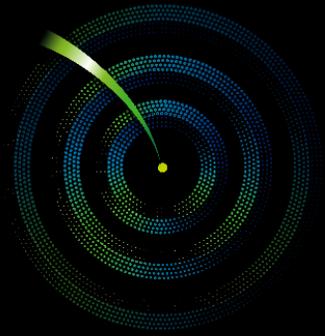


Global Tax Policy Survey

Deloitte's 2023 global annual survey of multinationals



In early 2023, Deloitte conducted its tenth [Global Tax Policy Survey](#) to understand how large multinational organizations view the global tax landscape and how it has evolved.

In this latest survey, we were interested in the respondents' views on topics high on their agenda in 2023, such as Pillar Two implementation, stakeholder interest in tax, increased tax transparency, impact of the EU recent and proposed tax transparency and other measures, tax administration and tax disputes, international remote working and environmental taxation.

Stakeholder interest in tax will continue to increase but is becoming the new normality



Throughout years of this survey, the level of concern about the media coverage, political and activist group interest in corporate taxation remained consistently high (around **70%**), but in our 2023 survey the majority of respondents have a neutral reaction to this. This may be a sign of this level of interest becoming a 'new normal'.

Many respondents (**75%**) still expect an increase in stakeholder interest in tax behavior and outcomes over the next three years, although **52%** expect the increase to be small.

The majority of Boards continue to be actively involved in tax governance (**67%**).

Tax transparency standards and strategies feature widely but many plan to keep within standard financial reporting



Tax transparency remains a 'hot topic' for many groups, given the continued high stakeholder interest in tax affairs of large corporates. **40%** of respondents have an up-to-date tax transparency strategy for their group, which has been tested with the senior leadership.

54% of respondents expect their group to align its external communication in relation to its tax performance with a transparency standard; GRI207 and the World Economic Forum tax metric being the most prominent (**24%** and **10%**, respectively).

However, over a third of respondents (**37%**) do not plan to extend their communication with stakeholders beyond standard financial reporting.

65% of respondents reported arrangements under EU Mandatory Disclosure Regime to one or more tax authorities in the EU since the Directive came into force. The same number of respondents expect to report under the EU public country-by-country reporting Directive within the next three years but limited to only where they are required to report.

EU tax transparency proposals will affect many respondent groups; BEFIT is not expected to simplify compliance



In terms of the recent proposals of the European Commission, just under half (**47%**) of the respondents have considered the impact of the EU Unshell Directive proposal but have not made any changes yet.

Most of the respondents (**65%**) are not optimistic that the EU single corporate tax rulebook (BEFIT) proposal will simplify their group's corporate tax compliance in the EU.

Pillar Two is expected to happen and businesses are preparing for impact



At the time the survey was conducted, in early 2023, **85%** of respondents expected that a critical mass of countries will implement Pillar Two by 2025. However, **69%** of respondents did not expect that the US Senate will pass a treaty to implement Pillar One by 2025.

Just over a third of respondents (**34%**) expect a significant increase in their group's global effective tax rate as a result of Pillar One / Pillar Two (compared to **47%** in 2022). However, the majority (**67%**) do not expect that the implementation of Pillar Two will cause groups to make significant changes to their corporate structure.

It is expected that Pillar Two will result in a significant compliance effort and having necessary data will be important. Many groups have made good progress with preparing for this: **56%** of respondents have done some kind of modelling of the impact of Pillar Two on their tax profiles and **62%** are somewhat confident that they have readily available tax and accounting data necessary to comply with Pillar Two strategy.

Tax administration and disputes remain high on the corporate agenda



Clarity of tax rules and consistency of interpretation are important for businesses to ensure compliance and manage their tax affairs. Two thirds of respondents are concerned about lack of guidance from the tax authorities around the world about the principal purpose test, and only **25%** expect consistent interpretation of the OECD Transfer Pricing Guidelines by tax authorities worldwide.

Respondents are divided on whether tax audits are becoming more rigorous in their jurisdictions in the last 12 months – while **40%** agree with this statement, **42%** remain neutral.

Cooperative compliance program is of interest to many respondent groups – **41%** are interested in joining such a program (where available) and **11%** have already joined or are in the process of doing so.

Respondent groups are considering environmental taxation and international remote work



While remote working, including internationally, has become common for many businesses, most respondent groups (**78%**) expect the impact of permanent establishment issues related to this trend as small or moderate. At the same time, **54%** are planning to change their policies or already have a process in place to accommodate international remote work.

Environmental taxation is becoming more prominent on the tax agenda for many groups – **39%** have started to analyze the impact of environmental taxation on their business and operations

For additional information, contact:



[Albert Baker](#)

Deloitte Global
Leader - Tax Policy



[Amanda Tickel](#)

Deloitte Global Leader -
Tax & Legal Policy and
Regulatory Sensing



[Daria Adepegba](#)

Associate Director -
UK & Global Tax Policy

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Looking ahead



In the 10th year of the survey, the amount of change in the tax world continues to remain high. There is now a firm recognition in the global business community that the OECD Pillar Two project is indeed moving forward given its significant momentum.

Tax transparency will remain high on the agenda and the amount of reporting required from businesses is unlikely to reduce. Businesses will need to prepare to comply with the EU public country-by-country reporting, ensuring appropriate processes are in place to collect data and produce reports. The progress of the Australian public country-by-country reporting proposal with, potentially, wide extra-territorial application, will need to be monitored.

Environmental taxation, particularly carbon taxation, could be the next big area where the international tax community will need to agree on a common approach. The work of the OECD's Inclusive Forum on Carbon Mitigation Approaches could be the first step in what will undoubtedly be a long and complex process.

Deloitte can help organizations navigate the changing landscape by taking a holistic view of their tax profile and develop a comprehensive strategy.