

Deloitte's 2021 Global Tax Survey: Beyond BEPS

2021 full results of the 8th annual multinational survey

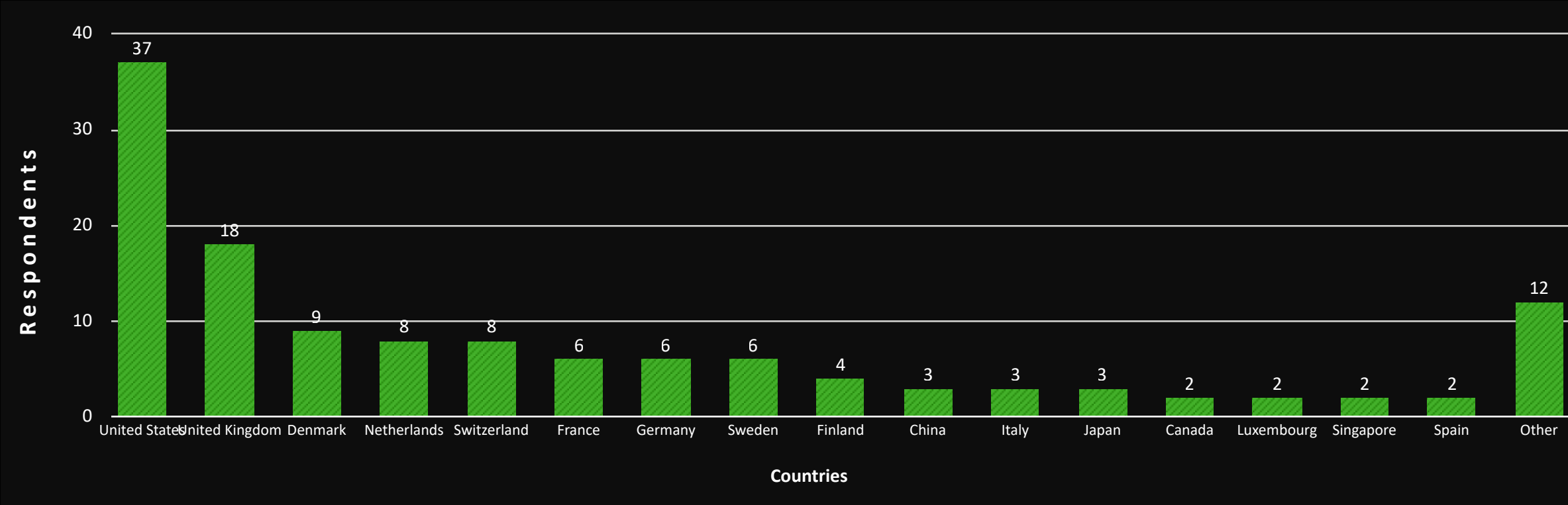
July 2021

OECD's BEPS initiative—Deloitte's eighth annual survey

Overview of the 2021 survey

The purpose of Deloitte's 2021 survey was to gauge multinationals' views on the topics that were high on the agenda in 2021, such as the Multilateral Instrument, US Tax Reform and the 'digital taxation' debate, in addition to their views on the progress of BEPS related measures. We have also asked the respondents about the impact of the COVID-19 pandemic and the governments' support measures on their businesses.

The survey was conducted from 27 January to 17 February 2021, with a target audience of tax and finance managers and executives from multinational companies. 131 people from 28 countries responded to the 2021 survey.



Global Tax Reset II: Beyond BEPS —Deloitte's eighth annual survey

Key findings

Tax governance remains high on the Board agenda

- 74% are concerned about the continuing high interest of media, political and activist groups in corporate taxation, 79% expect such interest to increase following COVID-19 pandemic.
- 76% of Boards are actively engaged in tax governance.
- 60% of organizations have implemented additional corporate policies and procedures in response to the increased scrutiny related to corporate taxation.

