



OECD's Base Erosion and Profit Shifting (BEPS) initiative and the "Global Tax Reset"

2019 full results of the sixth annual multinational survey

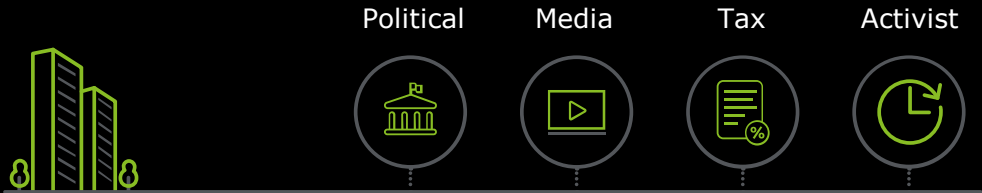
May 2019

OECD's BEPS initiative—full results of Deloitte's sixth annual multinational survey



2014

Deloitte conducted its first “OECD Base Erosion and Profit Shifting (BEPS) survey” to gauge the views of **multinational companies** regarding the increased media, political and activist group interests in the Global Tax Reset and BEPS, and the expected impact on their organizations.

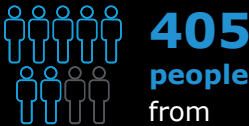


2015-2018

Annually, from 2015 through 2018, we conducted surveys gauging how multinationals' views on consequential developments within their organizations of the changing tax landscape have progressed as the BEPS recommendations began to be adopted in jurisdictions. Each year we have gradually shifted focus from businesses' initial reactions to the impact of implementation.

2019

We followed-up, collecting responses from:



In this latest survey, we were interested in the respondents' views on the topics that were high on the agenda in 2018, 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.

Contents

2019 survey respondents

04



Survey results: overall and by country

06



Multinationals views on media and political interest

45



Open questions: selected participant responses

48



2019 survey respondents

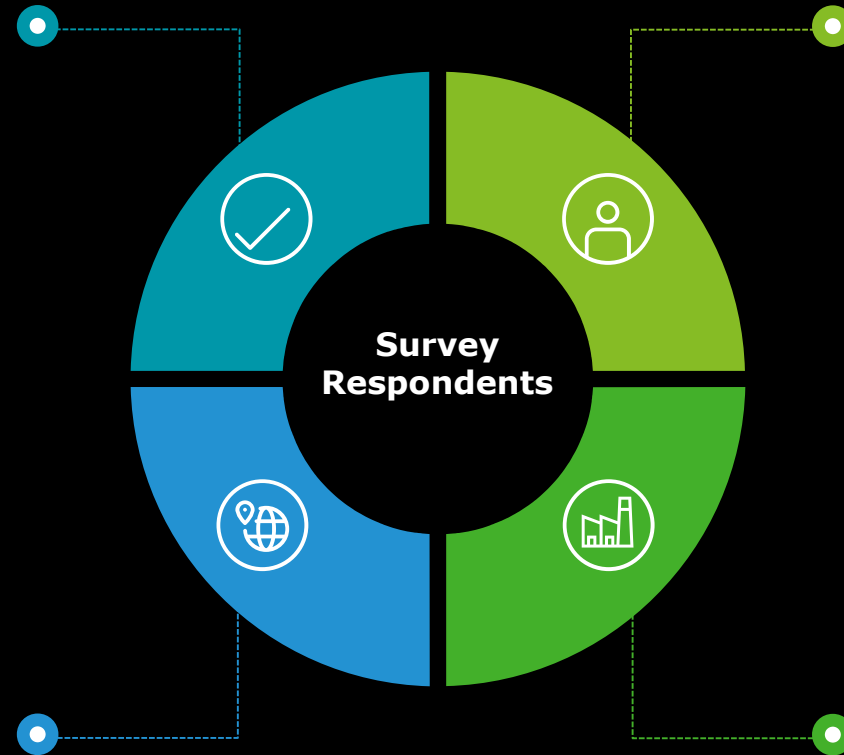
2019 survey respondents

Survey responses

The survey was conducted from 14 January to 6 February 2019, with a target audience of tax and finance managers and executives from multinational companies. 405 people from 35 countries responded to the 2019 survey.

Top responses by country

• United States	163	• China	11
• India	42	• Germany	11
• Australia	28	• Netherlands	9
• Canada	27	• France	8
• United Kingdom	17	• Denmark	5
• Singapore	16	• Italy	5
• Switzerland	14	• Others	49



Respondent's role

• Tax Director/Tax VP	225
• International Tax Director	55
• International Tax Manager	42
• Controller/CFO	32
• Other	51

Top responses by industry

• Manufacturing & Engineering	96
• Telecom/Media/Technology	56
• Consumer business	53
• Other (please specify)	52
• Energy & Resources	43
• Healthcare & Life sciences	40
• Financial services	38
• Business & Professional services	16
• Private equity	7
• Real estate	4

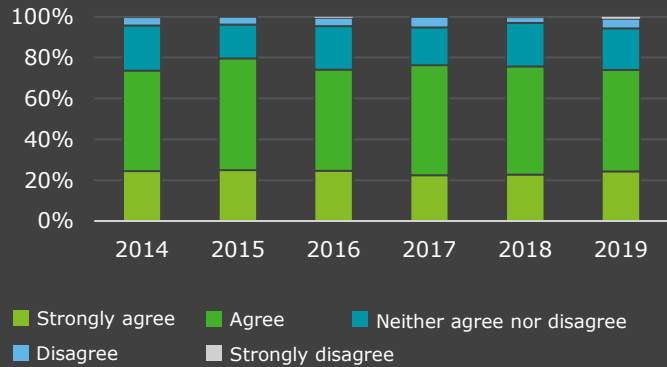
Survey results

Overall and by country

Question 1

74% agree or strongly agree that their organization is concerned about the continuing high interest of media, political and activist groups in corporate taxation.

Overall results



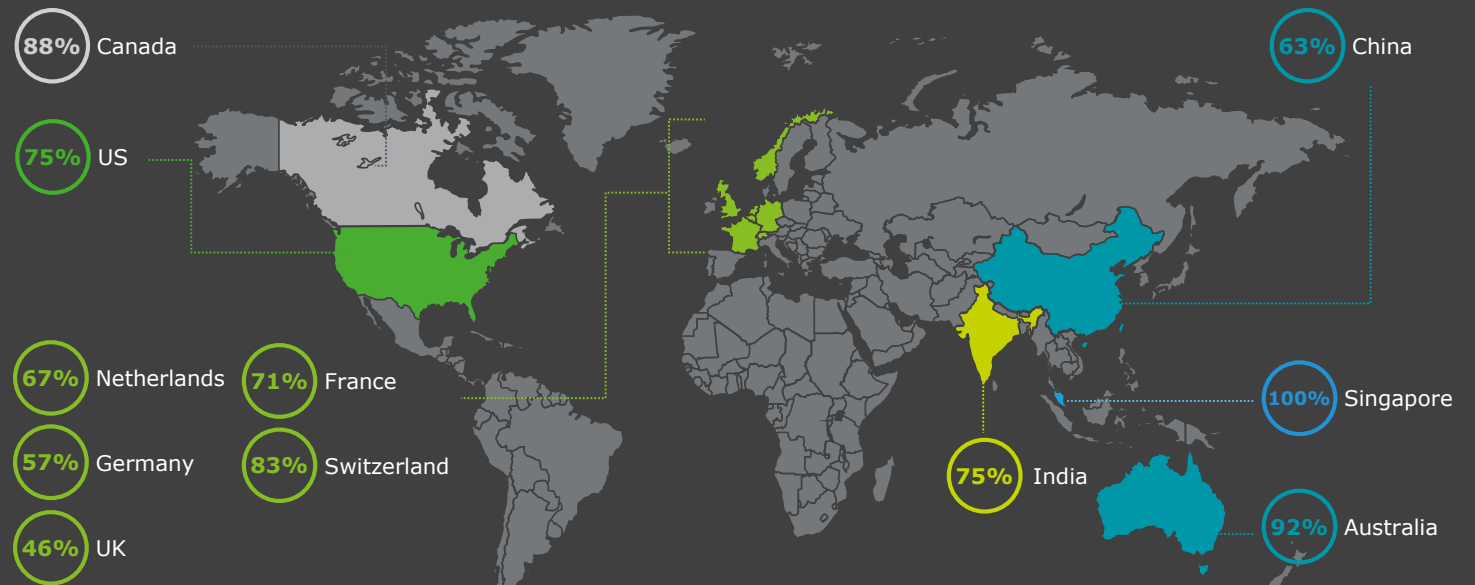
Response Trend



Agree/strongly agree responses remained high, but decreased slightly (**by 2 percentage points**) from **2018**.

Country-specific agree/strongly agree results

My organization is concerned about the continuing high interest of media, political and activist groups in corporate taxation



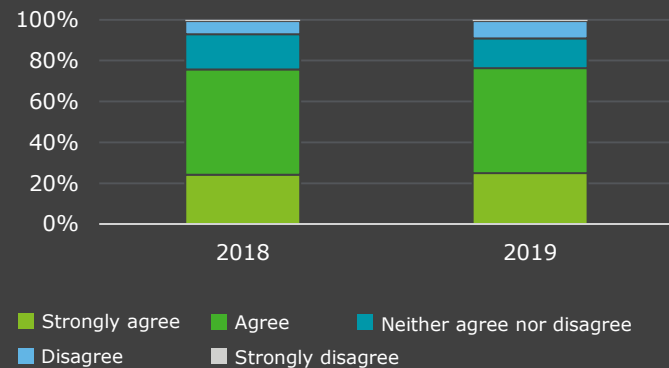
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Level of concern remains the same on average, but with varying trends across the globe. There were significant increases in Singapore (from 67%) and significant reductions in the UK (from 77%) and China (from 80%).

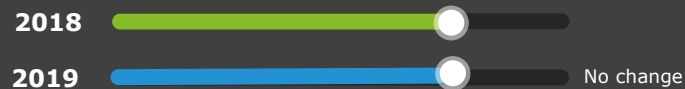
Question 2

76% agree or strongly agree that C-suite and/or Board of Directors of their organization is actively engaged in establishing and/or approving their organization's tax strategy and in assessing and monitoring risk in this area.

Overall results



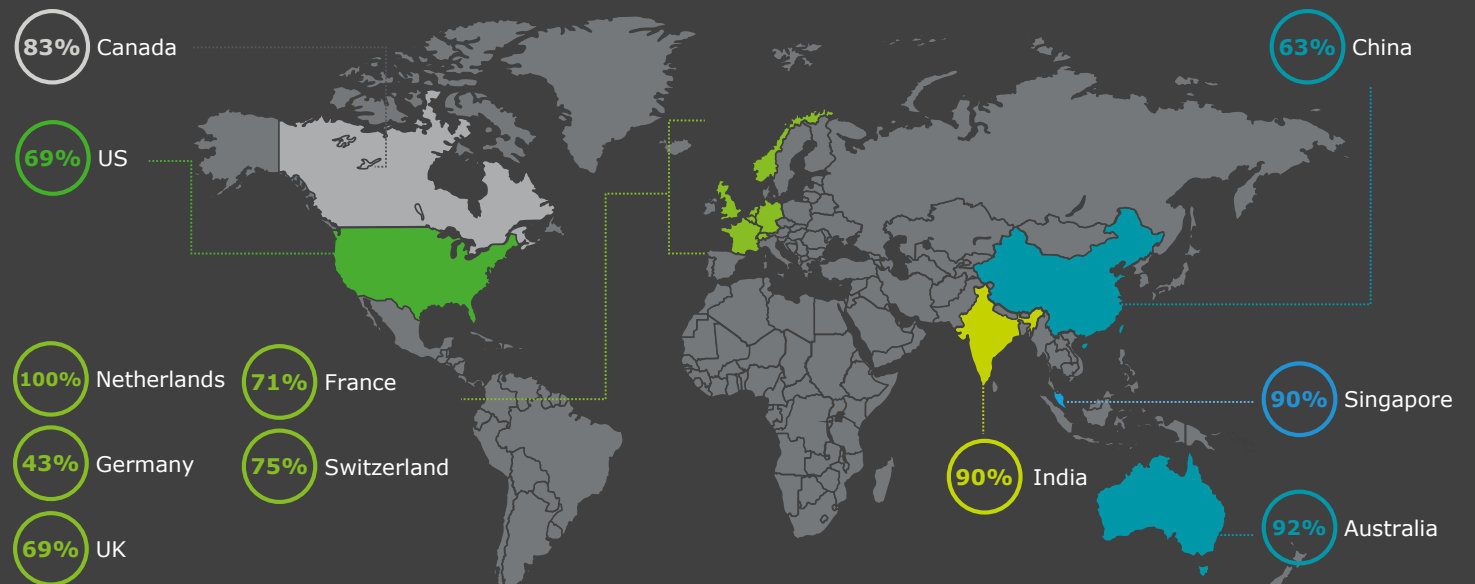
Response Trend



Agree/strongly agree responses **remained high** and have not changed from **2018**.

Country-specific agree/strongly agree results

The C-suite and/or Board of Directors of my organization is actively engaged in establishing and/or approving my organization's tax strategy and in assessing and monitoring risk in this area



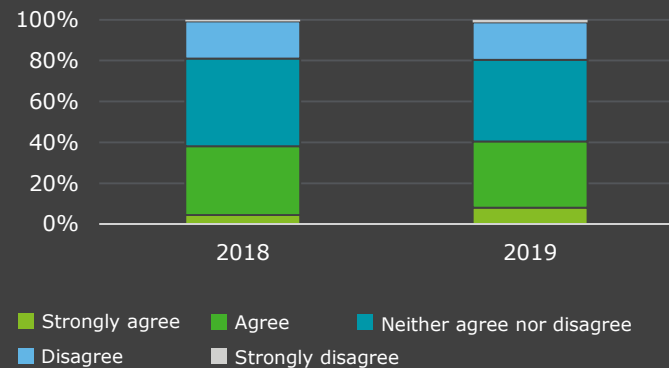
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Level of C-suite/Board engagement on average has not changed since 2018. There have been notable increases in the Netherlands (from 61%), France (from 44%), Switzerland (from 59%) and decreases in Germany (from 60%), China (from 80%) and the UK (from 80%). Level of C-suite/Board engagement is higher in public companies (80%) than in private (64%).

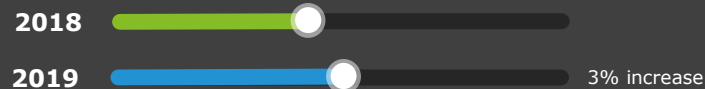
Question 3

41% agree or strongly agree that the C-Suite and/or Board of Directors have changed their views on tax planning since the start of the BEPS project.

Overall results



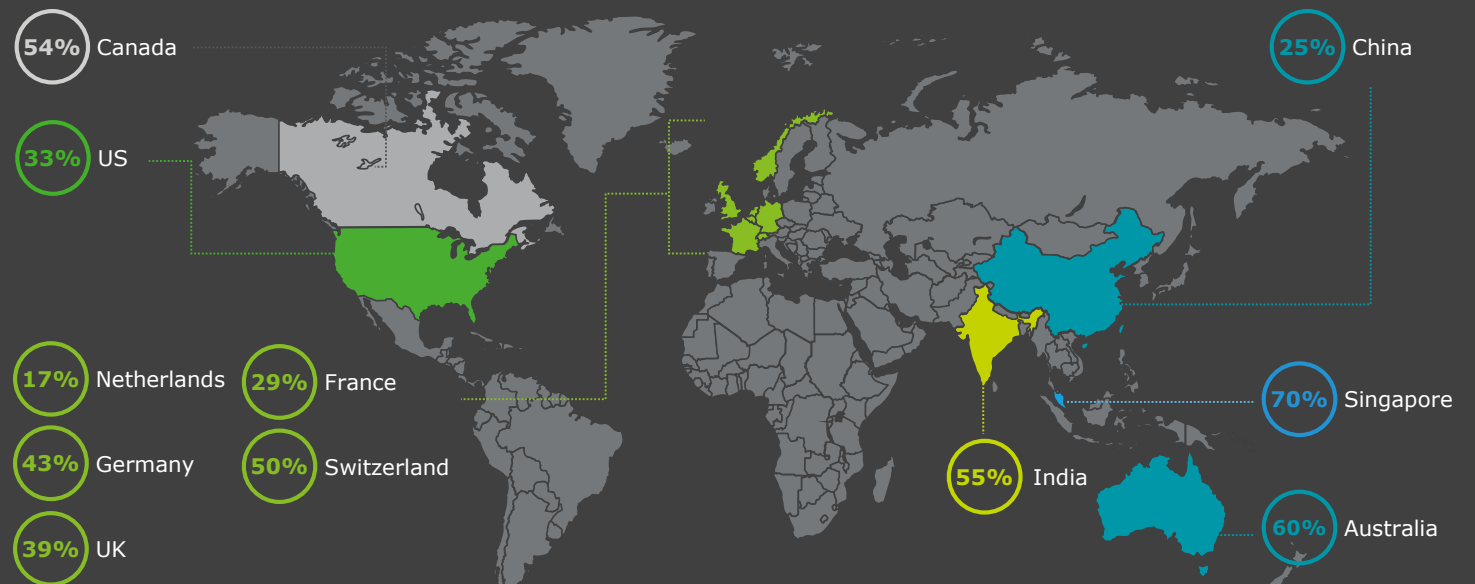
Response Trend



Agree/strongly agree responses remained considerable, and increased slightly (**by 3 percentage points**) from **2018**.

Country-specific agree/strongly agree results

The C-suite/Board have changed their views on tax planning since the start of the BEPS project



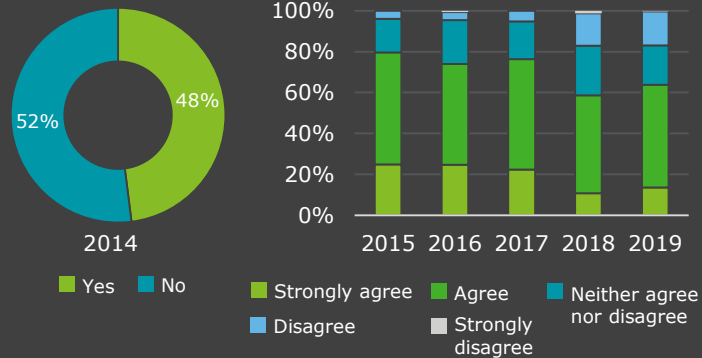
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Financial services respondents are above average at 62%, manufacturing & engineering are at the lowest at 31%. The percentages are somewhat lower than might have been expected given the high level of concern/engagement in Questions 1 and 2. Notable increases occurred in Canada (from 36%) and Australia (from 43%) while China and the Netherlands show decreases from 40% and 35%, respectively.

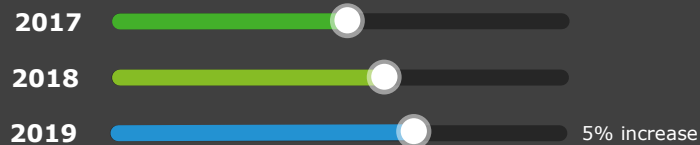
Question 4

64% agree or strongly agree that their organization has implemented additional corporate policies and procedures in response to the increased scrutiny related to corporate taxation.

Overall results



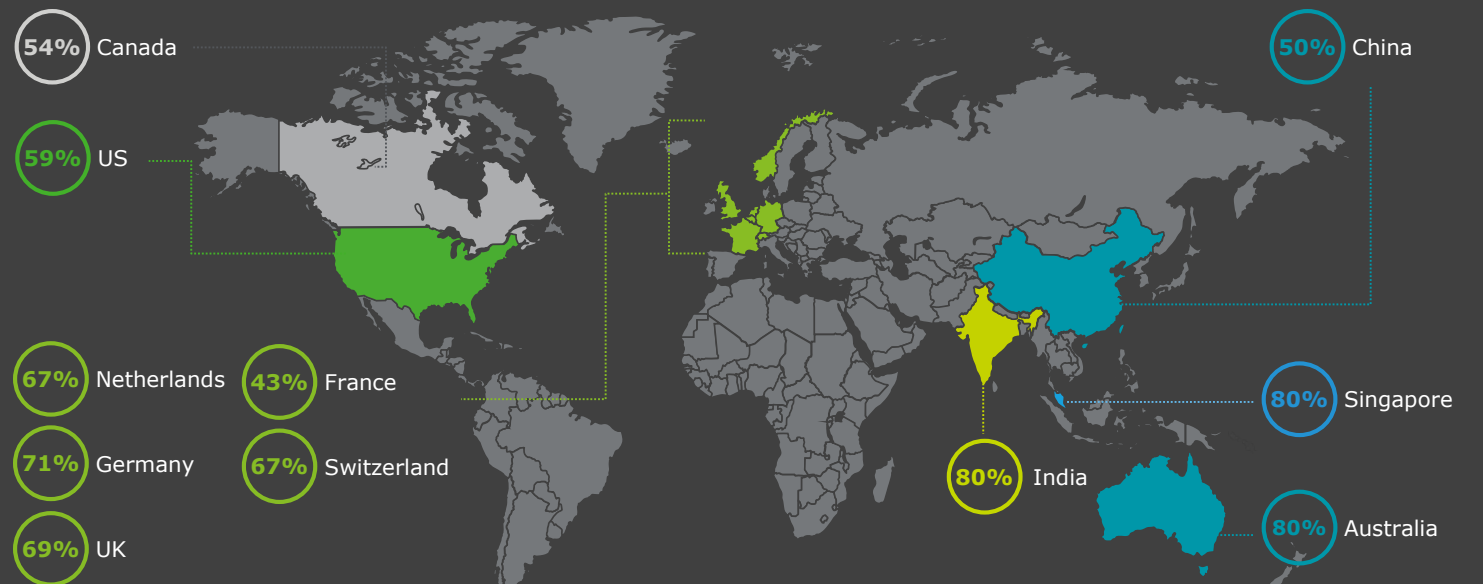
Response Trend



Agree/strongly agree **increased** by **5 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization has implemented additional corporate policies and procedures in response to the increased scrutiny related to corporate taxation



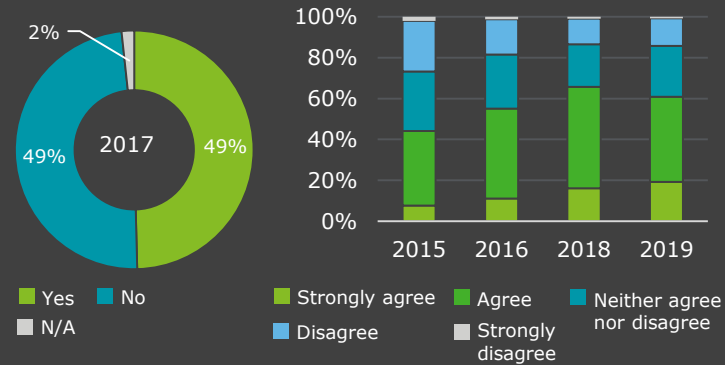
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The slow increase in additional policies continues, this could be due to some of the BEPS Actions (and other anti-avoidance measures) gradually coming into force. Industry-wise, energy & resources lead at 69%. There are notable increases in the US (from 43%) and Switzerland (from 50%) but also reductions in China (from 70%), Canada (from 71%) and France (from 56%). In 2018 we asked about development of such policies and in 2019 about their implementation: this could explain some of the country movements.

Question 5

61% said their business has changed the way they conduct tax planning for cross-border transactions as a result of legislative changes or proposals arising from the BEPS project.

