

Finding opportunity in the midst of uncertainty

Deloitte's 2020 global survey summary on the OECD's Base Erosion and Profit Shifting (BEPS) initiative and the next wave of Global Tax Reset

June 2020

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

Key findings

Tax governance remains high on the Board agenda

- 71% are concerned about the continuing high interest of media, political and activist groups in corporate taxation.
- 71% 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.

Businesses are slowly securing additional resources to deal with BEPS-related changes

- 32% of organizations have secured (or plan to do so) additional resources/headcount for their tax group as a result of the BEPS-related changes.
- 47% of groups have or intend to increase their investment in tax-related technology as a result of the BEPS-related changes.
- 24% of groups have or intend to co-source or outsource some tax group functions as a result of the BEPS-related changes.

Cross-border coordination still has room to improve

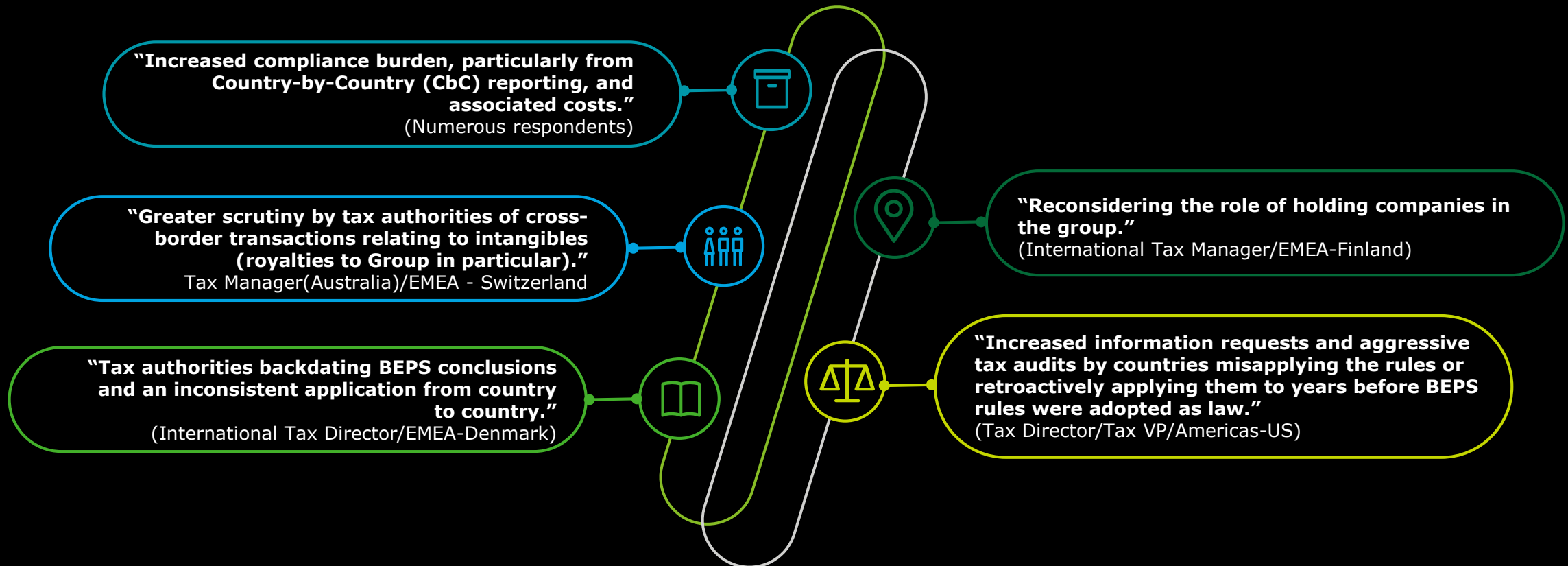
- Only 23% agree that most tax administrations will interpret the changes to the Transfer Pricing Guidelines in a consistent manner.
- 57% of groups are concerned about lack of guidance from the tax authorities around the world about the Principal Purpose Test (PPT).

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

- At the time the survey was conducted, 44% expected that there will be a global consensus on taxation of the digital economy that will lead to changes.
- 31% 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



Note: 161 respondents answered this question. The comments listed are representative of the most commonly stated responses.

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

Representative responses

"The biggest concern is if the OECD guidance is not precise enough and the implementation will be subject to interpretation. This will lead to increased taxation and material workload for the tax team with respect to dispute resolution"
(Tax Director/Tax VP/EMEA – Switzerland)

"It's being rushed without proper consultation, which will inevitably have unintended consequences for certain business/transaction types."
(Tax Director/Tax VP/Americas – US)

"OECD's Pillar 2 project will have a bigger impact for our group than the Pillar 1 project."
(Tax Director/Tax VP/Asia Pacific – South Korea)



"I understand the reason for the projects and would like to get global consistency, but I'm skeptical that all interested parties can agree due to differing local country impacts"
(Tax Director/Tax VP/Americas – US)

Theoretically possible, but highly impractical to implement as it would require universal agreement on methodology with taxing jurisdictions that have varying mandates. I don't see countries giving up their sovereign right to tax.
(Tax Director/Tax VP/Americas – Canada)

Note: 146 respondents answered this question. The comments listed are representative of the most commonly stated responses.

