

501–999 EMPLOYEES — 15%

1,000+ EMPLOYEES — 72%

JOB ROLES

MANAGER/SENIOR MANAGER — 32%

DIRECTOR/SENIOR DIRECTOR — 54%

VICE PRESIDENT/SENIOR VICE PRESIDENT — 14%

C-SUITE EXECUTIVE — <1%
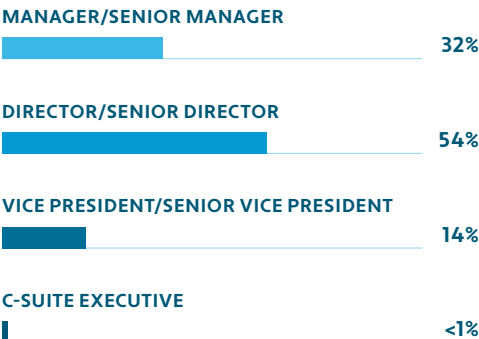
NUMBER OF EMPLOYEES IN FINANCE OR TAX DEPARTMENT

3% — 6–10 EMPLOYEES

15% — 11–20 EMPLOYEES

82% — 21 OR MORE EMPLOYEES
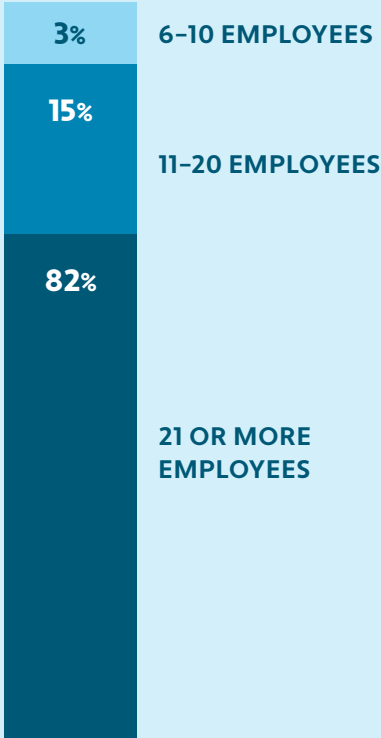
Reinventing finance and tax

Avalara solutions: How we can help

Finance and tax professionals are under constant pressure to do more with less. Avalara automates tax compliance to help global enterprises operate more efficiently and reduce audit risk.

Our end-to-end tax compliance solutions help your business keep pace with regulatory changes and navigate e-invoicing mandates so you're compliant today and in the future.

With more than 1,400 signed partner integrations, our cloud-based solutions seamlessly connect with your accounting, CRM, POS, and shopping cart systems:

Calculate tax — Calculate and collect sales and use tax, VAT, GST, and other tax types when selling across thousands of tax jurisdictions. Save time researching and improve accuracy with regularly updated rates based on geolocation.

File returns — Offload the hassle of returns preparation, filing, and remittance for sales and use tax, VAT, and industry-specific tax types. Decrease potential errors and free up resources for revenue-generating tasks.

Manage exemption certificates — Streamline collecting and validating exemption certificates in all U.S. states to improve customer experience and reduce headaches for your team. A secure, centralized document repository allows you to generate reports and easily reference certificates during audits.

Assess consumer use tax — Help prevent audit penalties by automating consumer use tax assessment and compliance. Get alerted to overpayments and underpayments of vendor sales tax. Manage cost centers and purchases to capture tax based on where and how your purchases are used. Identify high- or low-risk purchases.

Reinventing finance and tax

Avalara solutions: How we can help

Enable e-invoicing and live reporting – Future-proof your compliance with a solution designed to comply with e-invoicing regulations in over 60 countries. Automate your finance operations while reducing the risk of fines and audit penalties.

Comply with cross-border compliance regulations – Overcome global compliance challenges with a range of solutions to support international growth. Get Harmonized System (HS) code support for 180+ countries. Determine duties upfront. Navigate trade restrictions to drive cost efficiency and reduce reverse shipping charges. Accept local payment methods and clear customs smoothly.

Conduct tax research – Easily search for, understand, and reference tax information to address tax concerns specific to your organization. Access to rates, rules, and regulations for both U.S. sales and use tax and global transaction taxes saves you time and helps reduce errors. Validate tax decisions with direct access to expert tax researchers.

Ready to learn more? **Reach out to inquire how Avalara helps global enterprises like yours scale smarter, reduce risk, and manage tax compliance with confidence.**

About Avalara

JOIN AVALARA'S

43,000+

CUSTOMERS

ACROSS

75+

COUNTRIES

Avalara makes tax compliance faster, easier, more accurate, and more reliable for 43,000+ business and government customers in over 75 countries. Tax compliance automation software solutions from Avalara leverage 1,400+ signed partner integrations across leading ecommerce, ERP, and other billing systems to power tax calculations, document management, tax return filing, and tax content access. Visit **avalara.com** to improve your compliance journey.

Tax rates, rules, and regulations change frequently. We hope you find this information helpful; however, this resource is for informational purposes only and does not provide legal or tax advice.