Overall results



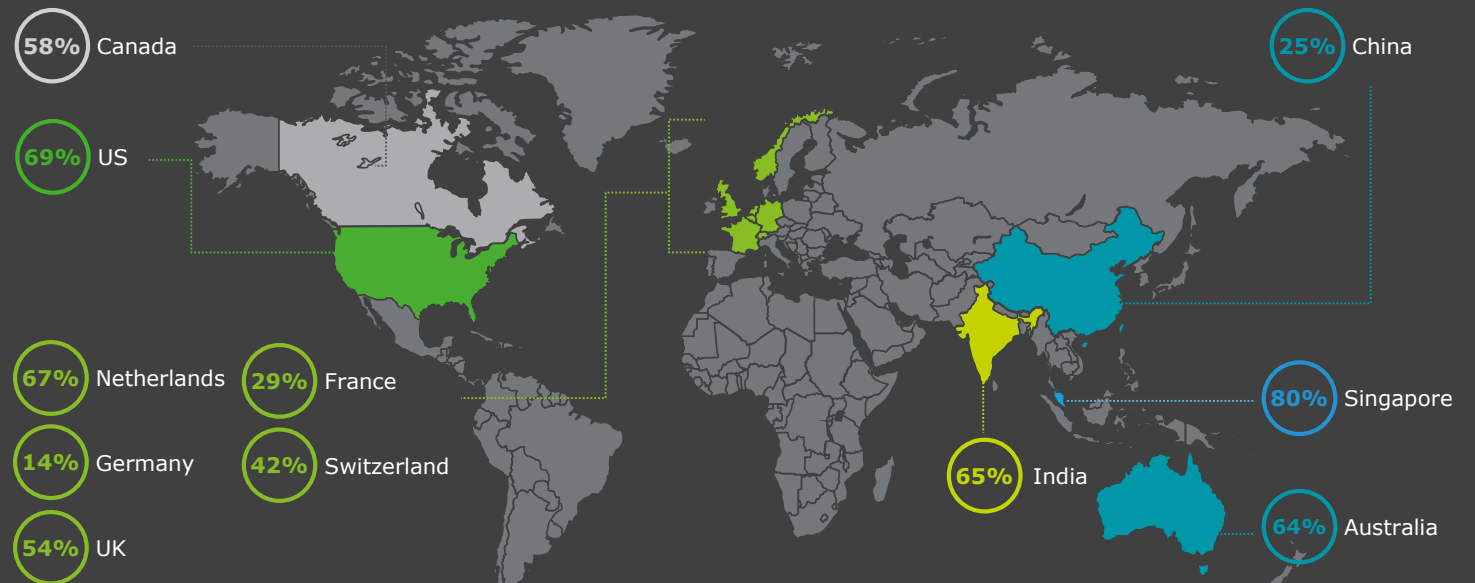
Response Trend



Agree/strongly agree responses decreased by **5 percentage points** from **2018**.

Country-specific agree/strongly agree results

My business has changed the way we conduct tax planning for cross-border transactions as a result of legislative changes or proposals arising from the BEPS project



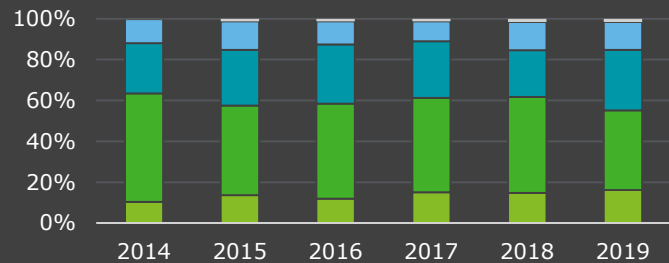
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

This is the first year where 'agree/strongly agree' responses have dropped after a continuing increase trend over the years. There have been very significant drops in Germany (from 70%), China (from 80%) and also reductions in Canada (from 86%) and France (from 56%) without any notable increases. This leveling off may be indicative of a new approach already having been adopted in prior years. In China the government has been focusing on reforming the individual income tax law and VAT law in 2018-2019 which may explain the reduced concern about BEPS in that jurisdiction.

Question 6

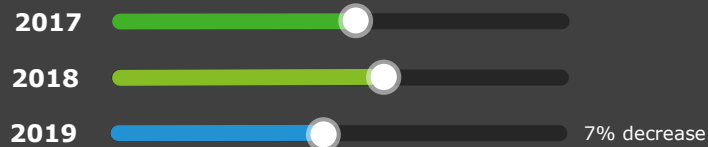
55% agree or strongly agree that in their organization's tax strategy is now part of the corporate responsibility agenda and not just a matter of compliance.

Overall results



■ Strongly agree
 ■ Agree
 ■ Neither agree nor disagree
■ Disagree
 ■ Strongly disagree

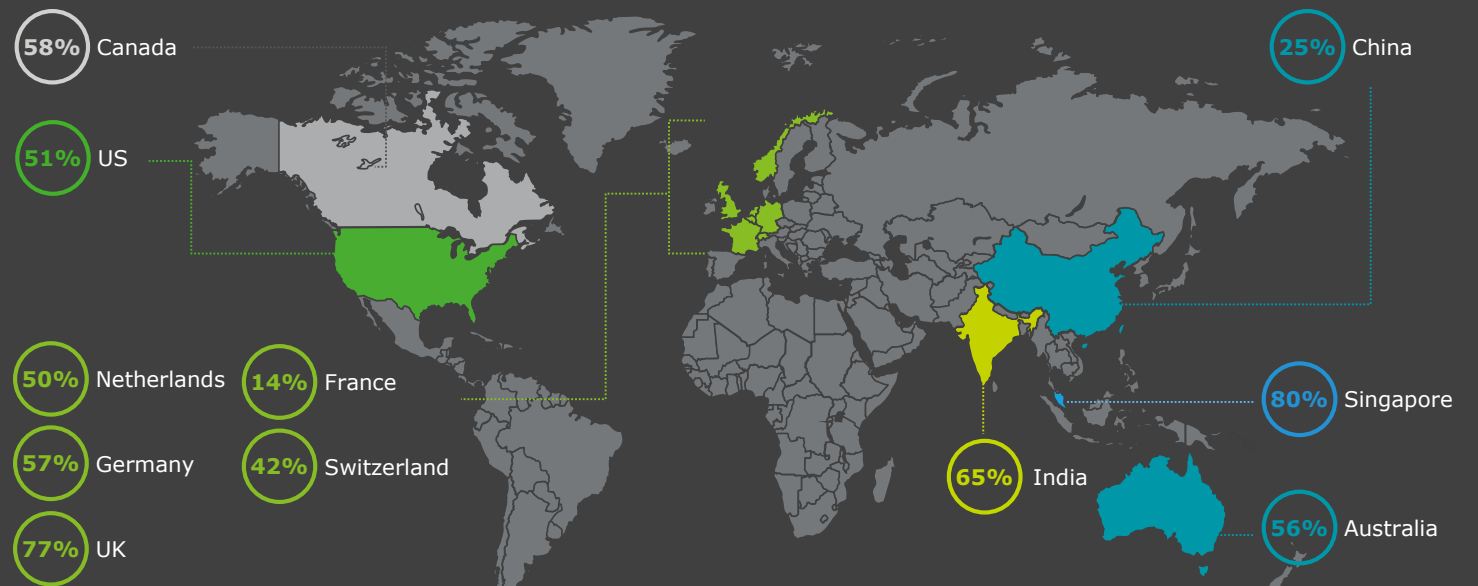
Response Trend



Agree/strongly agree **decreased** by **7 percentage** points from **2018**.

Country-specific agree/strongly agree results

In my organization, tax strategy is now part of the corporate responsibility agenda and not just a matter of compliance



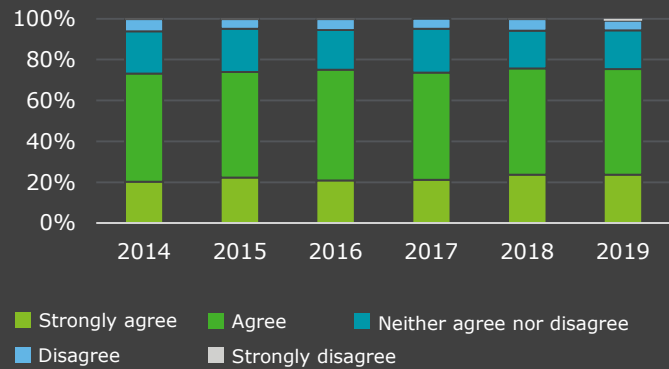
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

There is a significant drop after a steady increase since 2015. There have been very significant drops in France (from 67%) and China (from 70%), further decreases in Canada (from 79%), Australia (from 76%) and Germany (from 70%) with only one notable increase in Singapore (from 67%). Industry-wise, financial services and energy & resources share the lead (both around 65%).

Question 7

75% agree or strongly agree that reputational risks are of much greater concern when executing cross-border tax planning.

Overall results



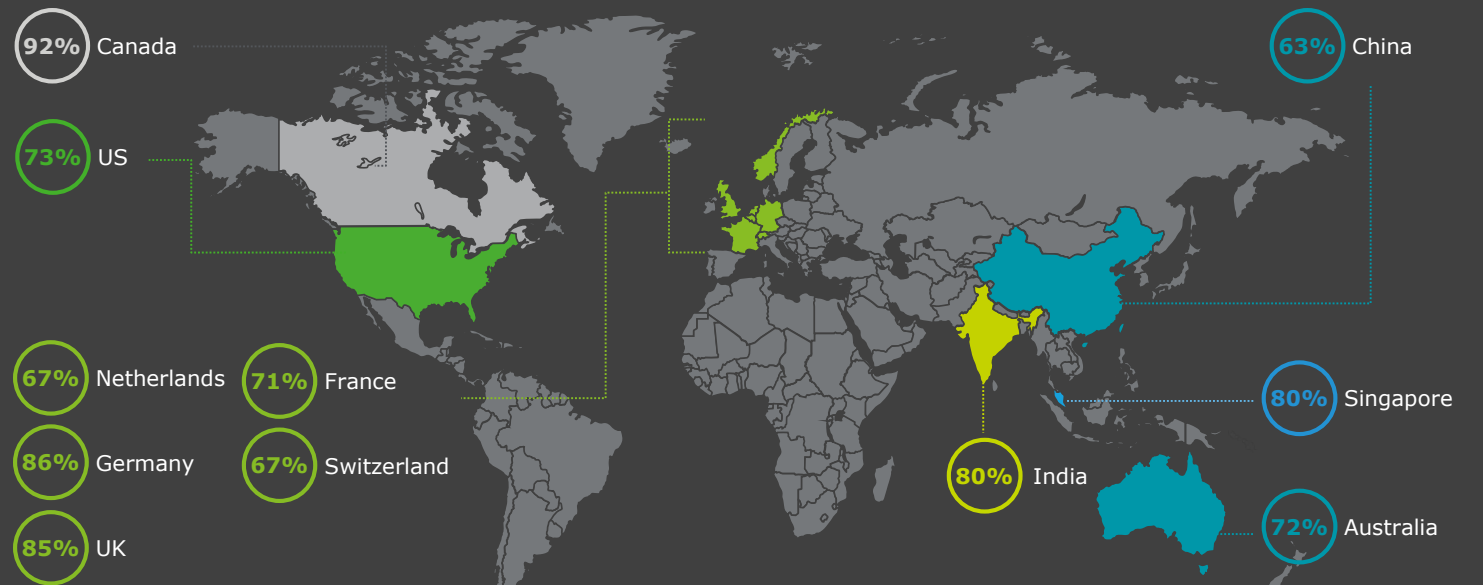
Response Trend



Agree/strongly agree responses remained **high** with a **small (1 percentage point) decrease** from **2018**.

Country-specific agree/strongly agree results

Reputational risks are of much greater concern when executing cross-border tax planning



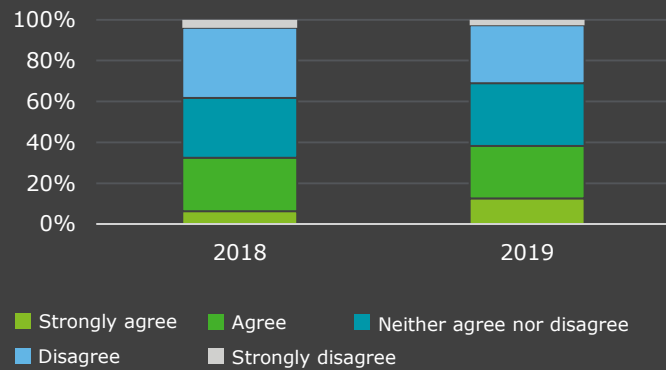
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The average remains high and is in line with the level of concern about media attention to tax (Question 1). Most respondent countries show modest fluctuations from 2018, with only a few notable movements: decreases in China (from 80%) and Australia (from 91%) and increase in Germany (from 75%). Financial services lead at 85%.

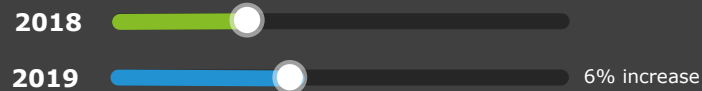
Question 8

38% agree or strongly agree their organization has implemented significant changes to cross-border structures as a result of the changes related to the BEPS project.

Overall results (New question in 2018)



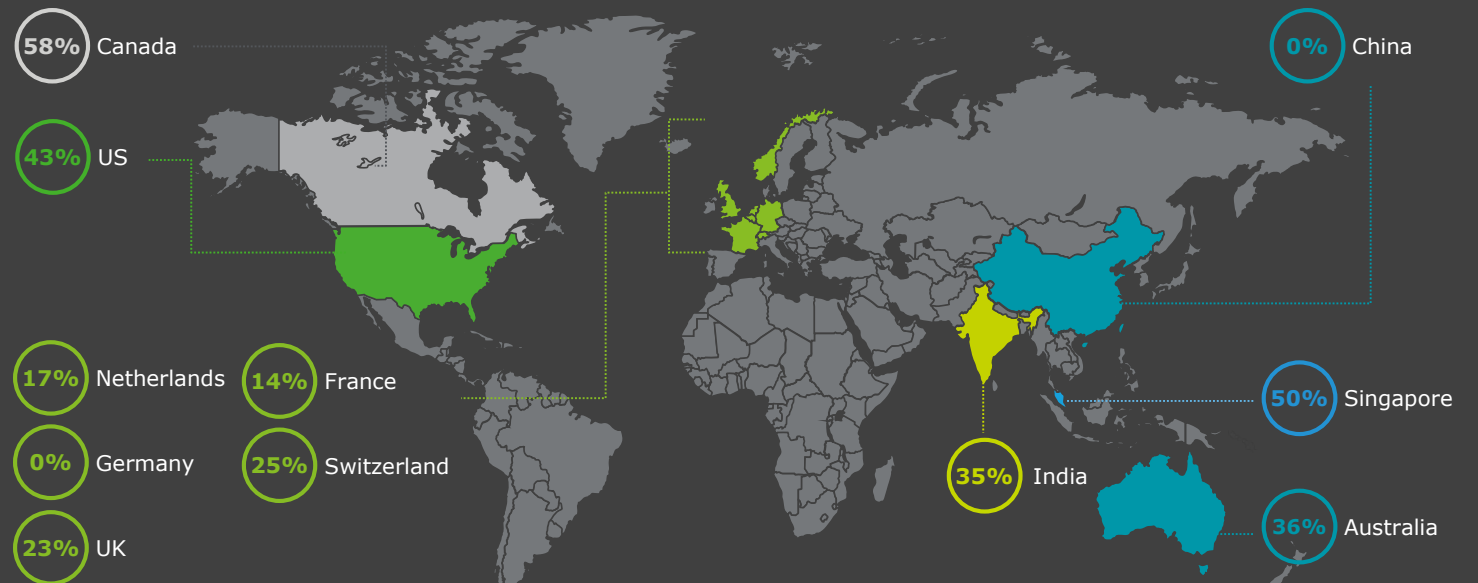
Response Trend



Agree/strongly agree **increased** by **6 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization has implemented significant changes to our existing cross-border structures as a result of the changes related to the BEPS project



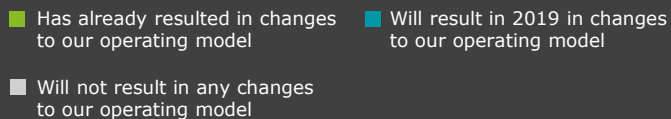
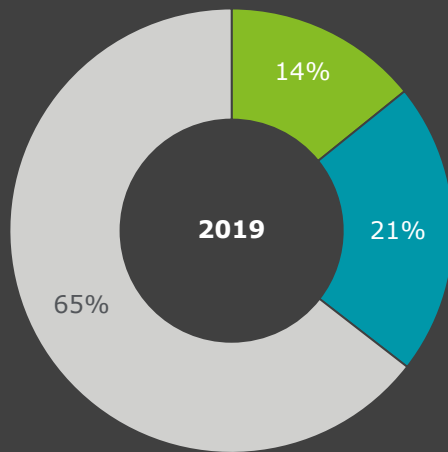
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The increase is to be expected as BEPS and other anti-avoidance measures are gradually being enacted across the globe. There is a surprising drop in China (from 50%) and in Germany (from 30%), further decreases in the UK (from 41%) and France (from 22%), with a notable increase in Singapore (from 17%), Canada (from 43%), the US (from 30%), Australia (from 24%) and Switzerland (from 14%).

Question 9

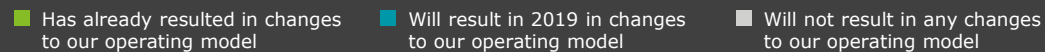
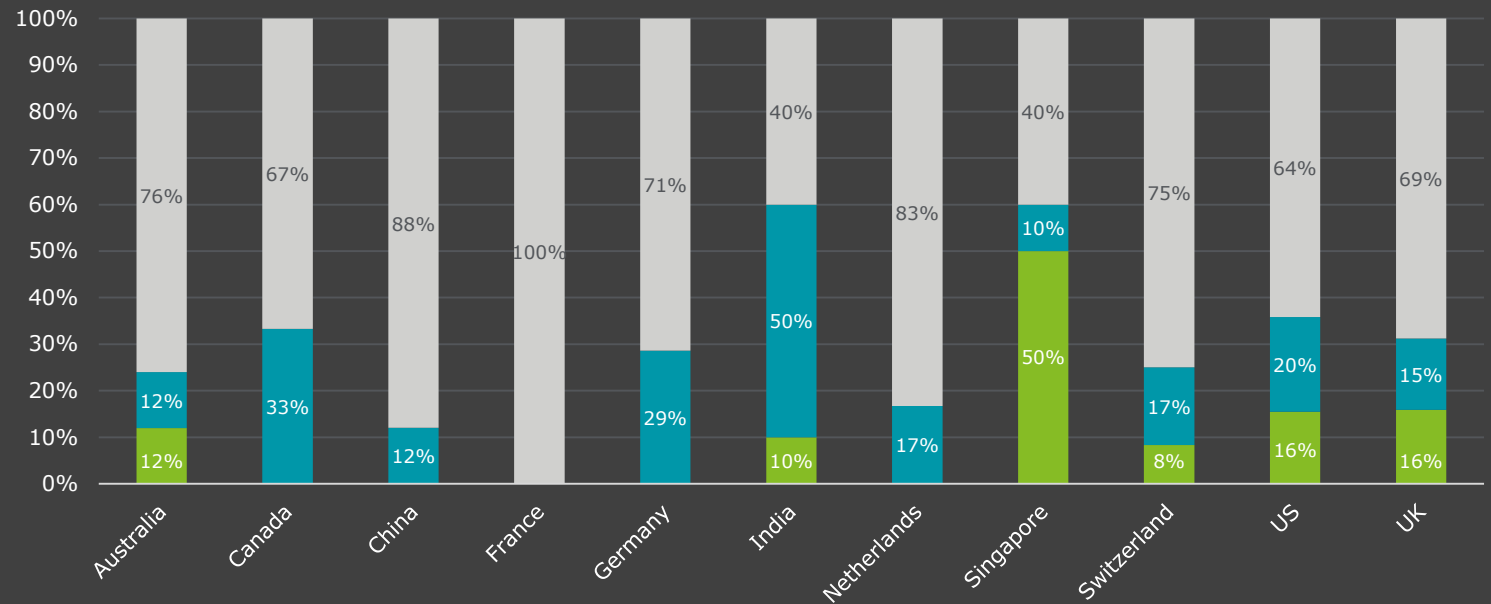
Nearly 65% do not expect that the impact of BEPS measures, in particular the multilateral instrument (MLI), on their organization's supply chain arrangements will result in any changes to their operating model.

Overall results (New question in 2019)



Country-specific results

The impact of BEPS measures, in particular the multilateral instrument (MLI), on my organization's supply chain arrangements

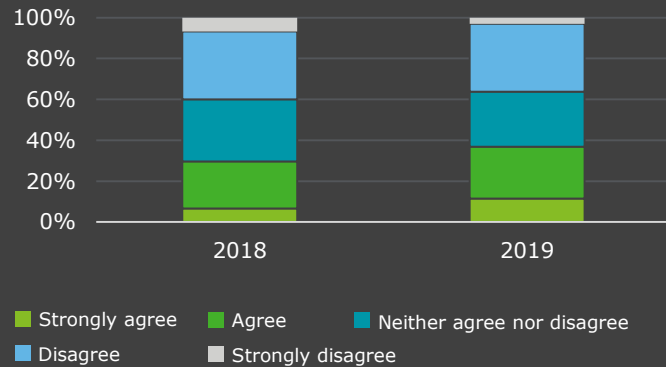


India shows the highest (50%) number of respondents expecting BEPS-related changes to their operating model. The majority of respondents do not expect the MLI to result in changes being made to their supply chain arrangements.

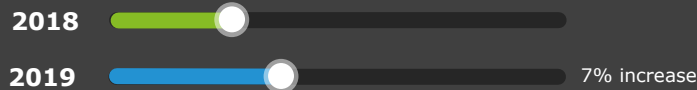
Question 10

37% agree or strongly agree that their organization intends (or has already done so) to restructure its financing arrangements as a result of Action 4 (Interest deductibility).