COVID-19 is expected to lead to tax raises and tax disputes

- 52% expect that the COVID-19 pandemic will increase the corporate tax liability of their group over the medium term.
- 58% expect tax increases/ new taxes in their ultimate parent company's jurisdiction as a result of COVID-19.
- 45% expect increasingly rigorous tax examinations in their ultimate parent's jurisdiction as a result of COVID-19.
- 38% expect COVID-19 to contribute to a decrease of the global tax cooperation.
- 90% expect more tax disputes as a result of large government deficits due to COVID-19.

Businesses are beginning to react to the increasing tax transparency requirements

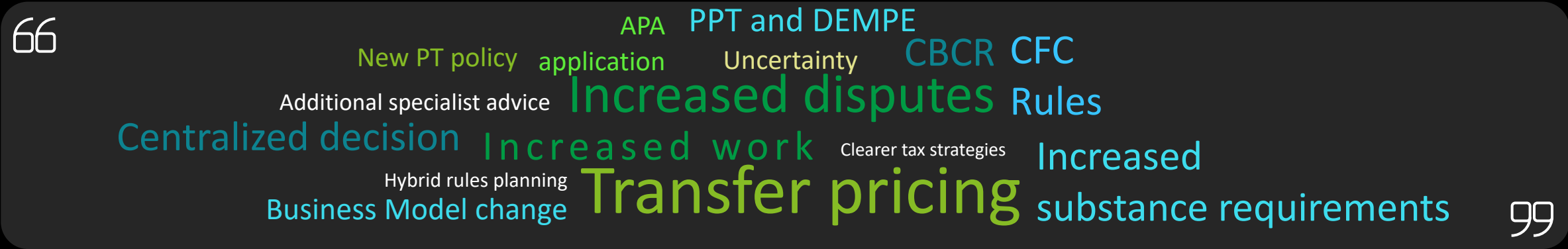
- 33% of respondents expect to increase their level of voluntary tax transparency over the next year.
- 45% intend to align their groups' external communication in relation to their tax performance with transparency standards, such as GRI 207, World Economic Forum, or other standards.

Taxation of digital economy remains a 'hot topic' for many

- At the time the survey was conducted, 46% expected that there will be a global consensus on taxation of the digital economy that will lead to changes.
- 41% of groups have been actively engaged in the OECD's Pillar1/Pillar 2 project consultation either directly or through other channels.
- 62% of groups are concerned that a possible outcome of the OECD's Pillar 1/ Pillar 2 project will be an increase in their corporate tax liability.

What have been the most significant areas of change for your group’s tax function/tax affairs resulting from the BEPS project so far?

Representative responses



(Tax Director/Tax VP—UK)

“Continuing uncertainty and spurious public arguments around taxation of the so-called digital economy.”



(Tax Director/Tax VP— Canada)

“Increase[d] complexity of transfer pricing considerations as well as challenges in creating tax efficient investment and holding company structures.”



(International Tax Director—UK)

“Limitations on treaty access resulting in increased withholding taxes & DEMPE considerations included in legislation & audits.”



(Controller/CFO—UK)

“transfer price and related new reports”

(Controller/CFO – US)

“CBC Reporting”



(Tax Director/Tax VP—US)

“Big increase of number and intensity of disputes requiring to reprioritize resources”

Note: 75 respondents answered this question. The comments listed are representative of the most commonly stated responses.

What are your thoughts about the OECD Pillar 1/Pillar 2 project?

Representative responses



Note: 93 respondents answered this question. The comments listed are representative of the most commonly stated responses.

How has the tax performance of your group been most affected by the COVID-19 pandemic?

Representative responses

(Tax Director/Tax VP—UK)

“Increased volume of work and slightly less efficiency with people working from home (harder/more effort to stay connected with the business)”



(Tax Director/Tax VP—US)

“Less collaboration on tax planning; many efficiency improvements related to digital signatures and electronic storage of information.”



