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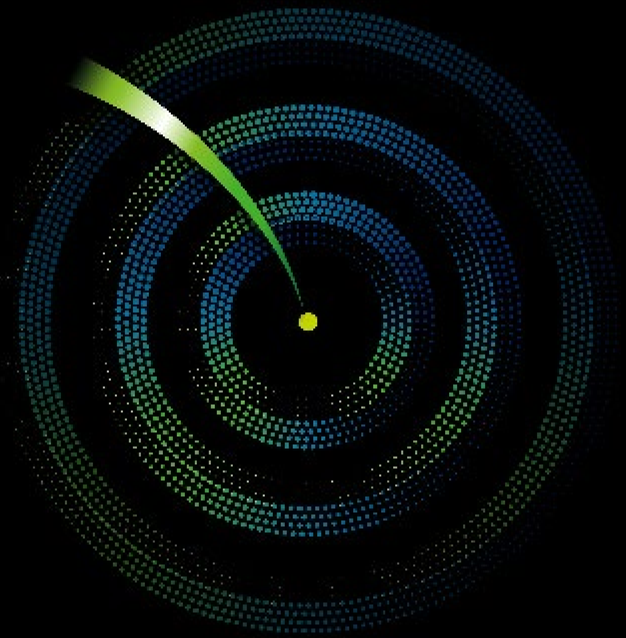


Deloitte's 2022 Global Tax Survey: Beyond BEPS

2022 full results of the 9th annual multinational survey

June 2022

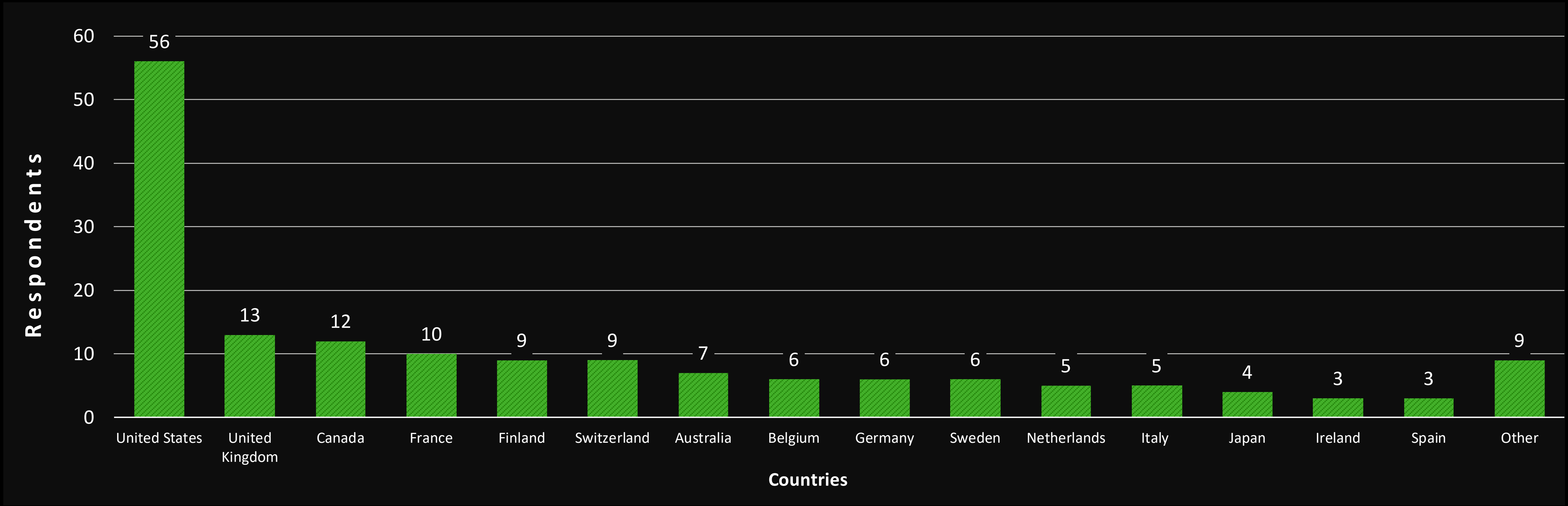
MAKING AN IMPACT THAT MATTERS since 1845

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

Overview of the 2022 survey

The purpose of Deloitte's 2022 survey was to gauge multinationals' views on the topics that were high on the agenda in 2022, such as tax governance, tax transparency and the 'digital taxation' debate, in addition to their views on the overall progress of BEPS-related measures and the impact on their businesses.

The survey was conducted from 22 February to 5 April 2022, with a target audience of tax and finance managers and executives from multinational companies. 163 people from 21 countries responded to the 2022 survey. The Top 15 countries by number of respondents are shown below.



Global Tax Survey: Beyond BEPS —Deloitte's ninth annual survey

Key findings

Tax governance remains high on the Board agenda

- 77% agree or strongly agree that their group is concerned about the continuing high interest of media, political and activist groups in corporate taxation.
- 66% agree or strongly agree that the C-suite and/or Board of Directors are actively engaged in establishing and/or approving their group's tax strategy and in assessing and monitoring risk in this area.
- 41% of respondent groups are interested in joining a cooperative tax compliance program where available, and 18% have already joined or are in the process of joining such a program.
- 85% of respondents expect an increase in stakeholder interest in tax behavior and outcomes over the next 3 years.