Overall results



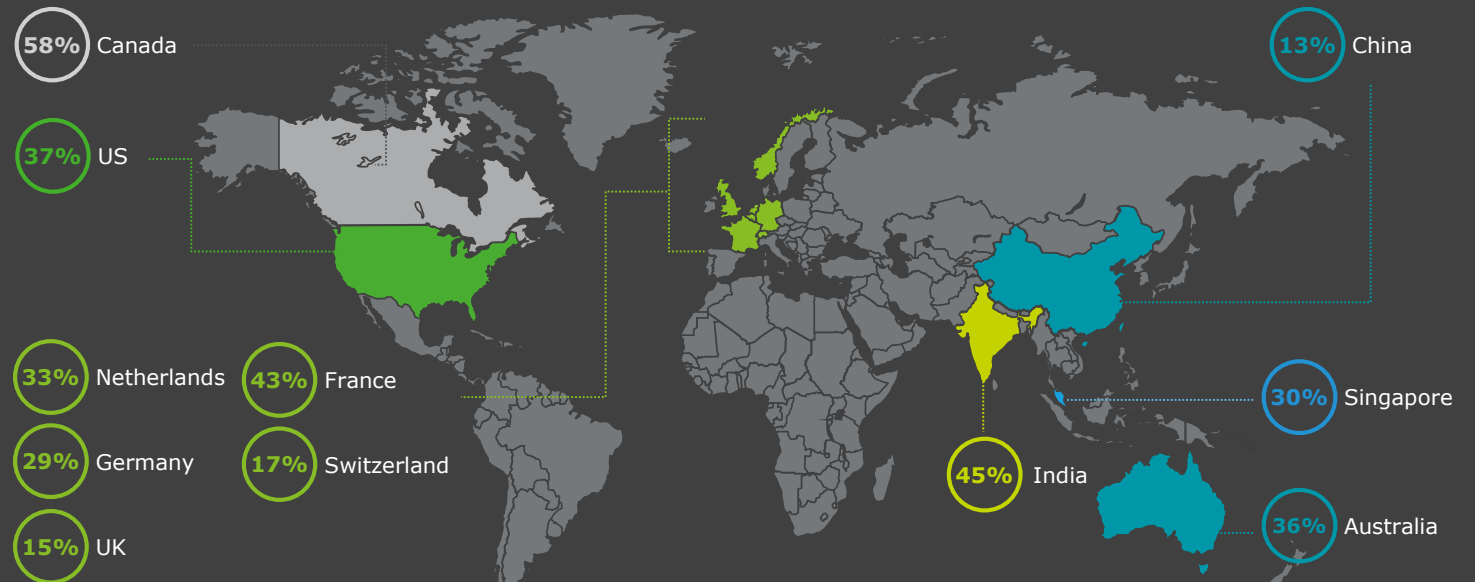
Response Trend



Agree/strongly agree **increased** by **7 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization intends (or has already done so) to restructure its financing arrangements as a result of Action 4 (Interest deductibility)



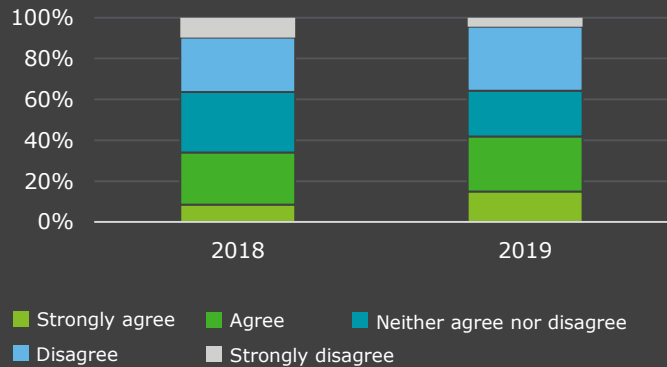
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The level of agree/strongly agree responses appears low, even after the increase. The latter is likely explained by interest restrictions coming into force in the EU in 2019, although the only notable increase in Europe is in France (from 0%). The decrease in the UK (from 27%) is surprising given the rules have been in force since April 2017 (although this may mean some of the respondents had restructured and consider the matter closed). Outside the EU, there are notable increases in Canada (from 36%) and Australia (from 14%) with a significant drop in China (from 40%). Industry-wise, manufacturing continues to lead at 45%. The low impact may be because average-sized and smaller multinationals do not easily breach the 30% EBITDA test and the thresholds. The impact may increase if the interest rates rise.

Question 11

42% agree or strongly agree that their organization intends (or has already done so) to restructure its intra-group financing or other intra-group arrangements as a result of Action 2 (Hybrid mismatches).

Overall results



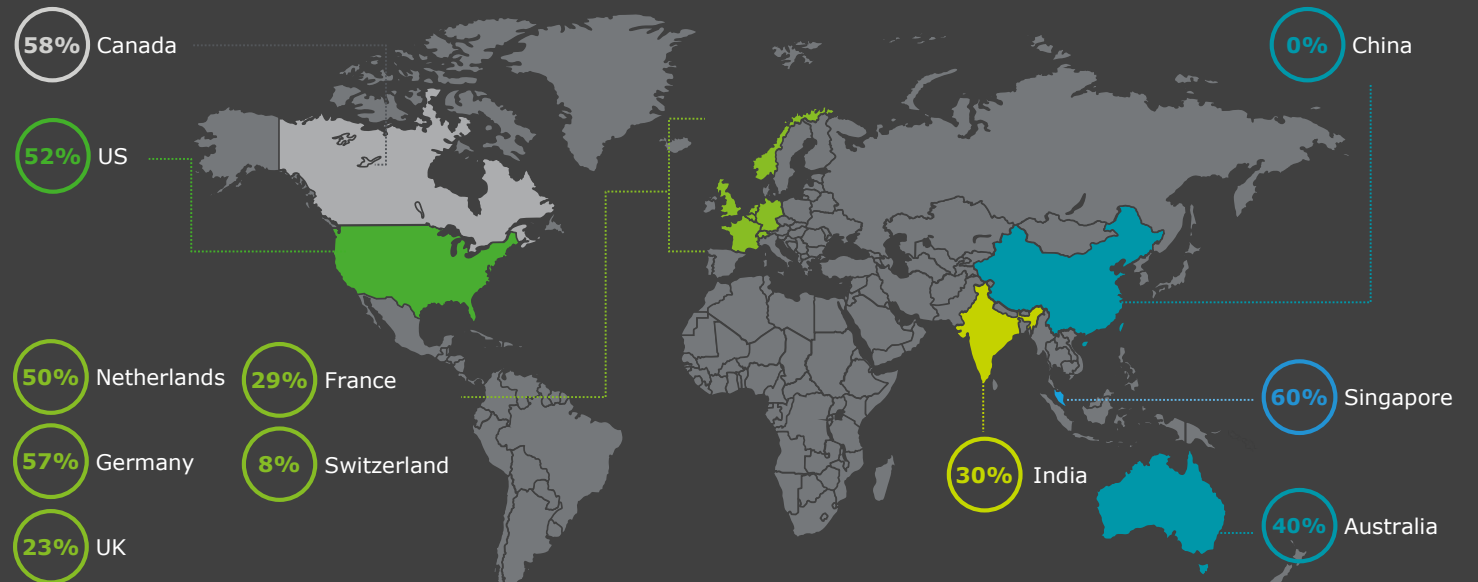
Response Trend



Agree/strongly agree **increased** by **8 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization intends (or has already done so) to restructure its intra-group financing or other intra-group arrangements as a result of Action 2 (Hybrid mismatches)



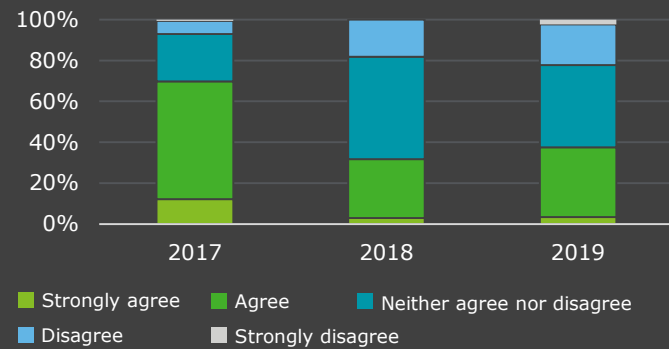
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Similar to the previous question, an overall increase is likely due to the rules now coming into force (EU – 2019), resulting in significant increases in Germany (from 10%), the Netherlands (from 30%), France (from 11%). In the UK, similar to the previous question, there is a drop (from 38%): this may be reflective of the fact that this is already in the past, given that the rules came into effect in 2017 and some groups may have restructured in response to. Elsewhere, there is a big increase in Singapore (from 25%), also increases in Canada and the US (both from 43%) but a surprising drop in China (from 50%).

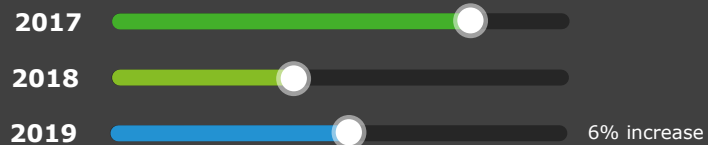
Question 12

38% agree or strongly agree that their organization has re-focused M&A tax due diligence processes to place more emphasis on risks highlighted under the BEPS project.

Overall results



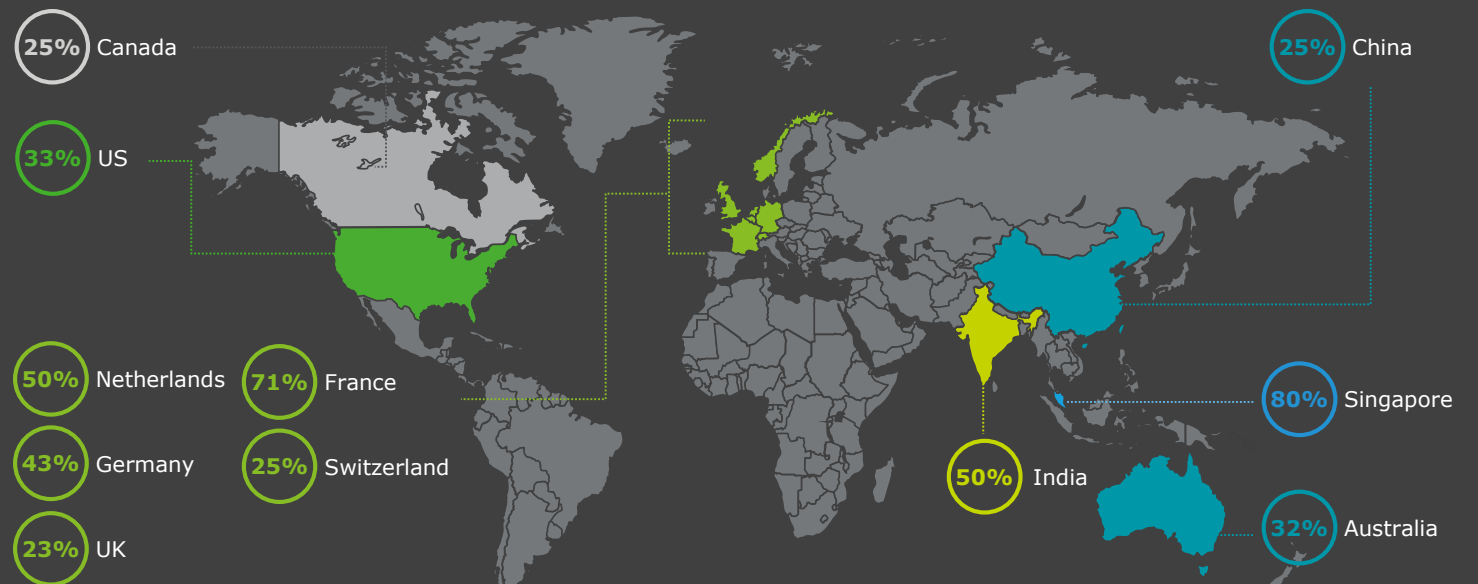
Response Trend



Agree/strongly agree **increased** by **6 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization has re-focused M&A tax due diligence processes to place more emphasis on risks highlighted under the BEPS project



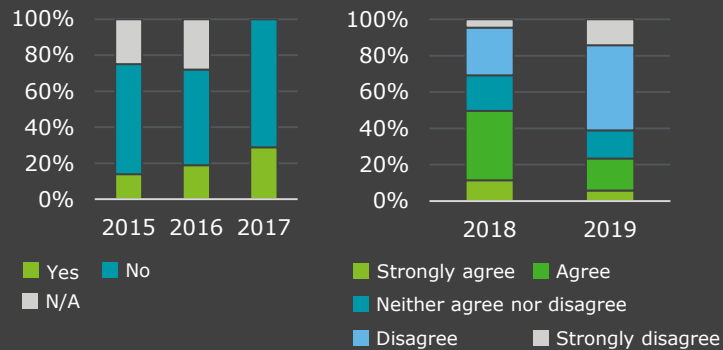
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

More respondents have re-focused their M&A tax due diligence however the responses vary by country.

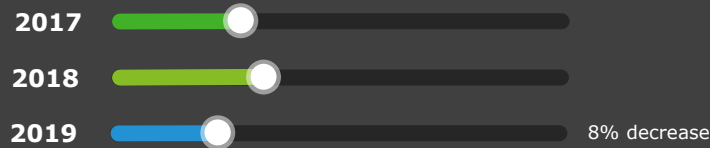
Question 13

23% agree or strongly agree that their organization has secured additional resources/headcount for their tax group (or is planning to do so) wholly or partly as a result of the changes arising due to the BEPS project.

Overall results (question not asked in 2014 and asked in a different format in 2018 - 2019)



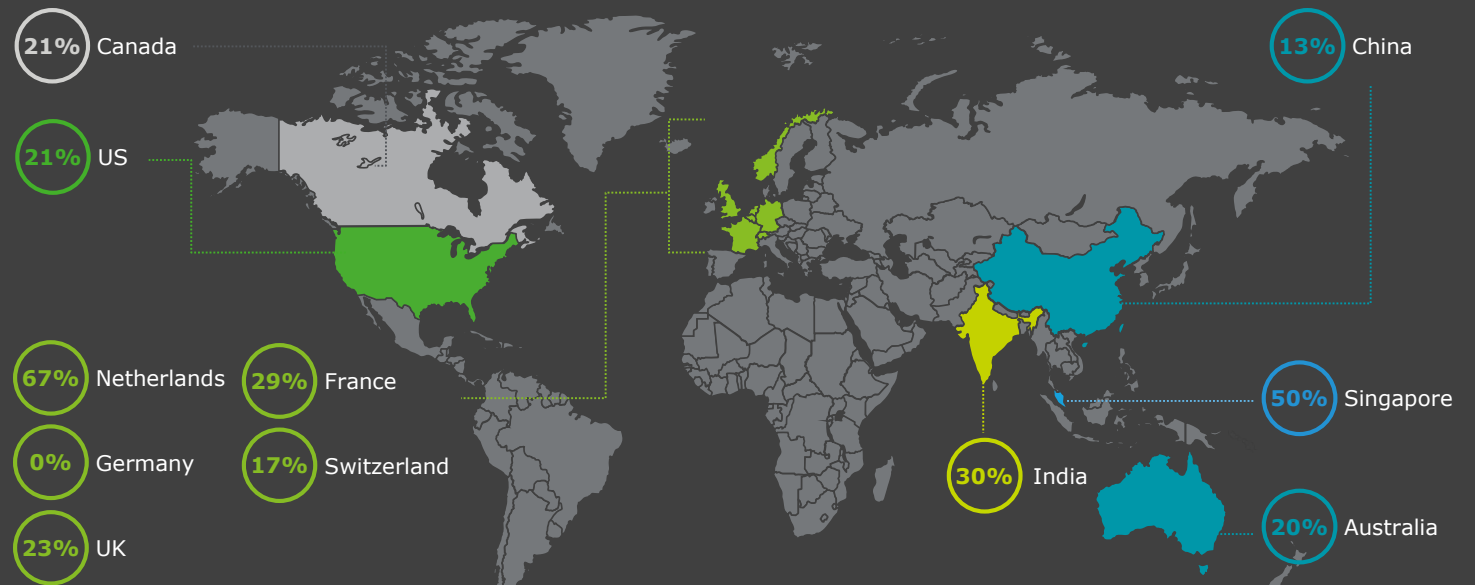
Response Trend



Agree/strongly agree **decreased** by **8 percentage points** from 2018.

Country-specific agree/strongly agree results

My organization has secured additional resources/headcount for our tax group wholly or partly as a result of the changes arising due to the BEPS project



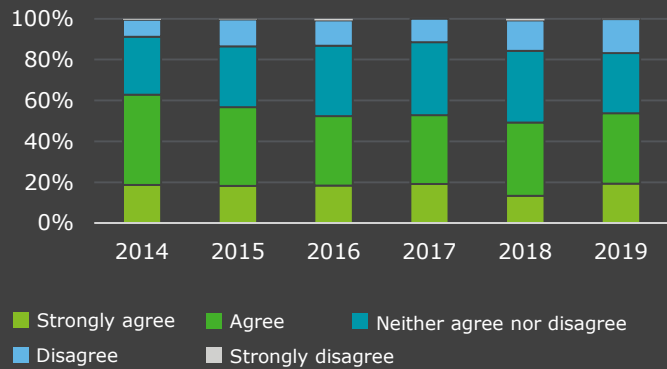
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Following a small increase between 2017 and 2018, there is now a somewhat surprising drop below 2017 level. This results primarily from a very significant drop in Germany (from 45%), and a further notable reduction in China (from 40%), as well as France (from 44%) and the UK (from 32%), which was not outweighed by significant increases in the Netherlands (from 26%) and Singapore (from 33%). This may be reflective of an increased use of technology and/or outsourcing.

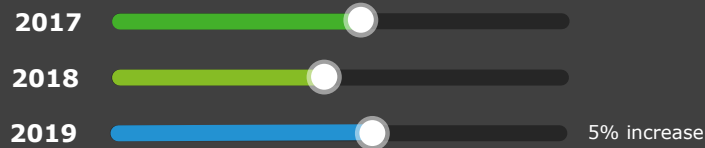
Question 14

54% agree or strongly agree that the tax authority in their organization's country of residence are becoming increasingly more rigorous in tax examinations.

Overall results



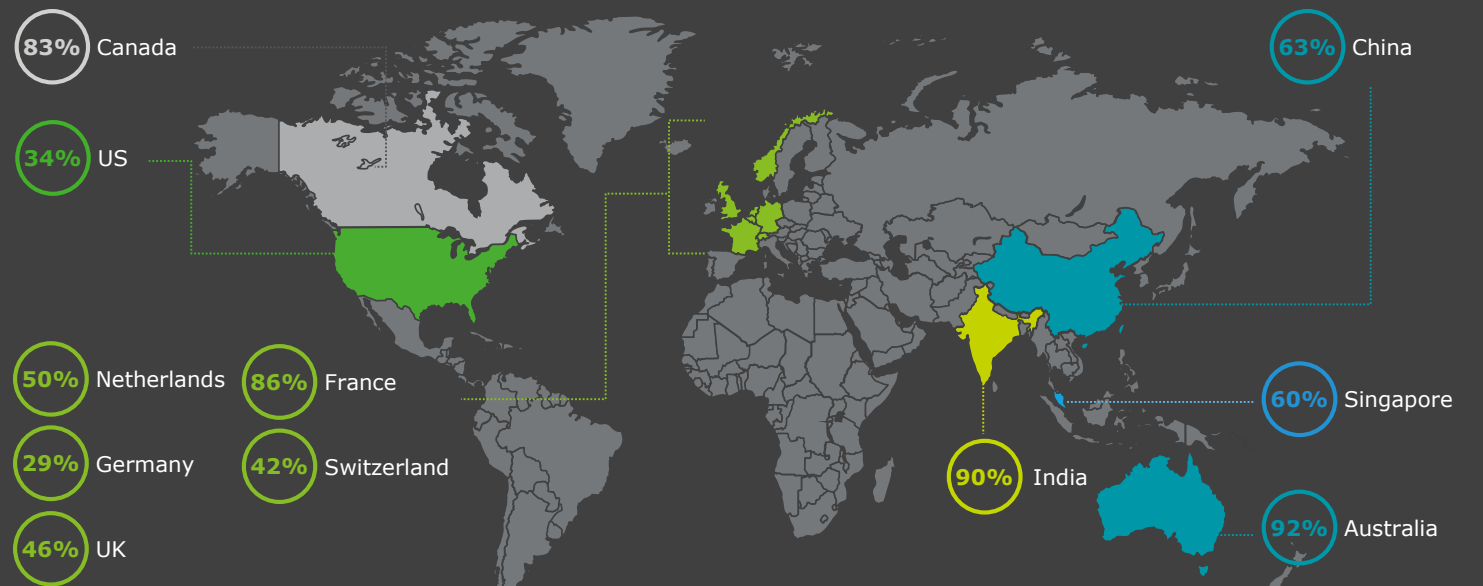
Response Trend



Agree/strongly agree responses **increased** by **5 percentage points** from **2018**.

Country-specific agree/strongly agree results

In my organization's country of residence, the tax authority has become increasingly more rigorous in tax examinations



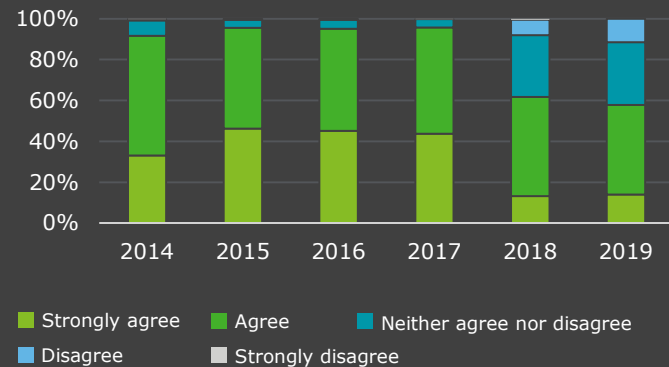
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Following a decrease from 2017 to 2018, the 2019 shows an increase in the rigor of tax examinations; with a very significant increase in France (from 22%) and also an increase in the Netherlands (from 35%). This is offset by a significant reduction in Germany (from 65%), as well as reductions in China (from 83%) and Canada (from 93%). Industry-wise, energy & resources continue to lead at 63%.

Question 15

58% agree or strongly agree that greater scrutiny is being applied by the tax authority in their country surrounding the level of substantive business operations conducted in low tax countries as a result of the BEPS project.

Overall results



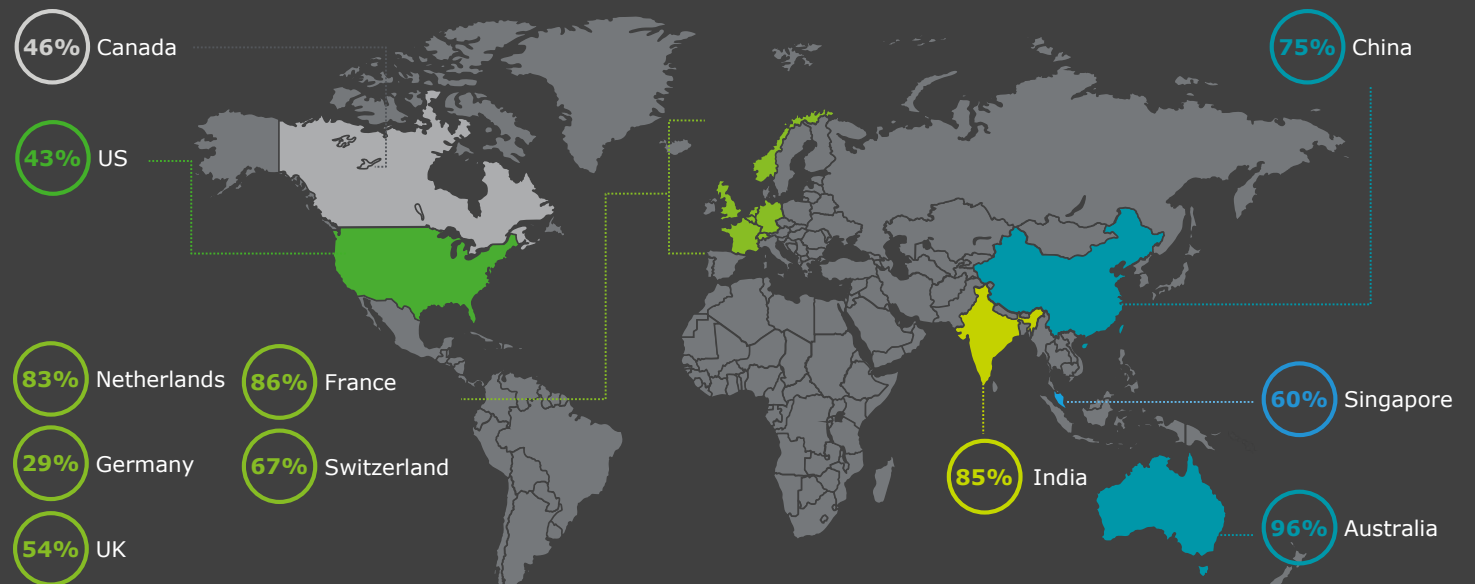
Response Trend



Agree/strongly agree responses decreased **(by 4 percentage points)** from **2018**.