(Tax Director/Tax VP—Switzerland)

“There was an immediate requirement to focus on cash taxes and tax cashflow, which distracted attention from other tax areas”



(International Tax Manager—UK)

“Performance wise not so much apart from the fact we are working remotely (in Europe but not the US) and that the US relief measures created a significant benefit for us”

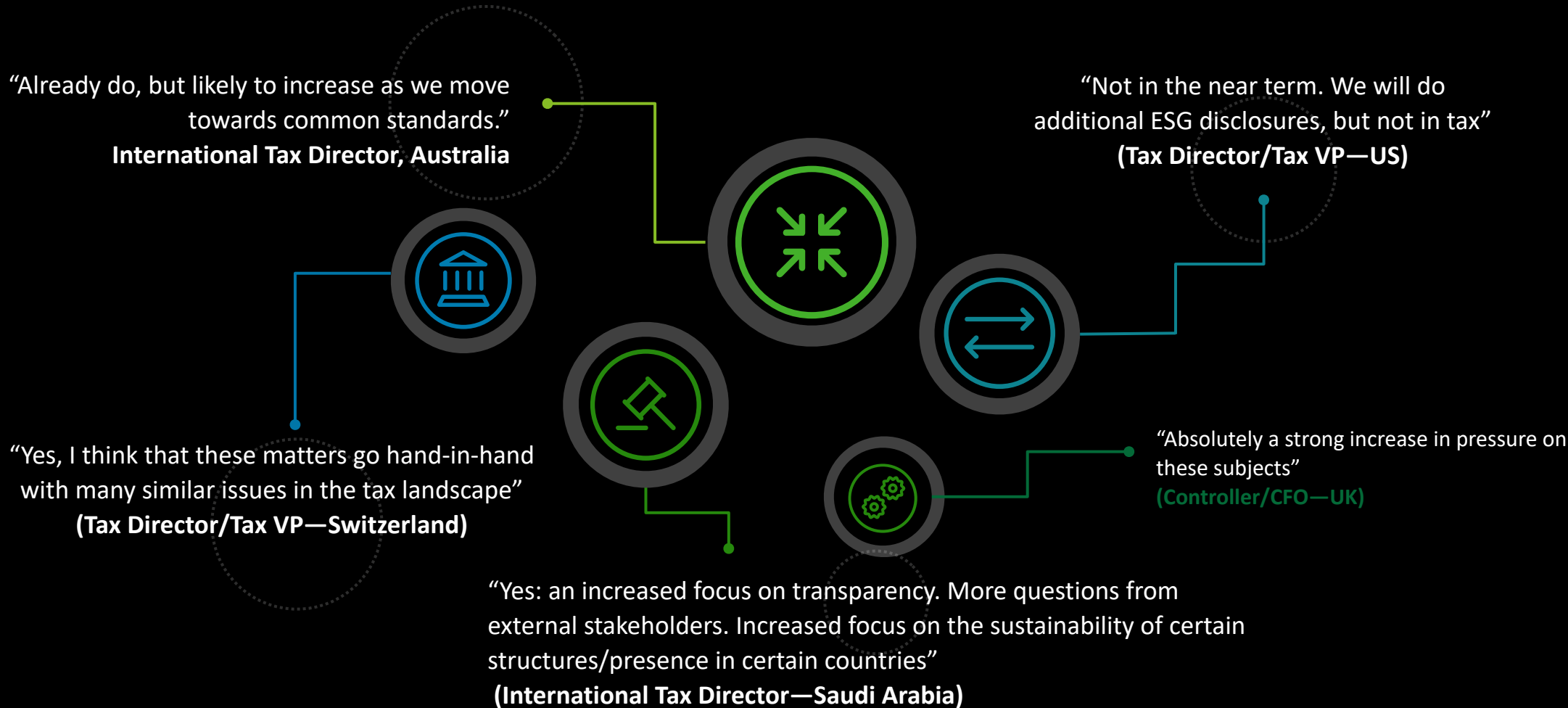


Note: 88 respondents answered this question. The comments listed are representative of the most commonly stated responses.

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Do you foresee the increased discussion and disclosures regarding environmental, social and corporate governance (ESG) matters impacting your group’s tax function?

Representative responses



Note: 92 respondents answered this question. The comments listed are representative of the most commonly stated responses.



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