Growth belongs to businesses that master tax

TAX

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As businesses pursue expansion in 2026, tax is emerging as one of the most underestimated strategic risks facing organisations today. While many business leaders are focused on growing revenues, entering new markets, and scaling operations, tax considerations are often addressed too late—usually after problems have already arisen.

This approach is becoming increasingly costly.

Across many jurisdictions, tax authorities are no longer relying solely on traditional audits. Instead, they are using data analytics, cross-border information sharing, and risk profiling systems to identify potential tax risks early. Business growth decisions—such as regional expansion, new revenue streams, or changes in operating models—are now visible to regulators long before an audit notice is issued.

Despite this shift, many organisations still treat tax as a post-facto compliance obligation rather than a strategic input into decision-making. This disconnect between business growth and tax governance is where risk quietly accumulates.

A recent case handled by Demo Consult illustrates this challenge clearly.

A manufacturing business expanded into neighbouring markets to meet increased demand for its products. From a commercial perspective, the expansion made sense. Sales volumes increased, market share grew, and operations scaled rapidly.

However, tax considerations were not reviewed during the planning stage.

As a result, several key risks were overlooked, including cross-border tax obligations, permanent establishment exposure, transfer pricing and documentation requirements.

Small and Medium Enterprises' tax compliance challenges include maintaining proper records and undertaking tax planning among others. PHOTO/MICHAEL KAKUMIRIZI

At first, these issues were not obvious. The business continued operating and growing. But as activities expanded across borders, tax exposure quietly accumulated in the background. This situation is not unique. Many businesses assume that filing tax returns on time is enough.

When operations change, the underlying tax position often changes as well. Without proactive review, businesses may unknowingly operate outside acceptable tax frameworks.

Early tax review changed outcome

When the manufacturing business later underwent a tax health compliance review conducted, these gaps became clear.

The review enabled the business to clarify its tax obligations in each jurisdiction, restructure inter-company arrangements to reflect commercial reality and formalise documentation to support its tax positions. These steps were practical rather than theoretical. They focused on aligning how the business operated with how it was being taxed.

The outcome was significant. The business was able to avoid potential future disputes, protect its operating margins, and establish a defensible tax position that could support sustainable regional growth. Most importantly, management gained clarity and confidence in their expansion strategy.

Most tax exposures do not arise from deliberate non-compliance. Instead, they occur because business evolution outpaces tax governance.

As companies grow, they often add new products, enter new markets, or change how they deliver services. Each of these changes has tax implications. When tax advisory is not involved early, assumptions made at an earlier stage may no longer be valid.

Involving tax advisors early allows businesses to identify risks before they crystallise into penalties or disputes.

It also helps them structure growth efficiently, reduce regulatory uncertainty and surprise assessments.

Early advisory is not about avoiding tax. It is about paying the right tax, in the right place, at the right time—while protecting the business from unnecessary exposure.

Tax advisory as a growth tool

One of the biggest misconceptions about tax advisory is that it is a cost with no clear return. Effective tax advisory protects cash flow, supports pricing decisions, and reduces long-term risk.

Businesses that integrate tax advisory into their growth strategy are better positioned to respond confidently to regulatory reviews, support investor due diligence and financing discussions and make informed decisions about expansion and restructuring.

In contrast, businesses that treat tax as an afterthought often find themselves reacting to issues under pressure, when options are limited and costs are high.

In 2026, tax advisory should be viewed as a core component of growth strategy, not an administrative function reserved for year-end compliance.

As tax authorities become more sophisticated and business operations more complex, the gap between commercial decisions and tax governance continues to widen.

Businesses that bridge this gap early are better positioned to protect cash flow, reduce regulatory risk, and grow with confidence. The lesson is simple: growth should be supported by clarity, not assumptions.

The writer is a certified tax advisor.