Country-specific agree/strongly agree results

Greater scrutiny is being applied by the tax authority in my country surrounding the level of substantive business operations conducted in low tax countries as a result of the BEPS project



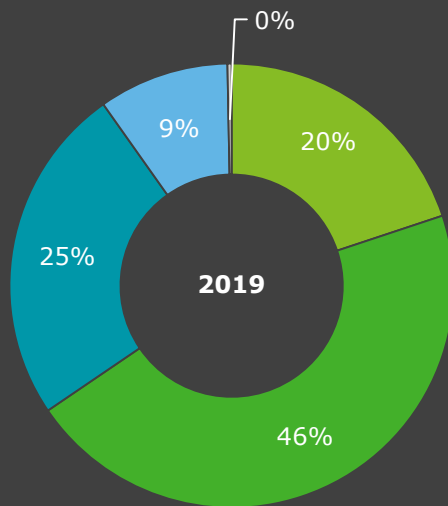
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The decrease trend continues, although the drop is not as significant as in 2018 (in 2019 we changed the question from 'will be applied' to 'is being applied'). The overall decrease may be due to the groups getting used to a high level of scrutiny being maintained year-on-year; however, there are still some increases at the country level, including a significant one in Switzerland (from 18%), France (from 56%), the Netherlands (from 65%). The largest drops are in Germany (from 50%), Canada (from 64%) and the UK (from 77%). Industry-wise, financial services are the most concerned at 77%.

Question 16

66% agree or strongly agree that in their country, the tax authority is increasing their use of data gathering and data analytics tools.

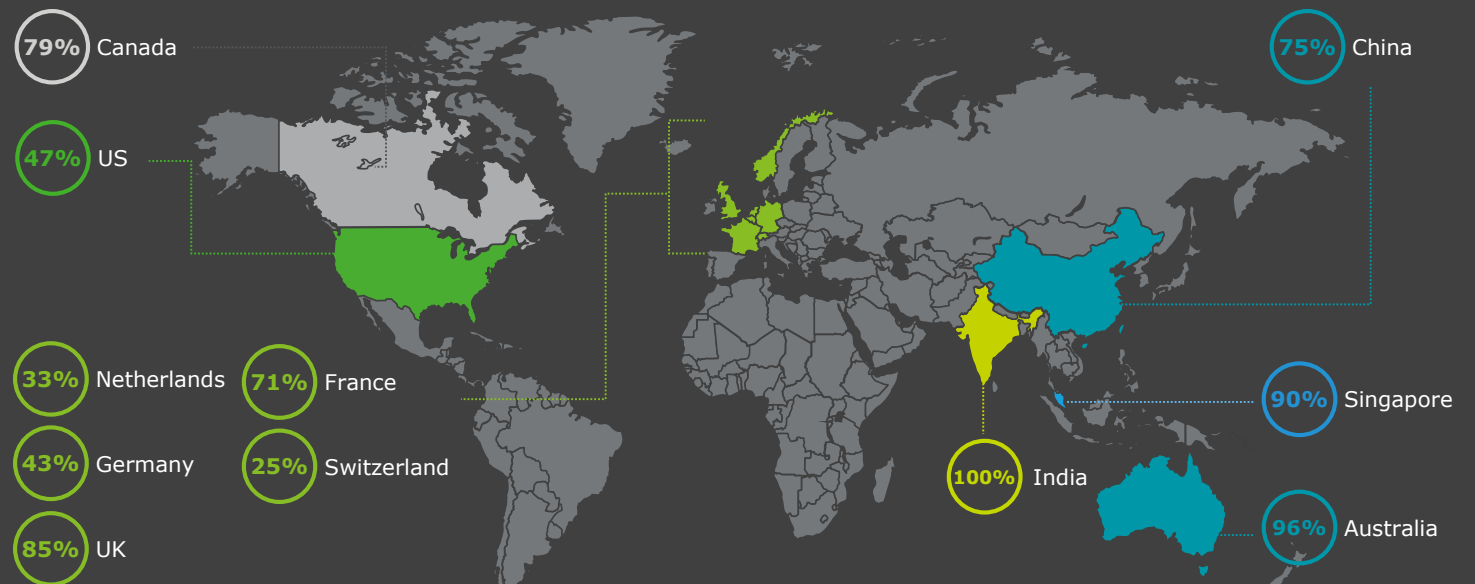
Overall results (New question in 2019)



■ Strongly agree ■ Agree ■ Neither agree nor disagree
■ Disagree ■ Strongly disagree

Country-specific agree/strongly agree results

In my country, the tax authority is increasing their use of data gathering and data analytics tools



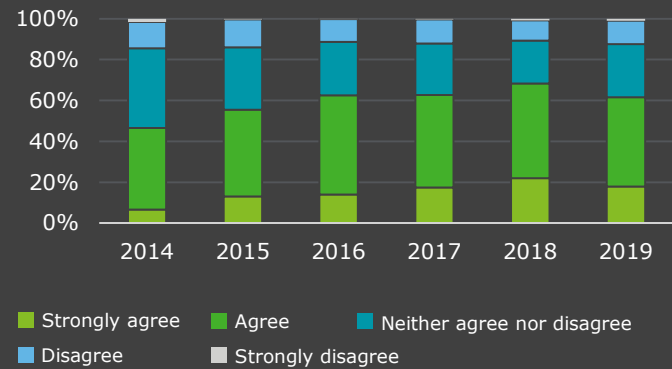
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The overall trend is in line with the increased use of technology and data in many countries around the world. India, Australia and Singapore show the highest increase in using data gathering/analytics tools. In Europe the approach varies widely, from 85% in the UK to 25% in Switzerland. Industry-wise, responses range from 53% in manufacturing & engineering to 76% in technology, media and telecommunications.

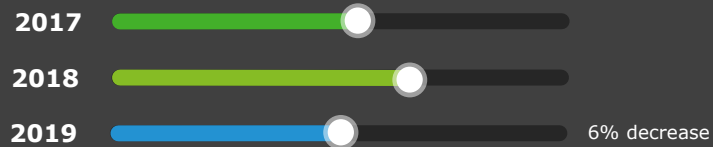
Question 17

62% agree or strongly agree that in their country, significant legislative and treaty changes have been implemented or proposed as a result of the BEPS project.

Overall results



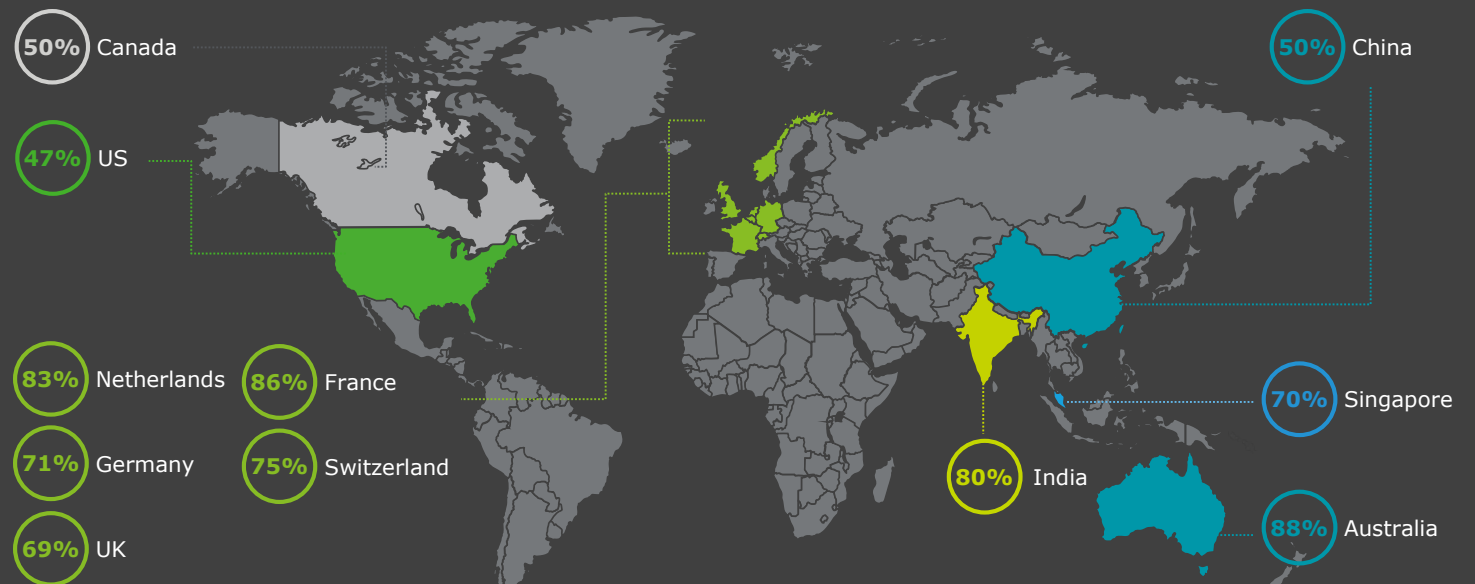
Response Trend



Agree/strongly agree **decreased** by **6 percentage points** from **2018**.

Country-specific agree/strongly agree results

In my country, significant legislative and treaty changes have been implemented or proposed as a result of the BEPS project



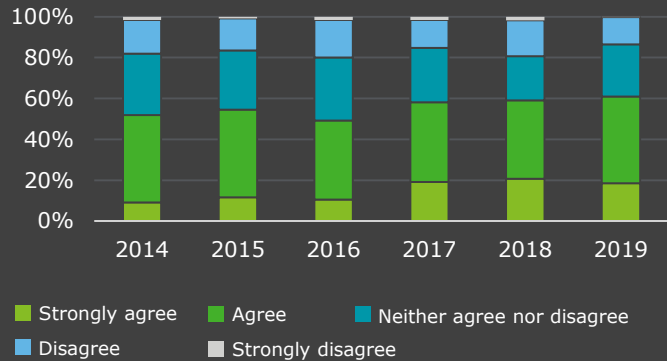
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The 2019 survey asks about implemented or proposed changes (2014-2018 surveys asked about anticipated changes): this may partially explain the decrease although while some of the BEPS changes have now come into force, many are yet to be implemented. Still, there are some notable increases in France (from 67%), the Netherlands (from 70%) and Germany (from 60%).

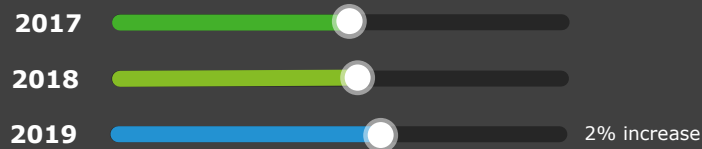
Question 18

61% agree or strongly agree that in their country, significant unilateral legislative changes have been implemented or proposed to protect the tax base that are not coordinated with what other countries are doing.

Overall results



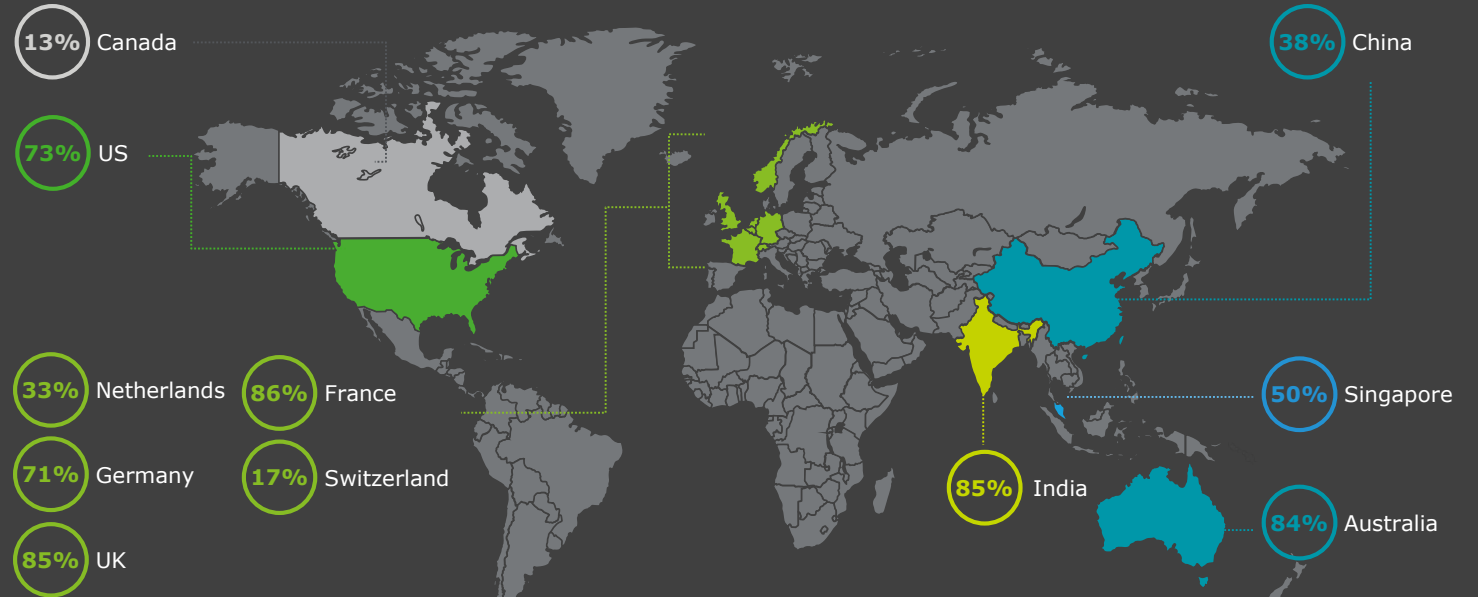
Response Trend



Agree/strongly agree responses **increased** slightly (by **2 percentage points**) from **2018**.

Country-specific agree/strongly agree results

In my country, significant unilateral legislative changes have been implemented or proposed to protect the tax base that are not coordinated with what other countries are doing



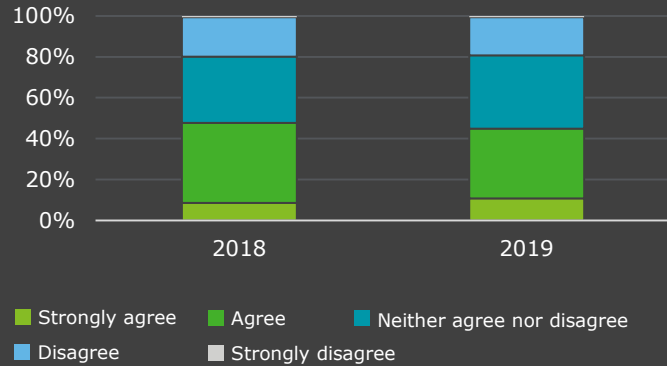
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Countries' attitudes remain generally the same, although some have changed their views. The UK, the US and Australia continue to see a high volume of unilateral changes and are now joined by France (from 33%), followed by India and Germany (from 50%). Canada and Switzerland see the least amount of unilateral changes (drop from 29% and 27%, respectively). China had the most pronounced change of views with a drop from 70%. Only 50% of respondents from financial services expect uncoordinated changes, whereas the expectation is 69% among the technology, media and telecommunications respondents. Some of the responses regarding unilateral changes can be attributed to the unilateral digital taxation measures.

Question 19

45% agree or strongly agree that their organization is concerned about lack of guidance from the tax authority in their country about BEPS-related legislative changes.

Overall results



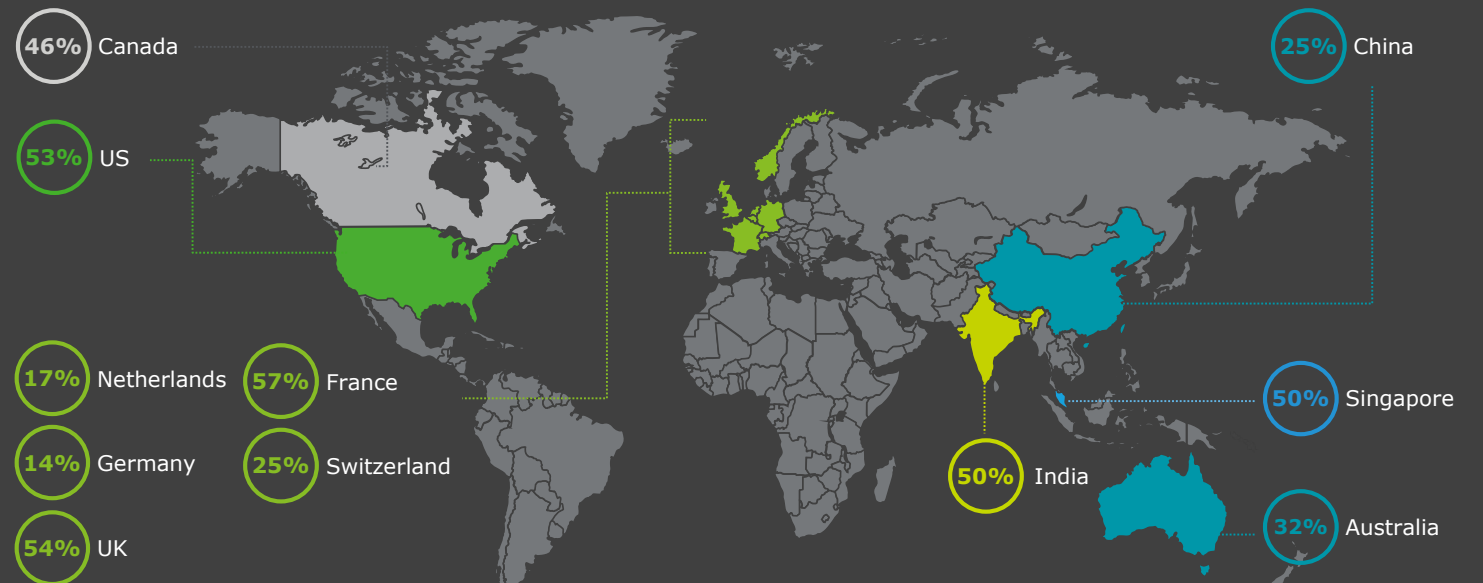
Response Trend



Agree/strongly agree responses **decreased** slightly (by **3 percentage points**) from **2018**.

Country-specific agree/strongly agree results

My organization is concerned about lack of guidance from the tax authority in my country about BEPS-related legislative changes



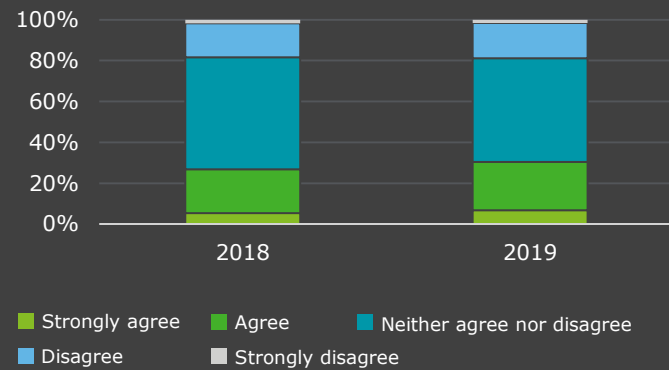
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The overall trend shows a reduction of concern compared to 2018, this could be due to tax authorities starting/continuing to issue some guidance and/or respondents getting used to the level of uncertainty. In Europe responses vary, with Germany and the Netherlands showing little concern (drops from 45% and 52%, respectively), the UK maintaining a moderate level of concern and a notable increase in France (from 22%). China's level of comfort increased (drop from 50%), this may also be due to the general reduced concern about BEPS as mentioned before. Industry-wise, healthcare & life sciences are the least concerned (34%).

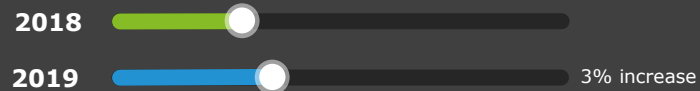
Question 20

30% agree or strongly agree that given the changing tax landscape, their organization is obtaining fewer unilateral tax rulings.

Overall results



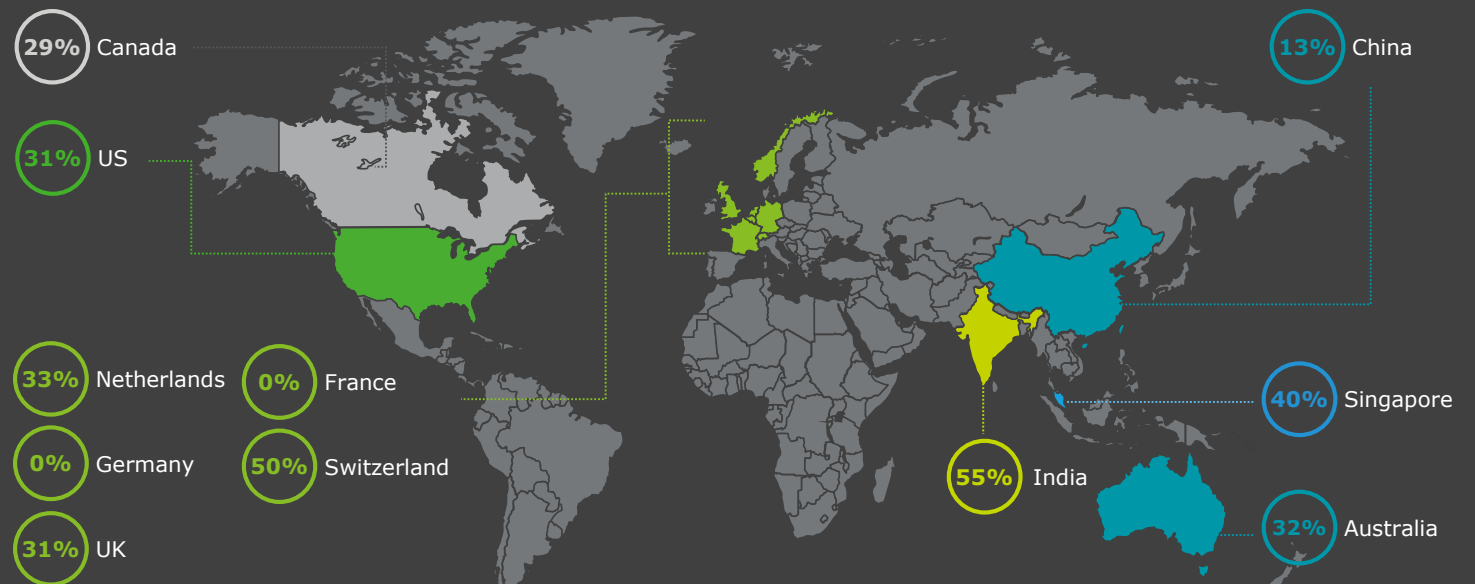
Response Trend



Agree/strongly agree responses **increased** slightly (by **3 percentage points**) from **2018**.

Country-specific agree/strongly agree results

Given the changing tax landscape, my organization is obtaining fewer unilateral tax rulings



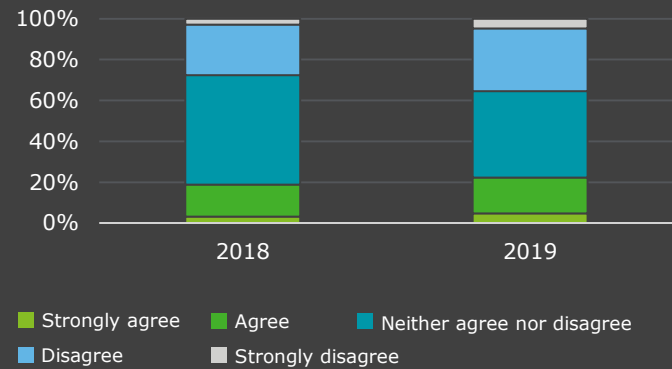
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

There is a slight increase but the impact on the unilateral rulings remains relatively low. Interestingly, both France and Germany report no impact (drops from 44% and 20%, respectively). There is a notable drop in the UK (from 45%) and increased impact in Singapore (from 25%) and the Netherlands (from 22%).