Voluntary tax transparency standards are increasingly being adopted by businesses

- 60% of respondents expect their group to align its external communication in relation to its tax performance with a transparency standard
- 33% of respondents expect to increase their level of voluntary tax transparency over the next year
- 42% of respondents have an up-to-date tax transparency strategy for their group, which has been tested with the senior leadership
- 55% of respondents expect that a tax transparency strategy for their group has been or will be set up within 12 months

Pillar One/ Pillar Two remains a 'hot topic' and businesses are preparing for the impact

- 59% of respondents expect that a critical mass of countries will implement Pillar One / Pillar Two by 2024
- 55% of respondent groups have been actively engaged in OECD's Pillar One/Pillar Two project consultation either directly or through other channels
- 47% expect that Pillar One / Pillar Two will result in a significant increase in their group's global effective tax rate
- 62% does not expect that the implementation of Pillar Two will cause groups to make significant changes to their corporate structure
- 46% of respondents have a very rudimentary analysis of the impact of Pillar Two on their tax profiles
- 55% are somewhat confident that they have readily available tax and accounting data necessary to comply with Pillar Two
- 25% expect that US Senate will pass a treaty to implement Pillar One by 2023.

EU tax directives not expected to help simplify tax compliance obligations

- 80% of respondents do not consider the EU tax directives to be successful in simplifying tax compliance obligations across the EU.
    - 60% among them consider the directives to increase complexity or compliance burden out of line with the apparent policy intention.
    - 20% among them consider the directives are not implemented consistently across EU member states

Question 32: What are your thoughts about the OECD Pillar One/Pillar Two project?

Representative responses

"Consistent and global implementation will [be] key to success."
(Tax Director/ Tax VP – Netherlands)

"I believe it will be difficult for my organization to gather the data necessary to report accurately."
(Tax Director/ Tax VP – US)

"Ambitious but in some form, necessary. I just have concerns about the increased compliance obligations for those groups that aren't necessarily the intended target (i.e. are not anticipating adjustments) but which are still required to fulfil all the compliance obligations to substantiate that no adjustment is required."
(International Tax Director – US)

"Pillar One does not directly 'hit' our group and Pillar Two will likely not have a big impact on group's ETR, but the compliance burden from calculating jurisdictional ETR's under new GloBE rules is immense."
(International Tax Director —Finland)

Note: 147 respondents answered this question. The comments listed are representative of the most commonly stated responses.

Question 33: What are your stay-awake issues arising from the volume of change in tax regimes around the world (as a result of BEPS, COVID-19, and other tax reform initiatives)?

Representative responses

"Transfer pricing and audit defense. Increased compliance obligations from navigating and implementing obligations around Pilar 2."
(International Tax Director — US)

"GLOBE: it's increasingly important for tax people to understand IFRS (or other consolidation standards)."
(Tax Director/Tax VP – France)

"The ability to project and report accurately on the significant amount of information that will be required to be collated and produced."
(Tax Director/ Tax VP – US)

"Sheer scale of the compliance burden (particularly when factoring in the systems impact). I also fear what will happen if the US does not implement Pillar One: we may be destined for more unilateral measures & double taxation."
(Tax Director/Tax VP— UK)

Note: 125 respondents answered this question. The comments listed are representative of the most commonly stated responses.

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

Representative responses

"Yes, in medium term. Likely to be more disclosure required but for my group only when mandatory rather than voluntary"
(International Tax Director, UK)

"Definitely...ESG is the "buzz word" that has our organisation's full attention. Increased transparency can only be seen as favourable in alleviating social concerns on the impacts large organisations have on the future state."
(International Tax Manager—Australia)

"Not much, already hired a person with focus on ESG. We are already quite transparent, and our business has no major impact on the climate."
(Tax Director/Tax VP—Netherlands)

"Not within the next few years. When the first CBC reports are made public (following the implementation of the amended EU Accounting Directive), the situation might change."
(International Tax Director—Finland)

"It will create additional work and we will have to manage new reporting requirements"
(Tax Director/Tax VP—Ireland)

Note: 150 respondents answered this question. The comments listed are representative of the most commonly stated responses.

What impact on your group do you expect from environmental tax measures in the country of your ultimate parent (if any)?

Representative responses

"Increased reporting obligations and tracking items we have never done before" **(International Tax director — US)**

"Nil - nature of our business means that our carbon footprint is minimal" **(Tax Director/Tax VP—UK)**

"I expect increasing number of environment related taxes & as a result, increase of tax spending in this area" **(Tax Director/Tax VP—Germany)**

"If the group can align to net emission targets it can only be seen to be positive at all levels. Organisational aspirations to zero net emissions should be everyone's end goal." **(International Tax Manager —Australia)**

Note: 121 respondents answered this question. The comments listed are representative of the most commonly stated responses.