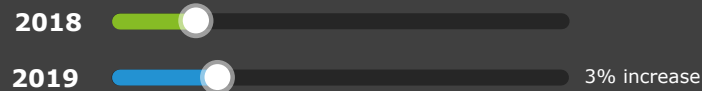
Question 21

22% agree or strongly agree that given the changing landscape, their organization is obtaining more bilateral advance pricing agreements (APAs).

Overall results



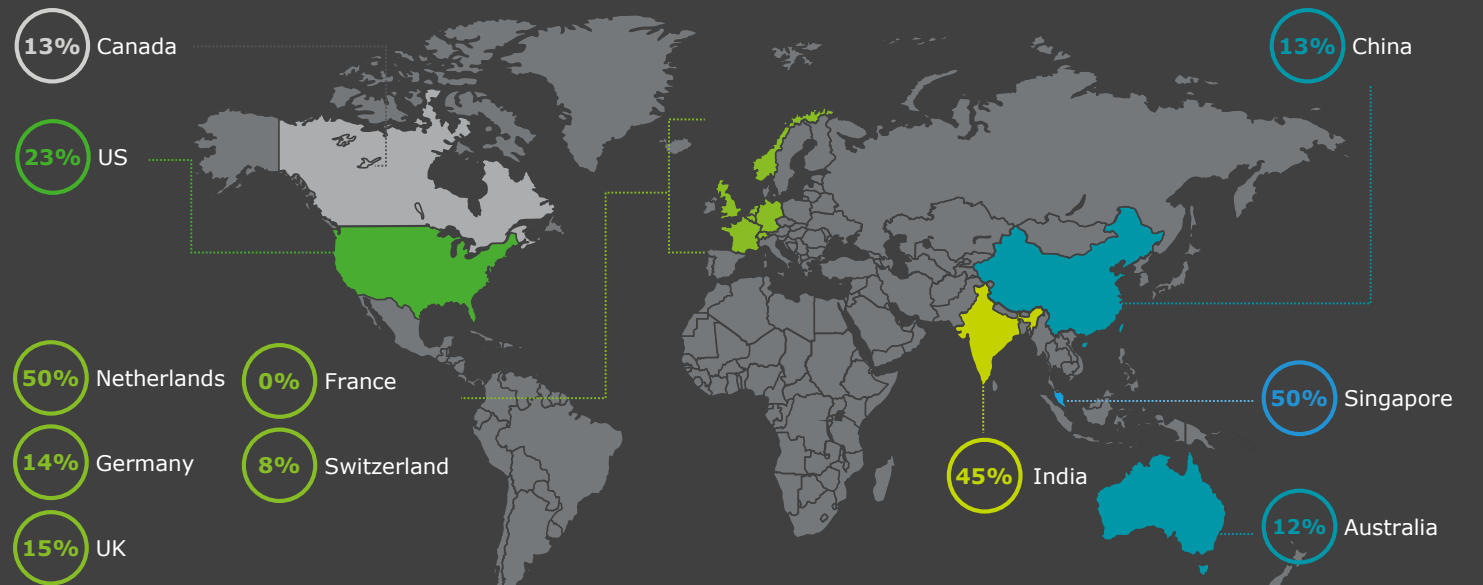
Response Trend



Agree/strongly agree responses **increased** slightly (by **3 percentage points**) from **2018**.

Country-specific agree/strongly agree results

Given the changing landscape, my organization is obtaining more bilateral APAs



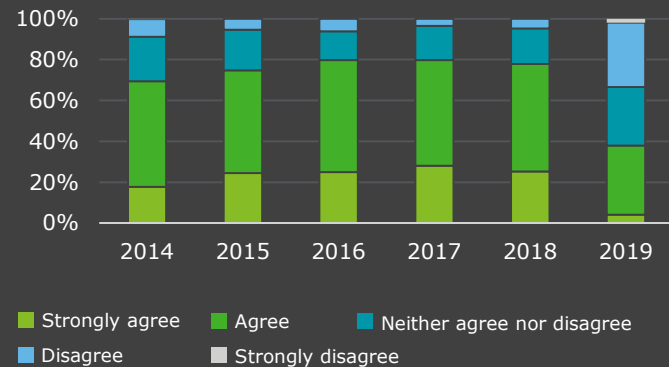
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The impact remains relatively low, which may be indicative of the lengthy APA process requiring significant time/resource investment. Similar to the previous question 20, France shows no impact (22% in 2018). There is a significant increase in Singapore (from 8%) and in the Netherlands (from 22%), and a big drop in Switzerland (from 36%) and in China (from 30%). Industry-wise, healthcare & life sciences lead at 31%, while energy & resources show the lowest impact (13%).

Question 22

38% agree or strongly agree that their organization has experienced instances of double taxation as a result of unilateral tax law changes.

Overall results



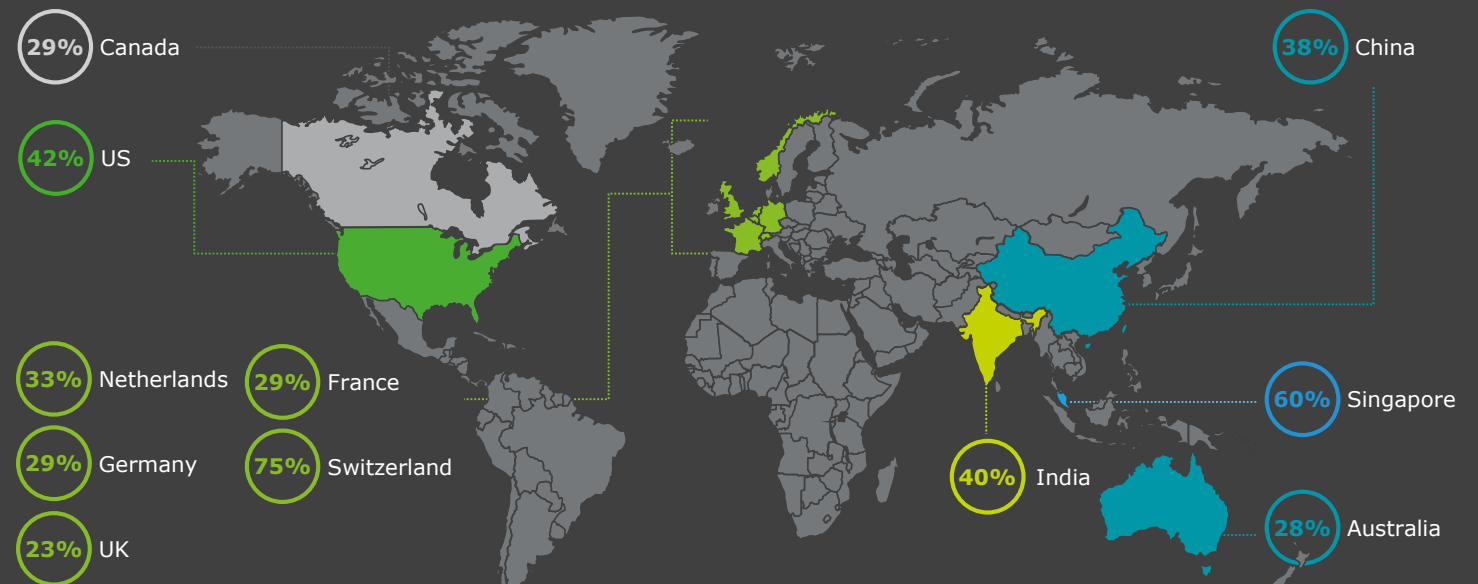
Response Trend



Agree/strongly agree **decreased** by **40 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization has experienced instances of double taxation as a result of unilateral tax law changes



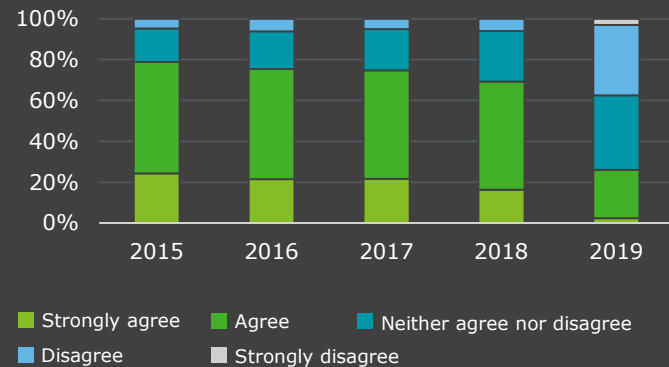
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

In 2019 we asked about double taxation that had already occurred for a particular business (compared to generally anticipated in 2014-2018 surveys), which explains the large drop in agree/strongly agree responses. For majority of respondents, the actual double taxation instances are less than half of what was generally anticipated. Switzerland shows the highest number of respondents affected (91% anticipated double taxation in 2018) and the UK is the least affected (75% anticipated). Industry-wise, financial services are most impacted at 46%, while energy & resources are the least affected at 31%.

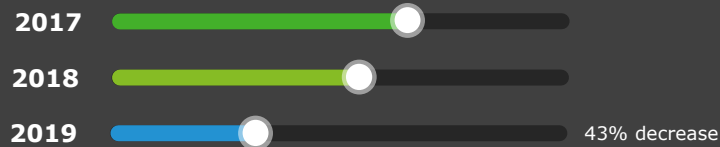
Question 23

26% agree or strongly agree that their organization has experienced instances of double taxation from some of the BEPS changes.

Overall results



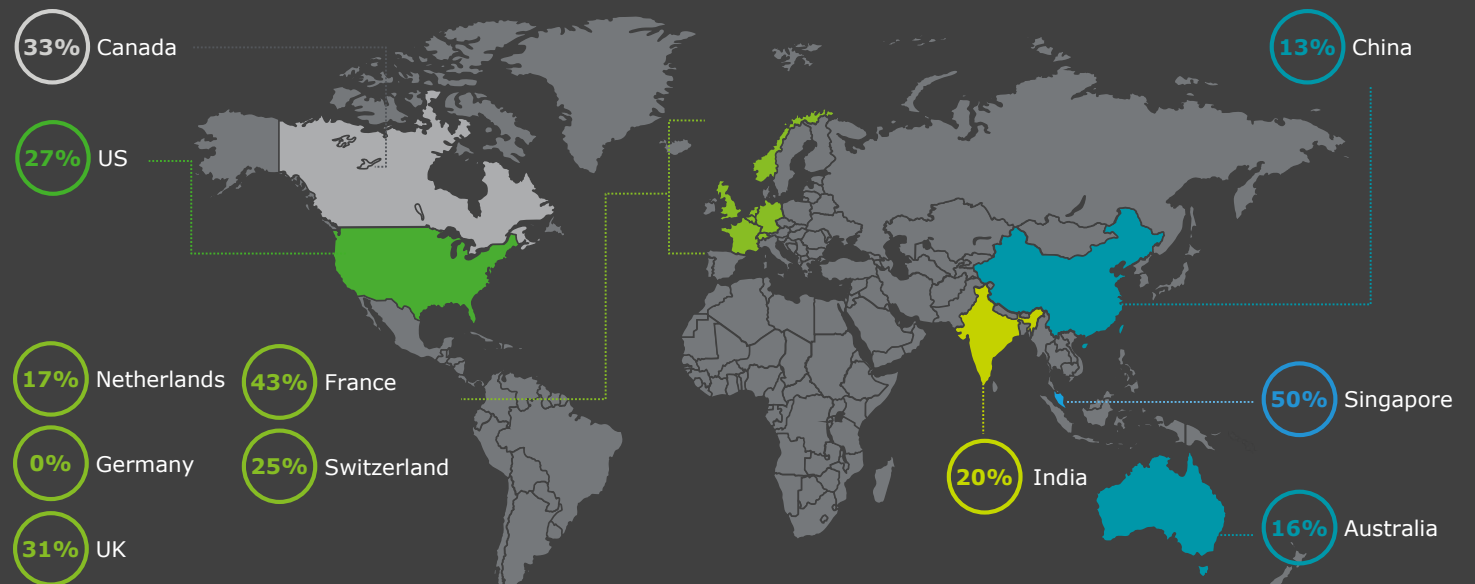
Response Trend



Agree/strongly agree **decreased** by **43 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization has experienced instances of double taxation from some of the BEPS changes



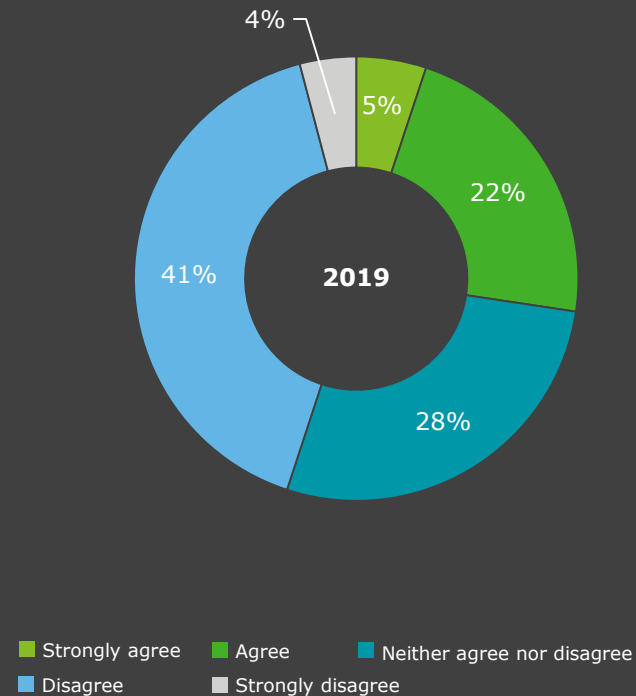
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Similar to question 22, in 2019 we asked about BEPS-related double taxation that had actually occurred for a particular business (compared to generally anticipated in 2014-2018 surveys), causing the significant drop. Again, actual level of BEPS-related double taxation is less than half of what was anticipated. The contrast in Germany is most striking at zero vs 70% anticipated, while France is the only respondent country where the actual impact is higher than anticipated (33% anticipated).

Question 24

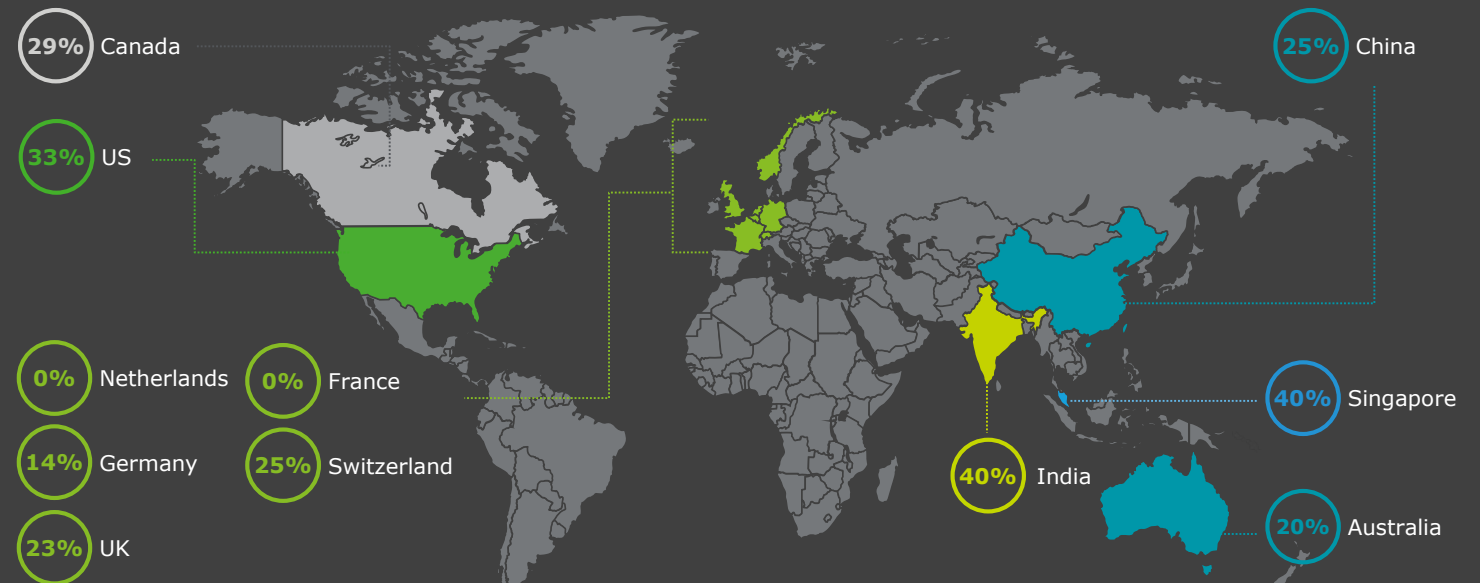
27% agree or strongly agree that their organization has been involved in cross-border tax disputes which resulted from countries' uncoordinated implementation of the BEPS measures.

Overall results (New question in 2019)



Country-specific agree/strongly agree results

My organization has been involved in cross-border tax disputes which resulted from countries' uncoordinated implementation of the BEPS measures



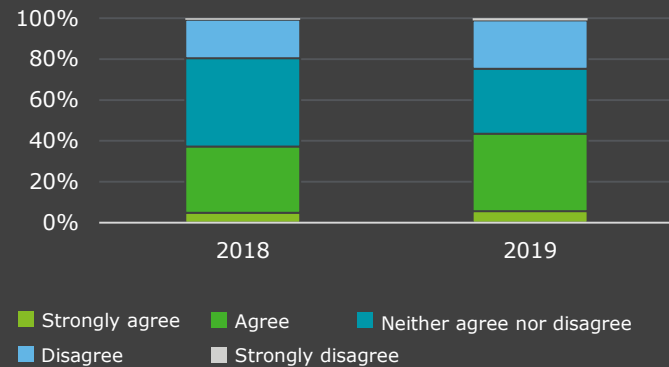
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The relatively low level of 'agree/strongly agree' responses can be expected as the introduction of some of the BEPS measures may still be too recent to give rise to disputes. The number of disputes may increase in the coming years as the BEPS measures become more embedded in local tax systems and especially if more uncoordinated country action takes place, in particular, regarding the taxation of the digital economy. Interestingly, France and the Netherlands both have zero disputes to report, while in Singapore and India the level of disputes is higher than average.

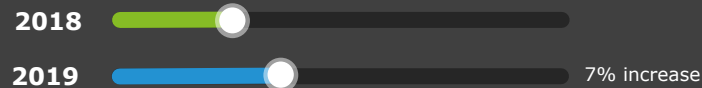
Question 25

44% agree or strongly agree that their organization is anticipating higher withholding tax obligations as a result of treaty changes, whether under the MLI or renegotiation of double tax treaties.

Overall results



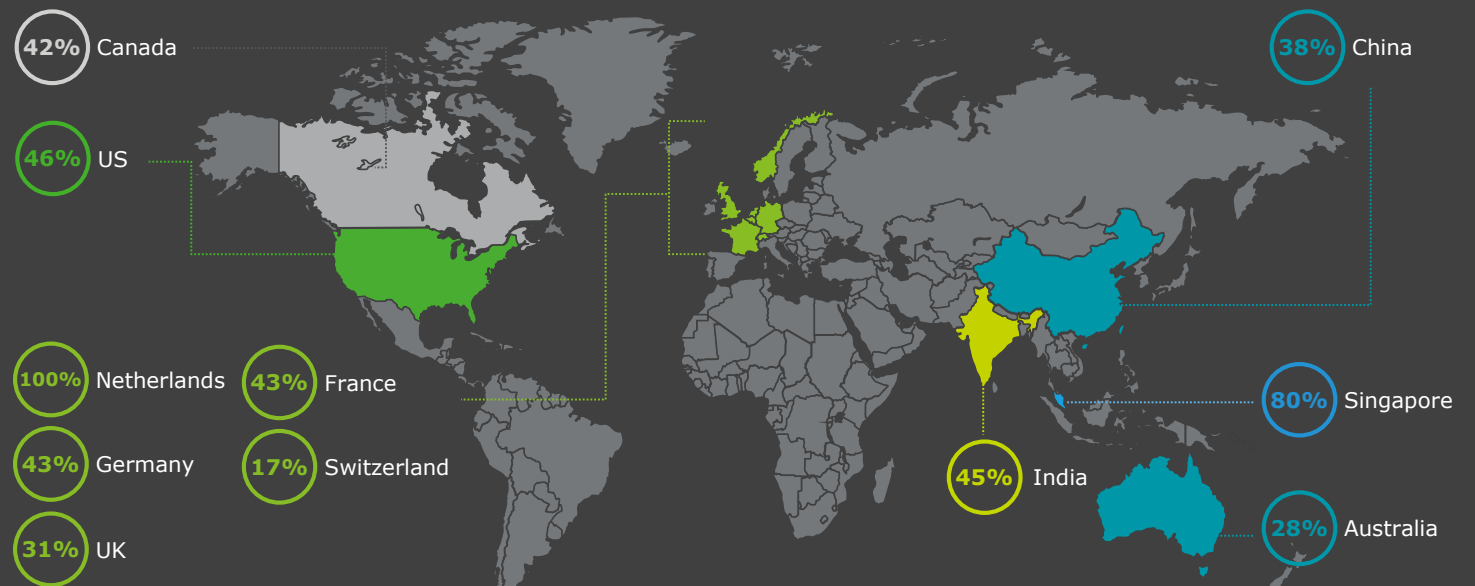
Response Trend



Agree/strongly agree responses **increased** by **7 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization is anticipating higher withholding tax obligations as a result of treaty changes, whether under the MLI or renegotiation of double tax treaties



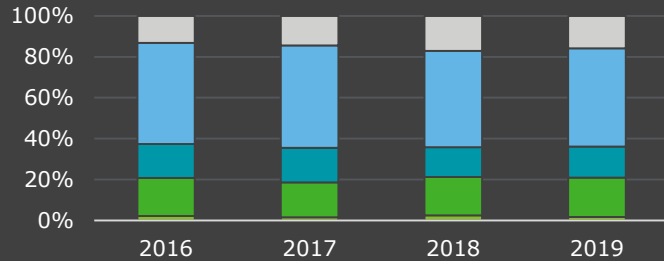
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The majority of the respondents report increased expectations of higher withholding taxes (WHTs), this may be partially due to the MLI implementation across the globe (most impact expected as of 2020), and also the new case law from CJEU which is likely to drive higher WHT in Europe. The Netherlands are the most pessimistic with all respondents expecting higher WHTs, followed by 80% in Singapore (from 58%). Switzerland is the most optimistic (drop from 27%), followed by Australia (although here is an increase from 19%) and the UK (drop from 54%). In France the number of those expecting higher WHTs has almost doubled (from 22%). Industry-wise, technology, media and telecommunications are most pessimistic (58%) – the latter could be partially due to the 'digital debate'.

Question 26

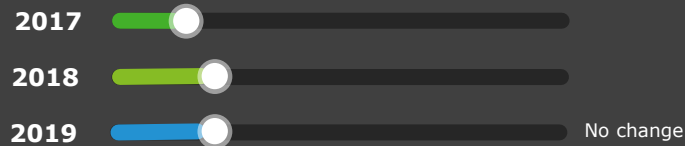
21% agree or strongly agree that most tax administrations will interpret the proposed changes to the Transfer Pricing Guidelines in a consistent manner.

Overall results



■ Strongly agree
 ■ Agree
 ■ Neither agree nor disagree
■ Disagree
 ■ Strongly disagree

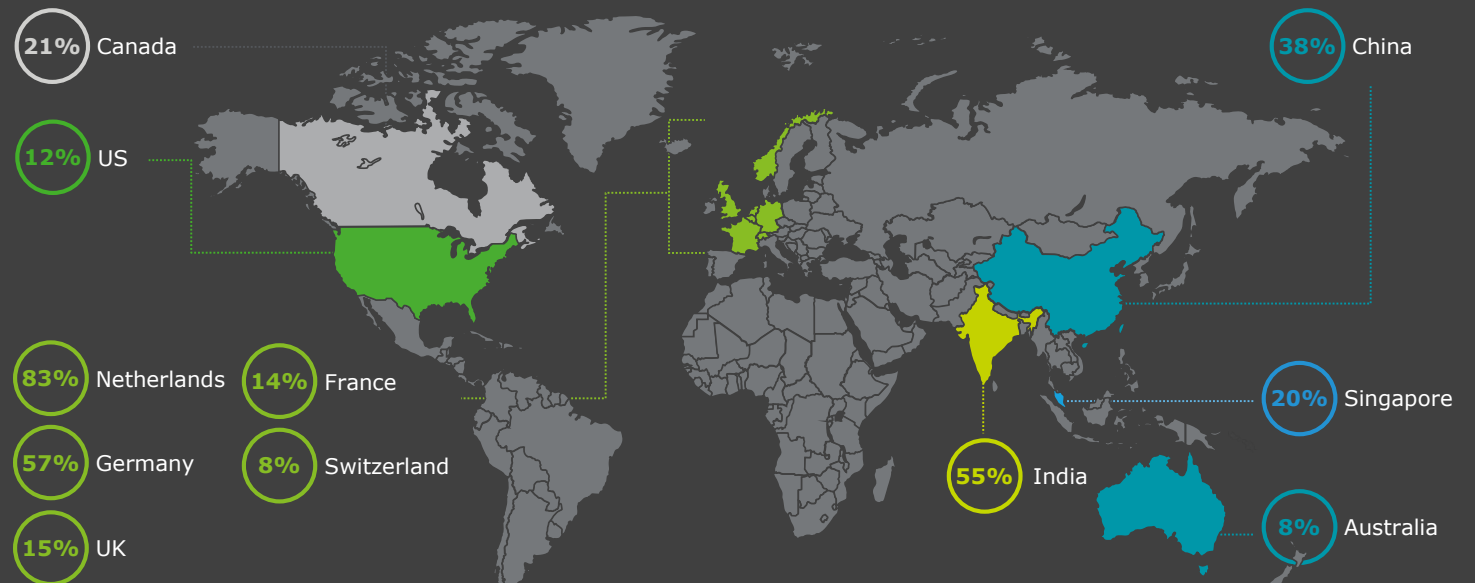
Response Trend



Agree/strongly agree responses remained relatively low and **at the same level** as in **2018**.

Country-specific agree/strongly agree results

I believe that most tax administrations will interpret the proposed changes to the Transfer Pricing Guidelines in a consistent manner



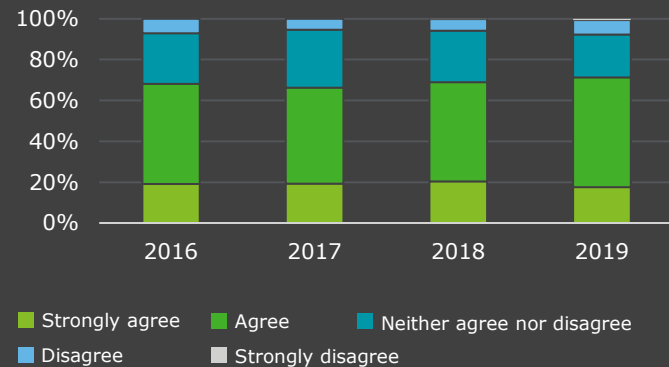
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

While on average there is no change from 2018, there are significant fluctuations on a country level. The Netherlands are most optimistic (an increase from 22%), followed by Germany (increase from 30%), while Switzerland and Australia are the most pessimistic (the latter dropping from 19%). Industry-wide, technology, media & telecommunications are most optimistic at 33%, while energy & resources are the most pessimistic at 9%. Overall, the low percentage is consistent with the increasing number of tax disputes in the transfer pricing area.

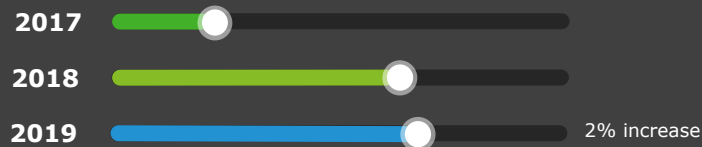
Question 27

71% agree or strongly agree that the corporate tax compliance burden will substantially increase as a result of an increase in the number of foreign permanent establishments resulting from the OECD BEPS recommendations.

Overall results



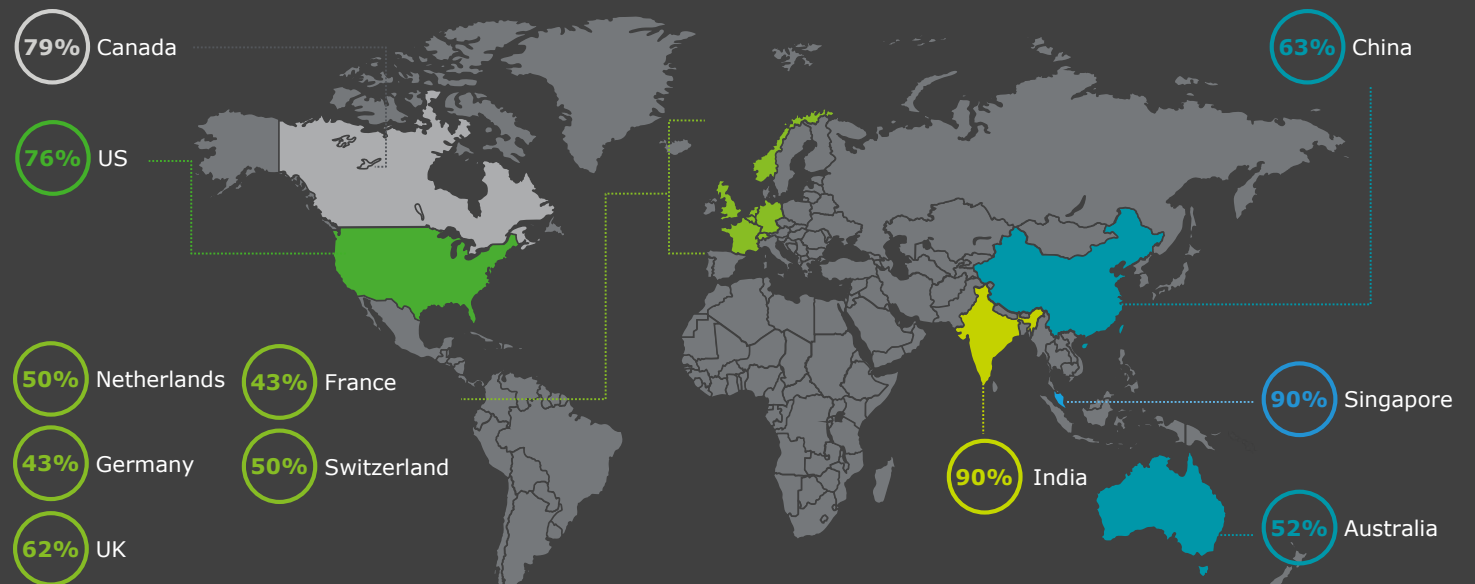
Response Trend



Agree/strongly agree responses **increased** by **2 percentage points** from **2018**.

Country-specific agree/strongly agree results

In my view, the corporate tax compliance burden will substantially increase as a result of an increase in the number of foreign permanent establishments resulting from the OECD BEPS recommendations



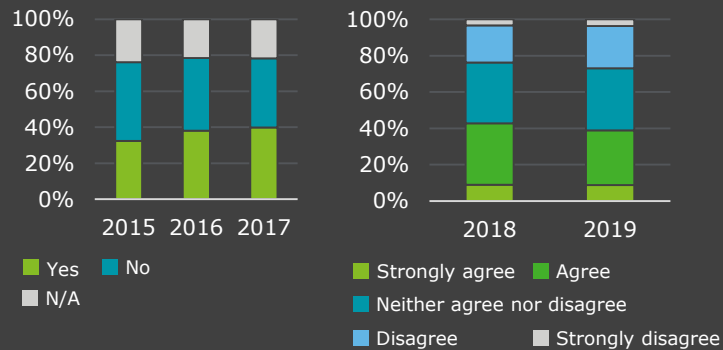
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

While the percentage in the 'strongly agree/agree' responses has slightly increased, the responses vary significantly by country. The European average (59%) is lower than across the globe with notable drops in Germany (from 85%), the Netherlands (from 78%) and the UK (from 88%), while the US and Canada are both above average (both increased from 64%). Singapore is leading at 90% (although this is lower than 100% in 2018). Industry-wise, technology, have the lowest strongly agree/agree responses at media & telecommunications lead at 84%, while healthcare & life sciences 56%.

Question 28

39% agree or strongly agree that their organization has considered the recent State Aid cases initiated by the European Commission in implementing tax structures.

Overall results (question asked in a different format in 2018)



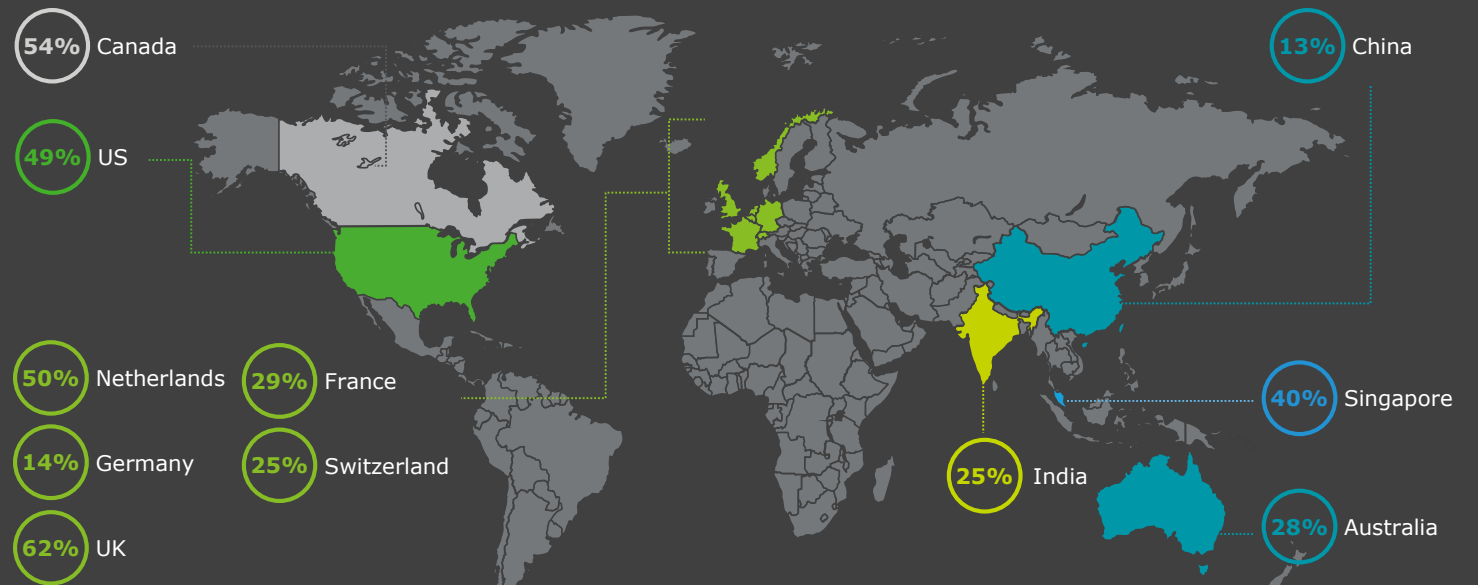
Response Trend



Agree/strongly agree responses **decreased** by **4 percentage points** from **2018**.

Country-specific agree/strongly agree results

My organization considered the recent State Aid cases initiated by the European Commission in implementing tax structures



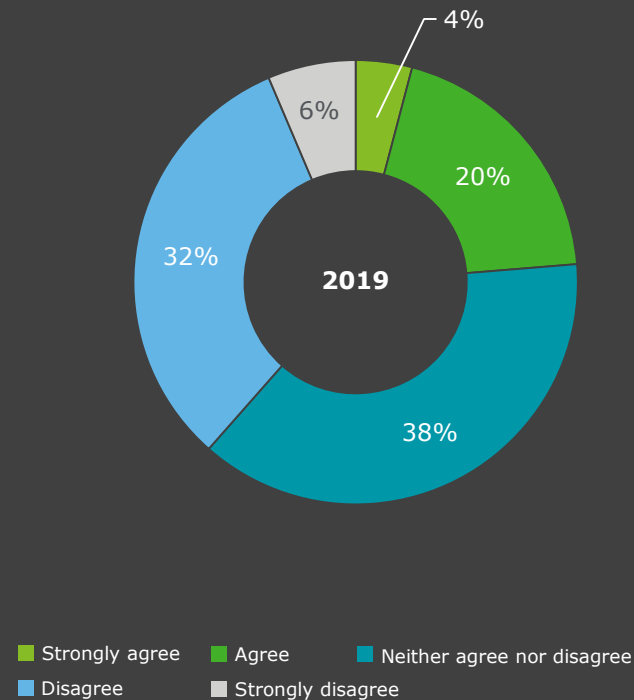
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

There is a small decrease from 2018, interestingly, the largest drop is in China (from 60%, in 2018 China reported an equally large increase –up from 17%). In Europe there is generally a reduction apart from the UK where the 'strongly agree/agree' responses increased from 45%. The US and Canada are both above average, the latter reporting an increase from 43%. Industry-wise, healthcare & life sciences lead at 56%, while financial services are the lowest at 27%.

Question 29

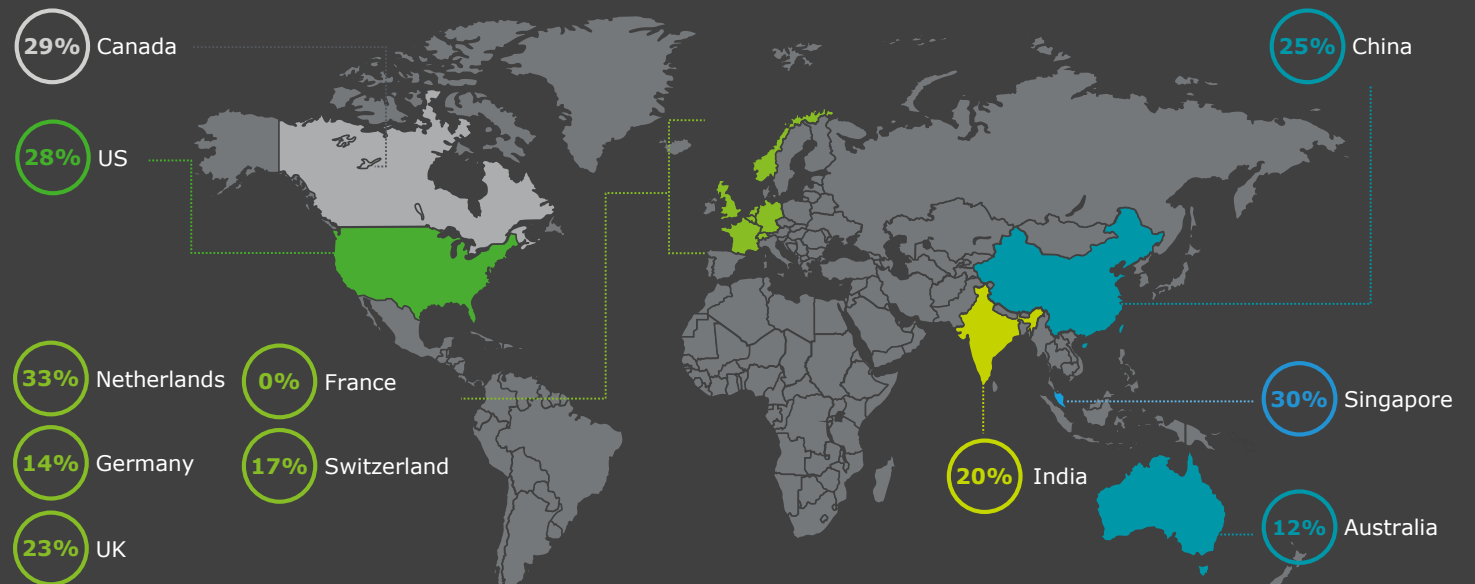
24% agree or strongly agree that their organization will be impacted by the European Commission's recent State Aid decisions.

Overall results (New question in 2019)



Country-specific agree/strongly agree results

I believe that my organization will be impacted by the European Commission's recent State Aid decisions



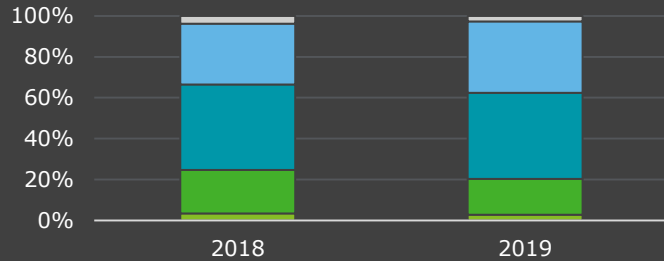
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Following question 28, out of 39% respondents who considered State Aid impact, more than half expect to be impacted. Interestingly, none of the French respondents expect to be impacted. China is the only respondent country where some of the respondents who did not consider State Aid in implementation of their tax structures, expect to be impacted – this may be in relation to older tax structures implemented before State Aid cases became more prominent. Industry-wise, healthcare & life sciences lead again at 41%, whereas energy & resources are the lowest at 15%.

Question 30

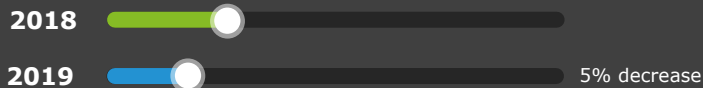
20% agree or strongly agree that as a result of the principal purpose test (PPT) in the multi-lateral instrument (MLI), their organization is planning to restructure its holding companies.

Overall results



■ Strongly agree
 ■ Agree
 ■ Neither agree nor disagree
■ Disagree
 ■ Strongly disagree

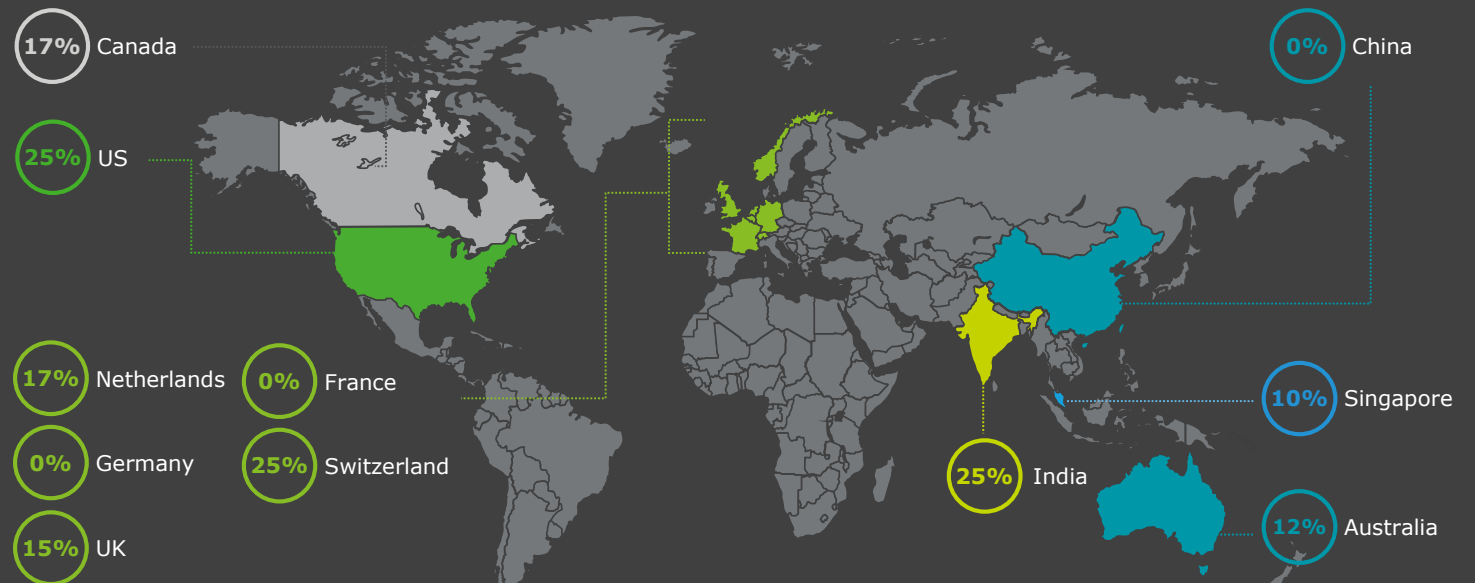
Response Trend



Agree/strongly agree responses **decreased** by **5 percentage points** from **2018**.

Country-specific agree/strongly agree results

As a result of the principal purpose test (PPT) in the multi-lateral instrument (MLI), my organization is planning to restructure holding companies



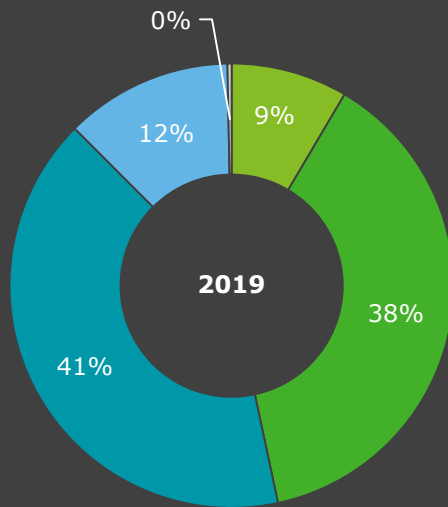
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The agree/strongly agree responses remain low, which is not surprising: among the countries analyzed the MLI came into force only in Australia, France and the UK, and in many other countries this will not occur before 2020. The low level may also be because many of the respondent countries already have strong domestic anti-abuse rules, and for European multinationals operating primarily in Europe no major impact is expected due to low level of tax treaty use intra EU. There is a significant drop in China (from 30%) and Singapore (from 42%), as well as in France (from 22%) and the UK (from 29%). Switzerland and Australia show moderate increases from 14% and 5%, respectively.

Question 31

47% agree or strongly agree that they are concerned the tax authority in their country has not provided clear guidance on how it plans to interpret the principle purpose test (PPT) in the MLI.

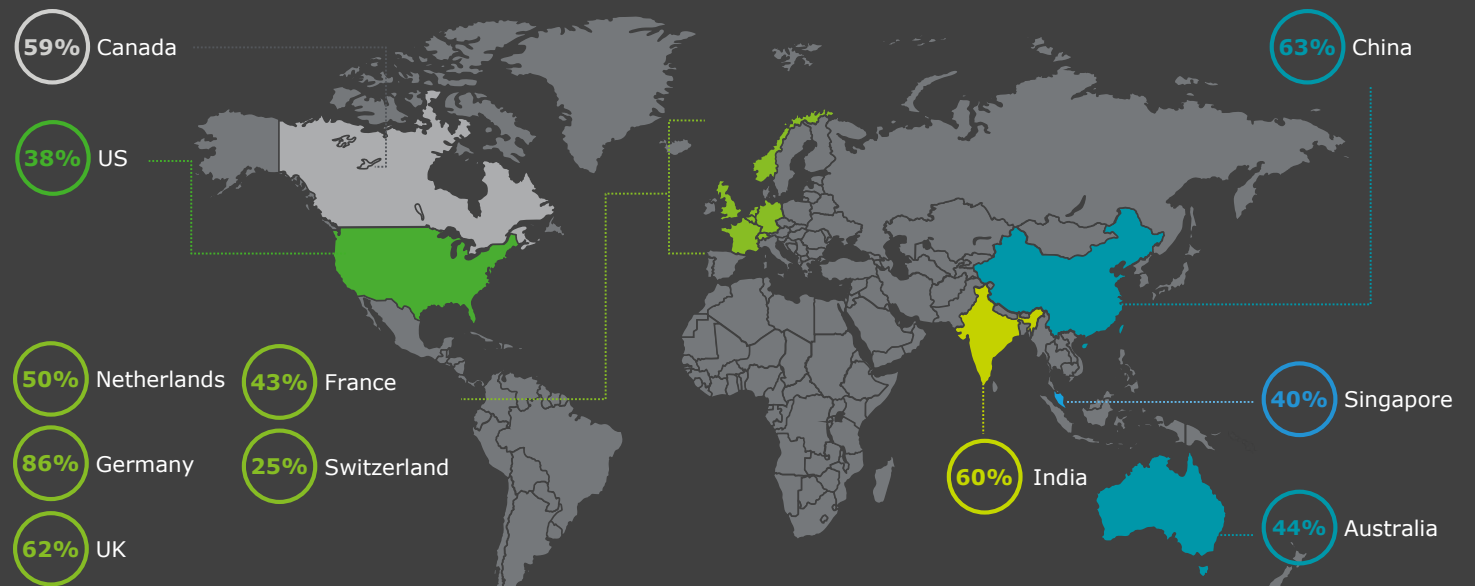
Overall results (New question in 2019)



■ Strongly agree ■ Agree ■ Neither agree nor disagree
■ Disagree ■ Strongly disagree

Country-specific agree/strongly agree results

I am concerned that the tax authority in my country has not provided clear guidance on how it plans to interpret the PPT in the MLI



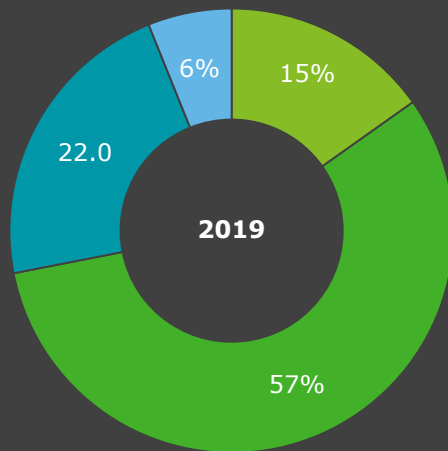
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

There is a moderate level of concern, which may increase as the MLI comes into force in more countries. Germany appears the most concerned (even though the MLI does not come into force before 2020). Among the respondent countries where MLI came into force from 2019 (the UK, France and Australia) the UK is the most concerned.

Question 32

72% agree or strongly agree that in addition to the position in their country, they are concerned about the lack of guidance from the tax authorities around the world about the PPT.

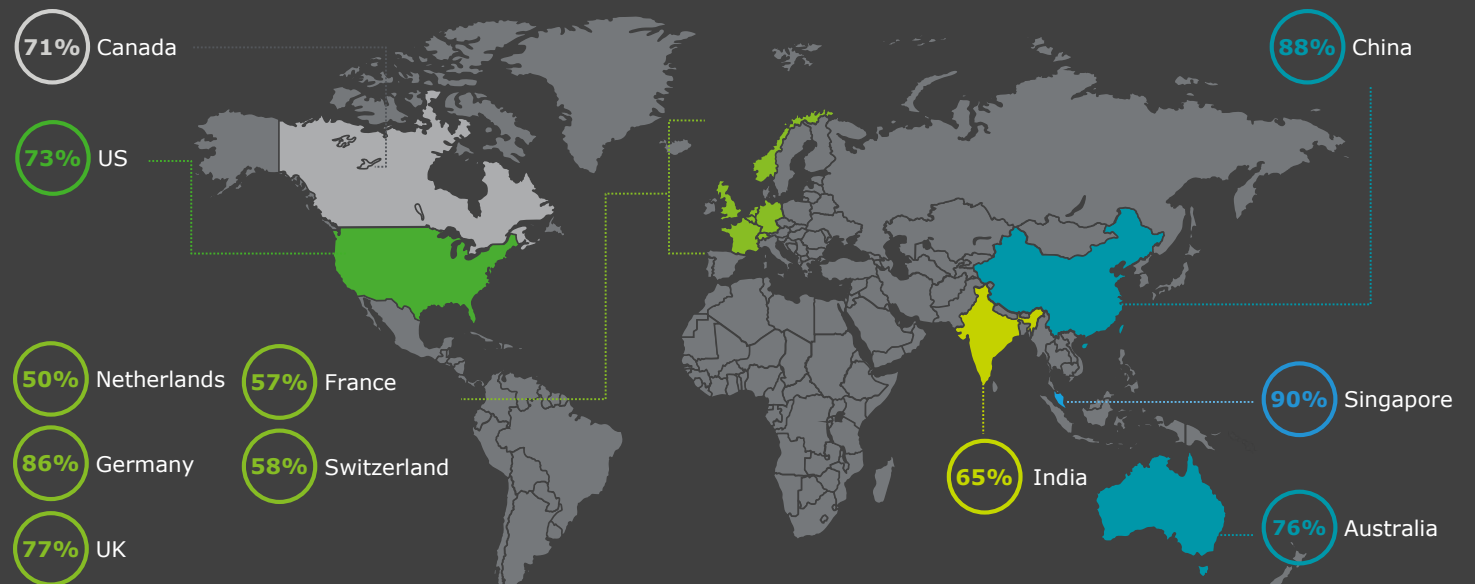
Overall results (New question in 2019)



■ Strongly agree ■ Agree ■ Neither agree nor disagree
■ Disagree ■ Strongly disagree

Country-specific agree/strongly agree results

In addition to the position in my country, I am concerned about lack of guidance from the tax authorities around the world about the PPT



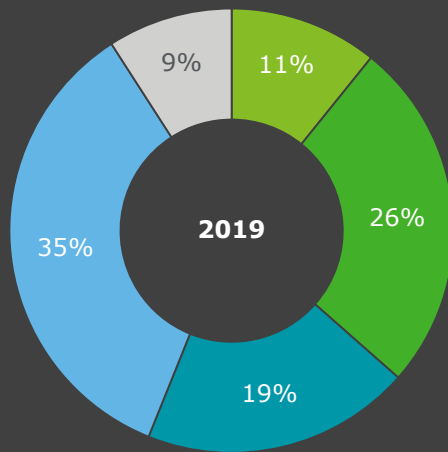
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Following from question 31, there is much higher concern about lack of guidance across the globe, evidencing the businesses' anxiety about uncoordinated approach to interpreting the PPT.

Question 33

37% agree or strongly agree that their organization will be affected if a revenue-based digital services tax (DST) is introduced in the country where their users are located.

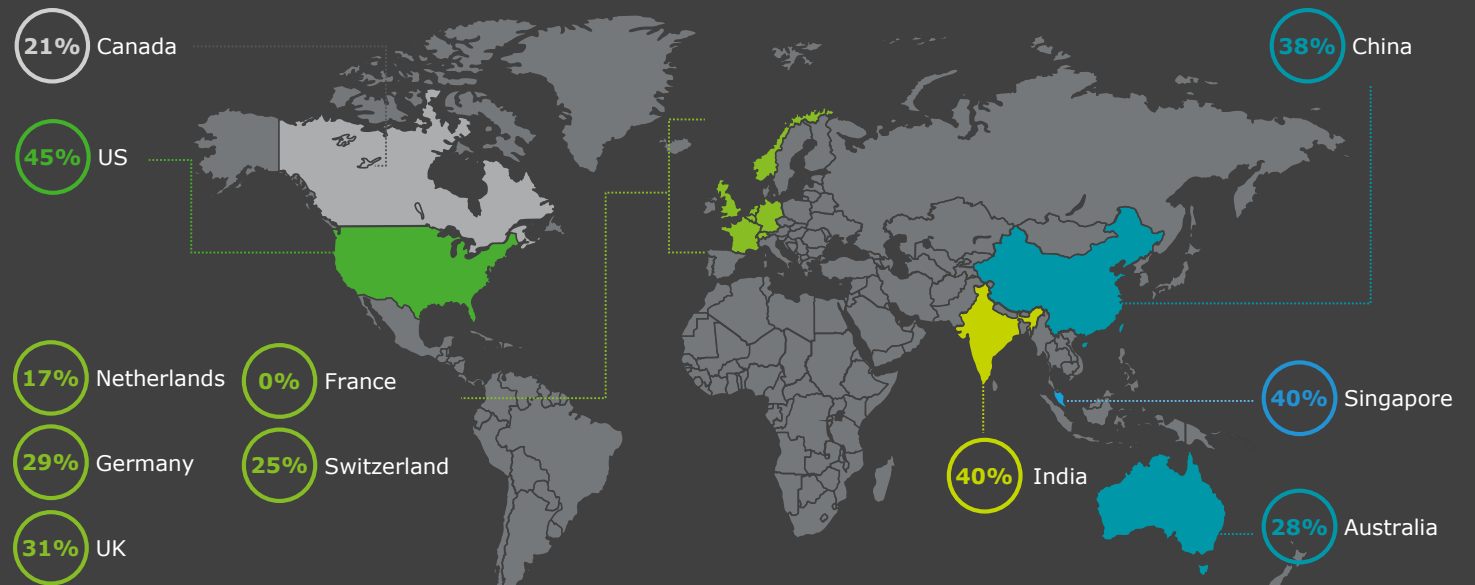
Overall results (New question in 2019)



■ Strongly agree ■ Agree ■ Neither agree nor disagree
■ Disagree ■ Strongly disagree

Country-specific agree/strongly agree results

My organization will be affected if a revenue-based digital services tax is introduced in the country where our users are located



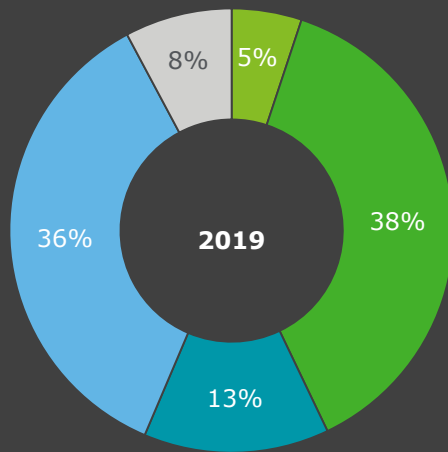
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The US shows the highest percentage of agree/strongly agree responses, followed by India and Singapore. Industry-wise, technology, media & telecommunications lead at 69%. B2C businesses are more concerned about the potential DST (59%) compared to the B2B businesses (28%).

Question 34

43% agree or strongly agree that there will be a global consensus on taxation of the digital economy that will lead to changes.

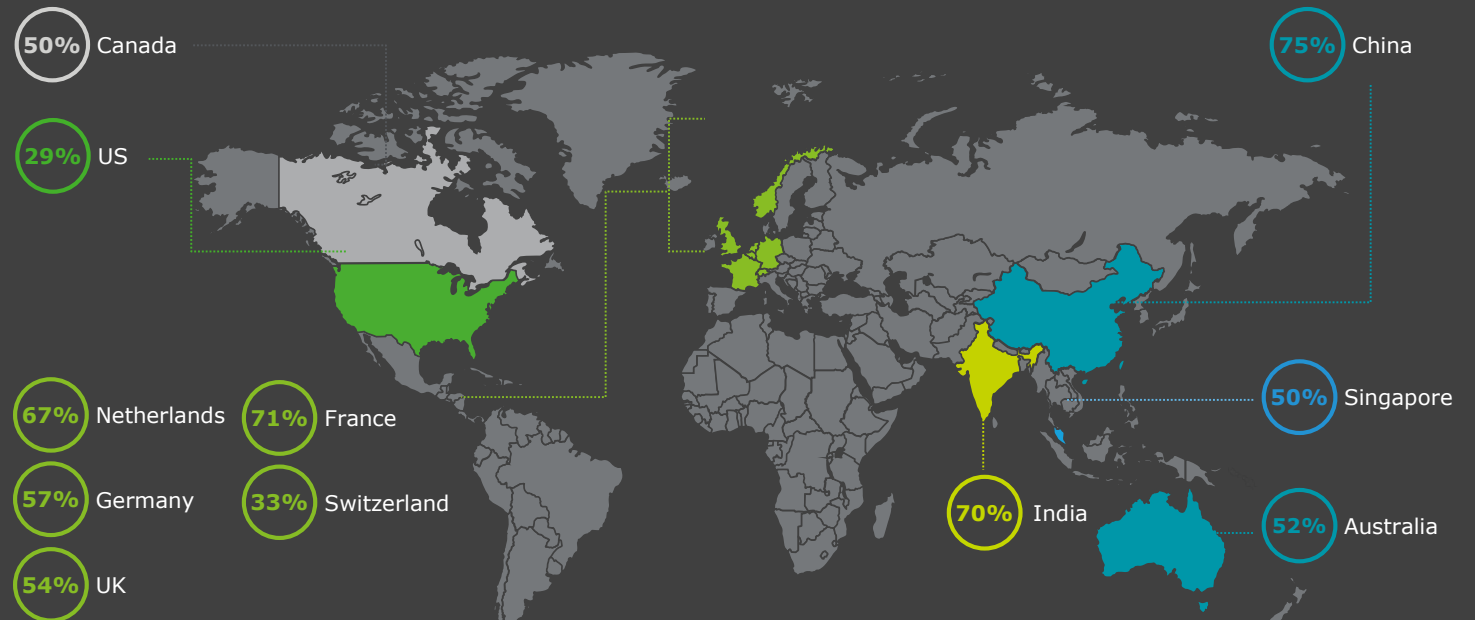
Overall results (New question in 2019)



■ Strongly agree ■ Agree ■ Neither agree nor disagree
■ Disagree ■ Strongly disagree

Country-specific agree/strongly agree results

I expect that in the future there will be global consensus on taxation of the digital economy that will lead to changes



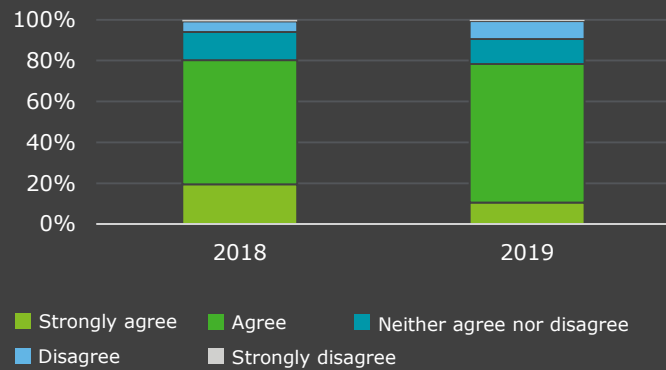
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Countries' expectations vary, with the US is the most pessimistic at 29%. China, France and India are the most optimistic at 70% and above. Industry-wise, financial services are most optimistic at 58%, while healthcare & life sciences are most pessimistic at 31% (50% of respondents from this industry disagree). More than half of the technology, media & telecommunications respondents are optimistic at 53%. As the survey was conducted early in 2019 the most recent developments in this area would not have been taken into account.

Question 35

78% agree or strongly agree that public reporting of country-by-country type information public reporting will occur over the next few years.

Overall results



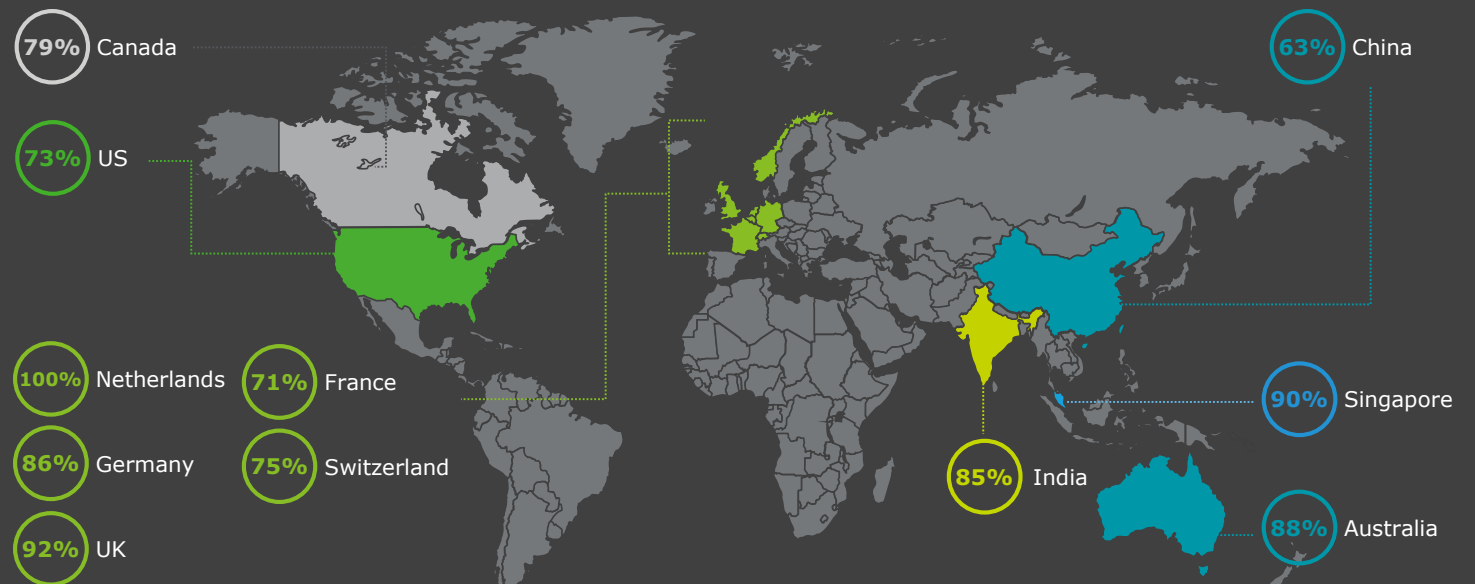
Response Trend



Agree/strongly agree responses **decreased** by **2 percentage points** from **2018**.

Country-specific agree/strongly agree results

I believe that country-by-country type information public reporting will occur over the next few years



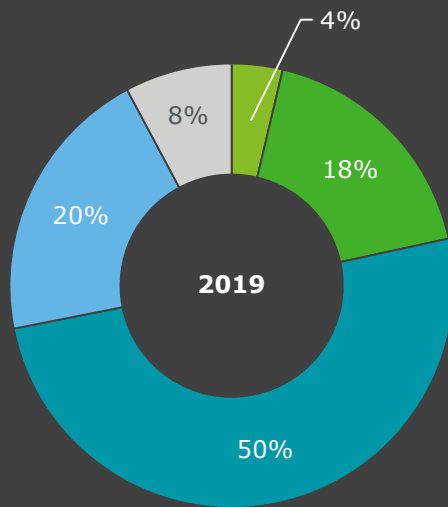
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

The percentage of 'agree/strongly agree' responses remains high, even after a slight decrease. Notably all respondents from the Netherlands agree/strongly agree. The trend may be due to the changing corporate attitudes rather than an expected legislative development in the near future.

Question 36

22% agree or strongly agree that their organization would be favorable to introduction of the EU Common Corporate Tax Base (without consolidation).

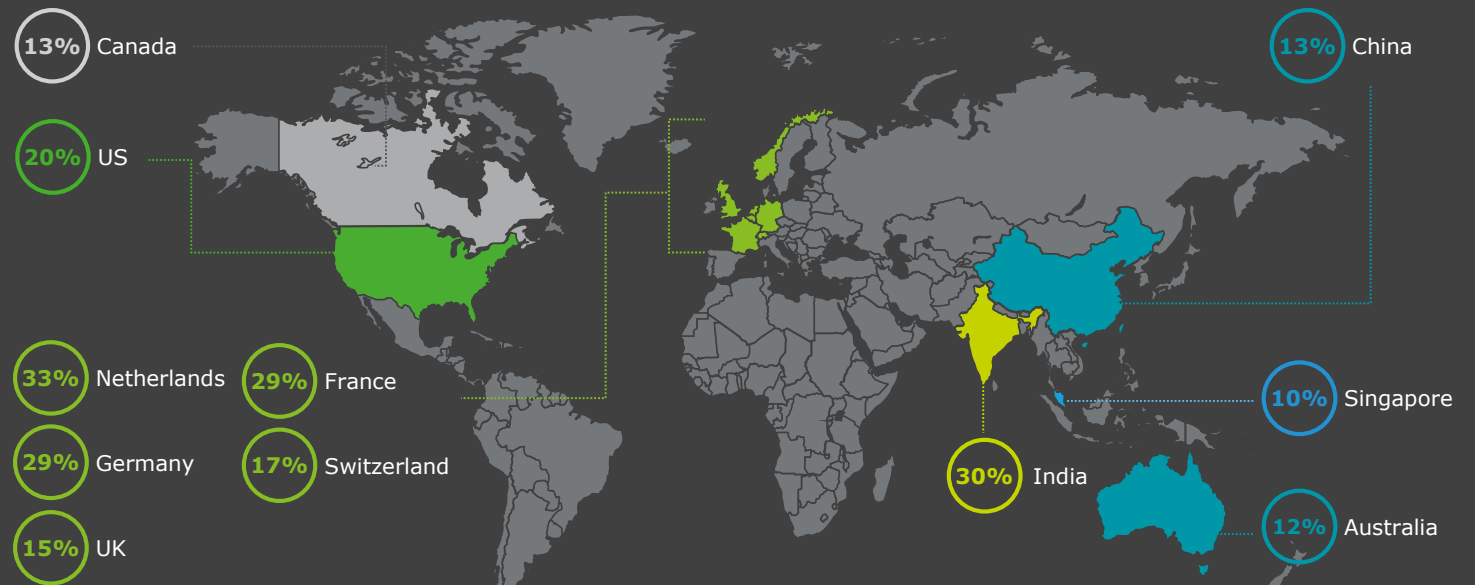
Overall results (New question in 2019)



■ Strongly agree ■ Agree ■ Neither agree nor disagree
■ Disagree ■ Strongly disagree

Country-specific agree/strongly agree results

My organization would be favorable to introduction of the EU Common Corporate Tax Base (without consolidation)



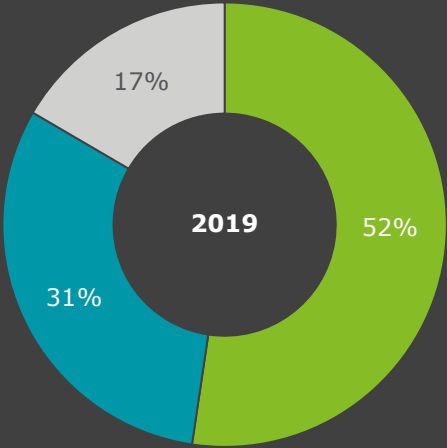
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

France and Germany show the same slightly above average support, which may be explained by the joint [Franco-German CCTB position paper](#) published in June 2018.

Question 37

52% agree that the impact of the US Tax Reform on my organization is expected to be positive.

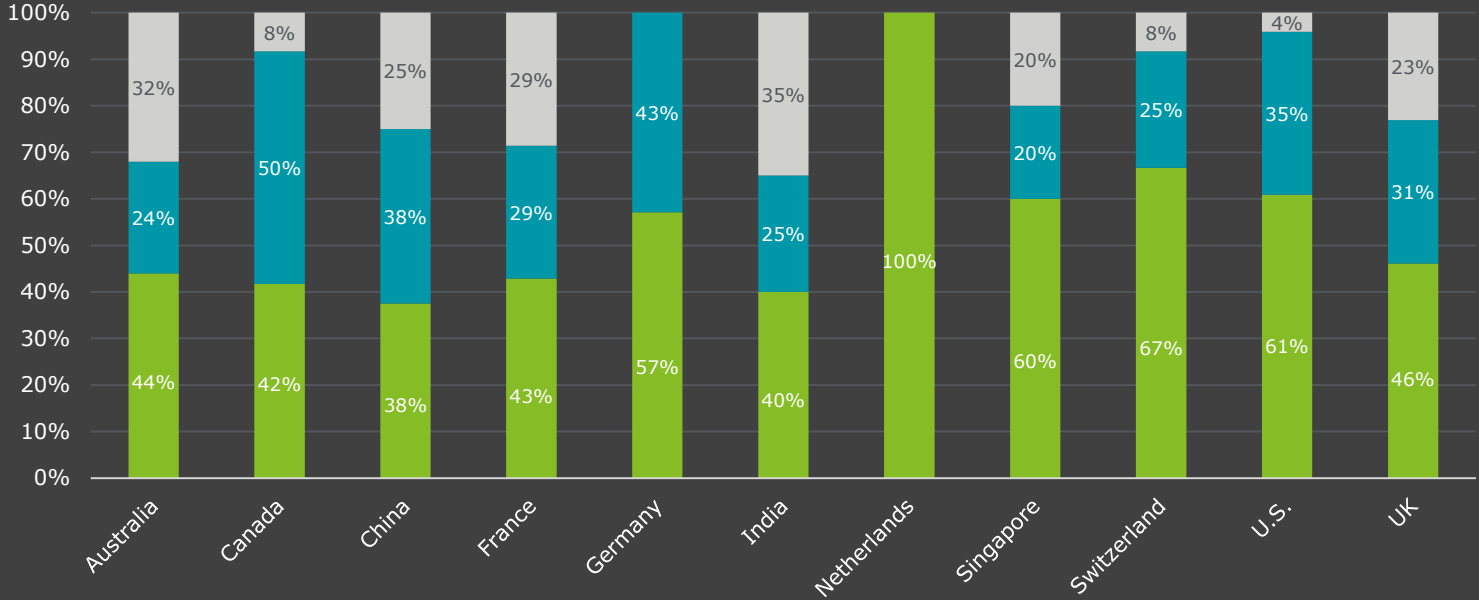
Overall results (New question in 2019)



■ Positive ■ Negative ■ No Impact

Country-specific agree/strongly agree results

The impact of the US Tax Reform on my organization is expected to be: a) positive b) negative c) no impact expected



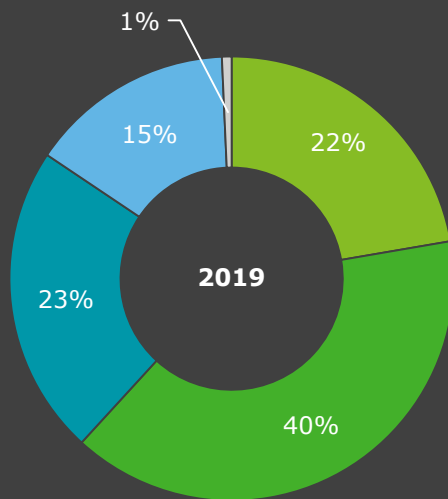
■ Positive ■ Negative ■ No Impact

Overall the impact of US Tax Reform is seen as positive, however, perceptions vary and may depend on many factors, including whether groups have US subsidiaries. Some of the negative responses are likely to be driven by the Base Erosion and Anti-Abuse Tax (BEAT).

Question 38

62% agree or strongly agree that their organization has implemented (or intends to) structural and/or operational changes as a result of US Tax Reform.

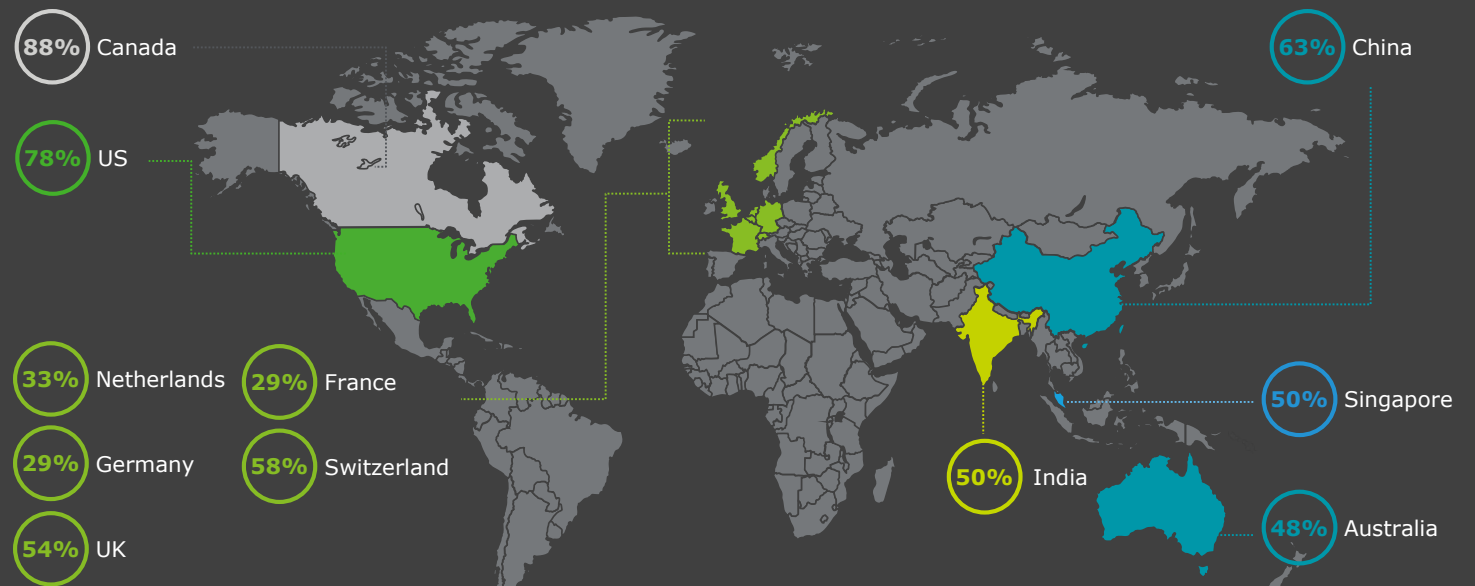
Overall results (New question in 2019)



■ Strongly agree ■ Agree ■ Neither agree nor disagree
■ Disagree ■ Strongly disagree

Country-specific agree/strongly agree results

My organization has implemented (or intends to) structural and/or operational changes as a result of the US Tax Reform



Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

It is unsurprising that the broad scope of US Tax Reform is causing companies to make structural and / or operational changes. As Canada is the largest trading partner of the US the significant impact on Canadian companies is also not surprising. The changes are likely to be triggered in particular by the BEAT, the new interest expense rules and the new anti-hybrids rules.

Multinationals views on media and political interest

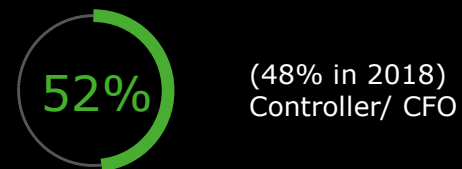
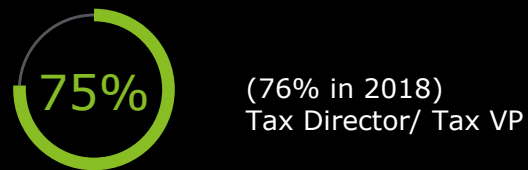
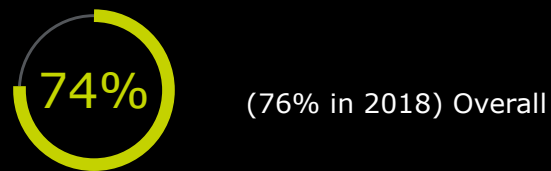
Additional analysis of respondents to question 1

Respondents details for question 1:

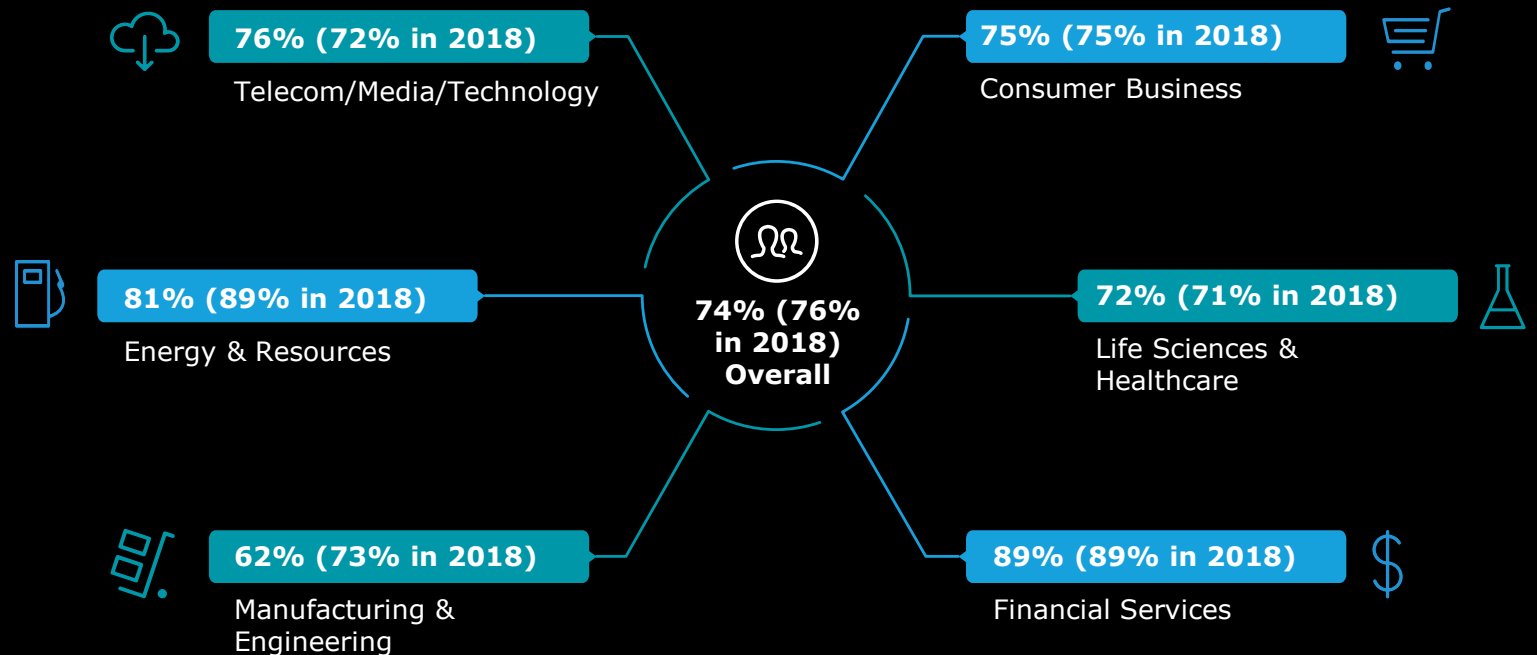
My organization is concerned about the increased media, political and activist group interest in corporate taxation.

Strongly agree or agree

By role in the organization



By type of industry



The survey shows that almost half of Controllers/CFOs are not concerned (this is a drop from 59% in 2017)

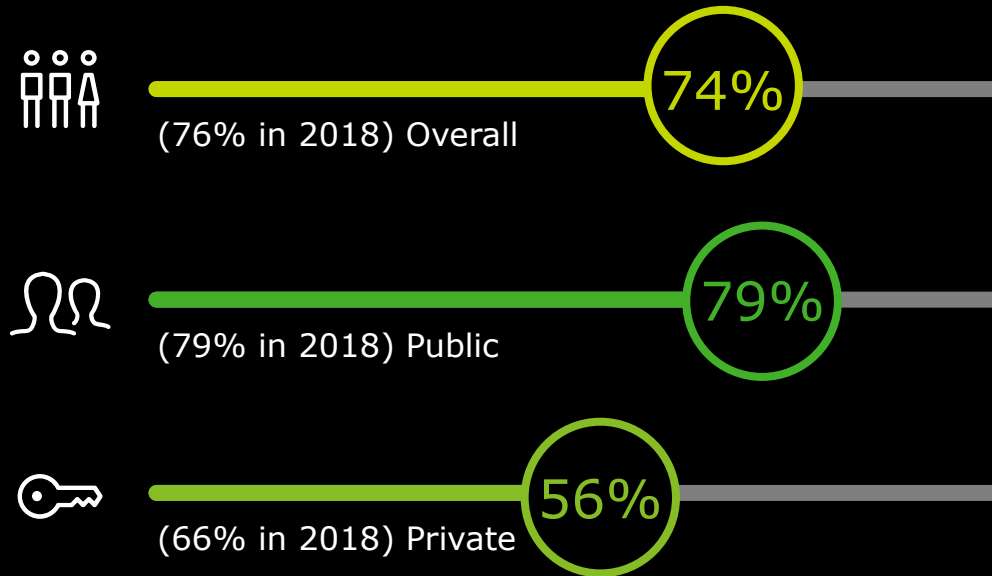
Only TMT industry notably increased their concern about the growing interest in tax, this could partially be due to the 'digital debate'.

Respondents details for question 1:

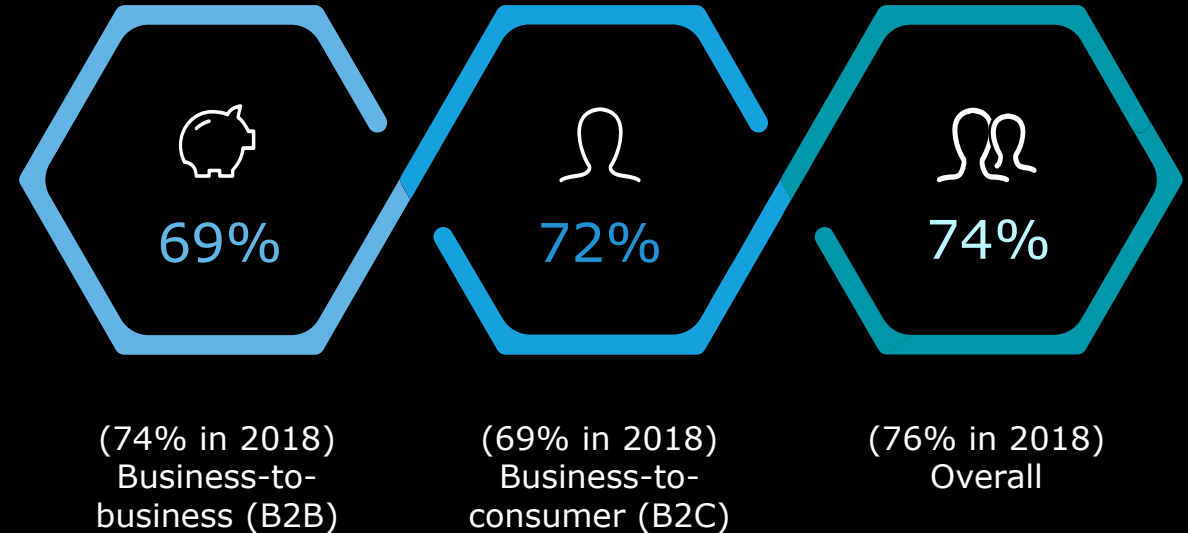
My organization is concerned about the increased media, political and activist group interest in corporate taxation.

Strongly agree or agree

Public vs. private



By transaction focus



Public companies continue to be very concerned about reputational risk. Private companies are less concerned in 2019, possibly due to the focus being more on public companies.

The margin between B2B and B2C continues to decrease; B2C are slightly more concerned than B2B.

Open questions selected participant responses

Question 39: What have been the most significant areas of change for your business resulting from the BEPS project so far?

Representative responses



“Complexity of reporting and documentation has been significant from a cost and resource perspective.”

(Tax Director/
Tax VP –
Americas)



“Intercompany transactions - significant increase of Administrative workload.”

(International Tax
Manager– EMEA)



“Sensitivity to tax issues, causing a potential reputational risk.”

(Controller/CFO–
EMEA)



“We need technology to meet the new requirements.”

(Tax Director/
Tax VP –APAC)



“Considerations of structures based on reporting optics and increased compliance requirements.”

(Tax Director/
Tax VP – EMEA)

Note: 157 respondents answered question 39. The comments listed are representative of the most commonly stated responses.

Question 40: Has anything surprised you about the implementation of global legislative changes stemming from the BEPS project?

Representative responses



“There hasn’t been enough attention to implement strict and mandatory measures to eliminate double taxation whenever tax authorities do not reach an agreement.” (International Tax Manager - EMEA)



“Unilateral legislative changes (i.e. UK- DPT). Tax authorities don't seem to have a unified position and have left interpretations up to individual examiners.” (Tax Director/Tax VP – Americas)



“The number of unilateral actions have created a more difficult tax compliance environment for taxpayers.” (Tax Director/Tax VP – APAC)



“While the principles of the implemented legislation are in line with BEPS, there are many local adjustments that are very difficult to track.” (Transfer Pricing Advisor– EMEA)

Note: 129 respondents answered question 40. The comments listed are representative of the most commonly stated responses.

Question 41: How is your organisation responding to the global legislative changes stemming from the BEPS project?

Representative responses

"Offering workshops to understand and model impacts on individual structures with input from external advisers."
(Tax Director/Tax VP—APAC)



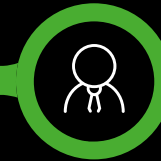
"Centralizing documentation and engaging external advisers on larger projects."
(Tax Director/Tax VP—Americas)



"Considering existing structures and re-structuring where necessary. All work done in-house with support from external advisers."
(Tax Director/Tax VP—Americas)



"Most in-house with expert external advisers on case-to-case basis."
(Controller/CFO—APAC)



"Responding directly to the OECD and HMT/HMRC, analyzing risks in-house and working with peers in the industry to provide cumulative feedback on new legislation and measures."
(International Tax Manager—EMEA)



Note: 145 respondents answered question 41. The comments listed are representative of the most commonly stated responses.

Question 42: What are your key expectations regarding the impact of the EU Mandatory Disclosure Regime?

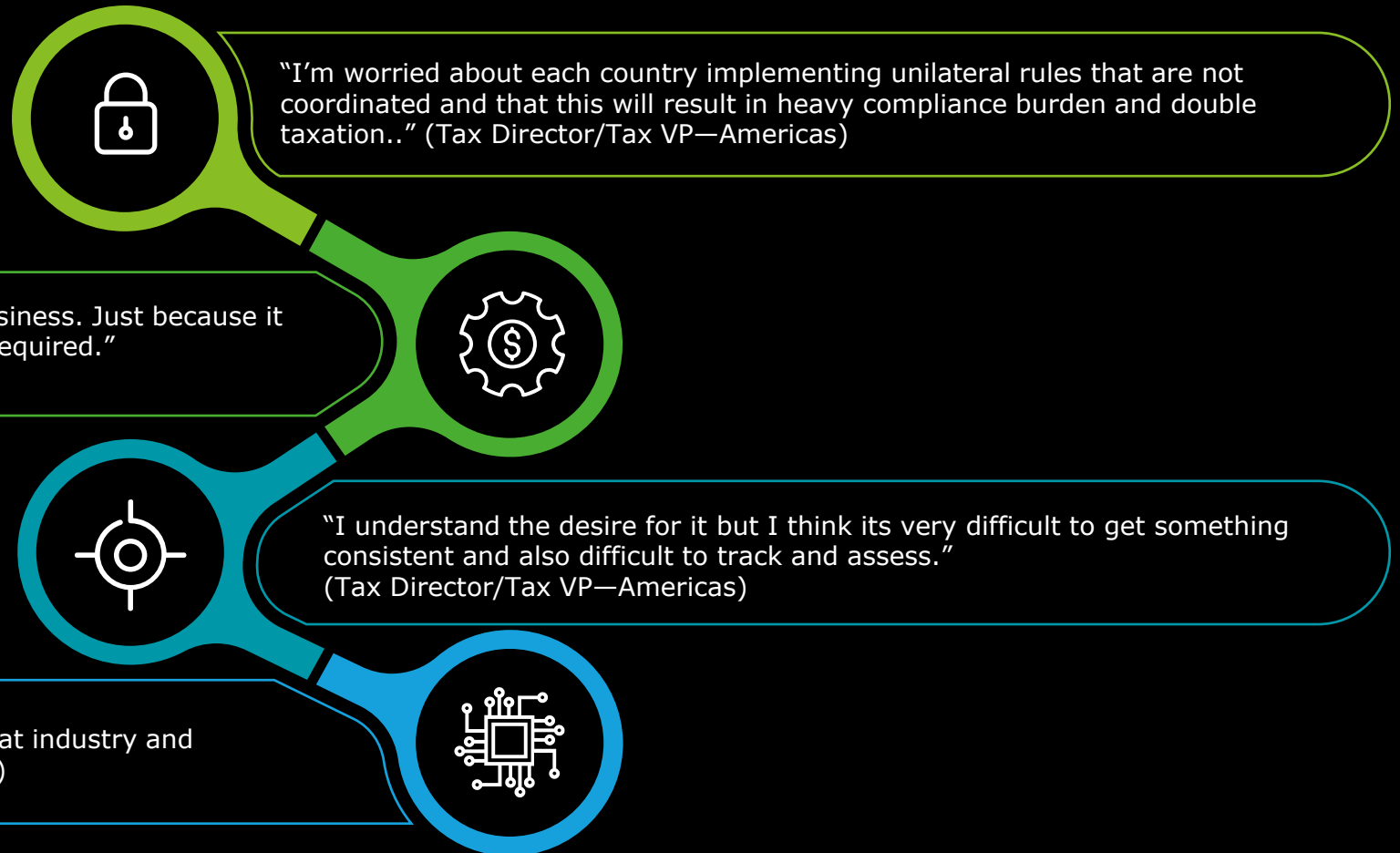
Representative responses



Note: 126 respondents answered question 42. The comments listed are representative of the most commonly stated responses.

Question 43: What are your thoughts about the current debate on taxation of the digital economy?

Representative responses



Note: 135 respondents answered question 43. The comments listed are representative of the most commonly stated responses.

Question 44: What would be your preferred outcome regarding current debate on taxation of the digital economy?

Representative responses



"Don't treat digital services different than other business transactions. Lines are blurring between what is digital and tangible sales. Unless a clear definition is drawn and agreed upon, there will be greater ambiguity in what should be subject to taxation."

(Tax Director/Tax VP—Americas)



"A new TP approach, and a new TP approach overall to better align the tax outcomes with the reality of the global nature of business today."

(Head of Tax—APAC)



"This requires more deliberation so that the taxation of digital economy is fair and consistent with laws and practices on international taxation."

(Controller/CFO—APAC)



"The preferred outcome would be a new digital permanent establishment definition or a new transfer pricing approach for digital transactions."

(Tax Director/Tax VP—EMEA)

Note: 134 respondents answered question 44. The comments listed are representative of the most commonly stated responses.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 286,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2019. For information, contact Deloitte Touche Tohmatsu Limited.