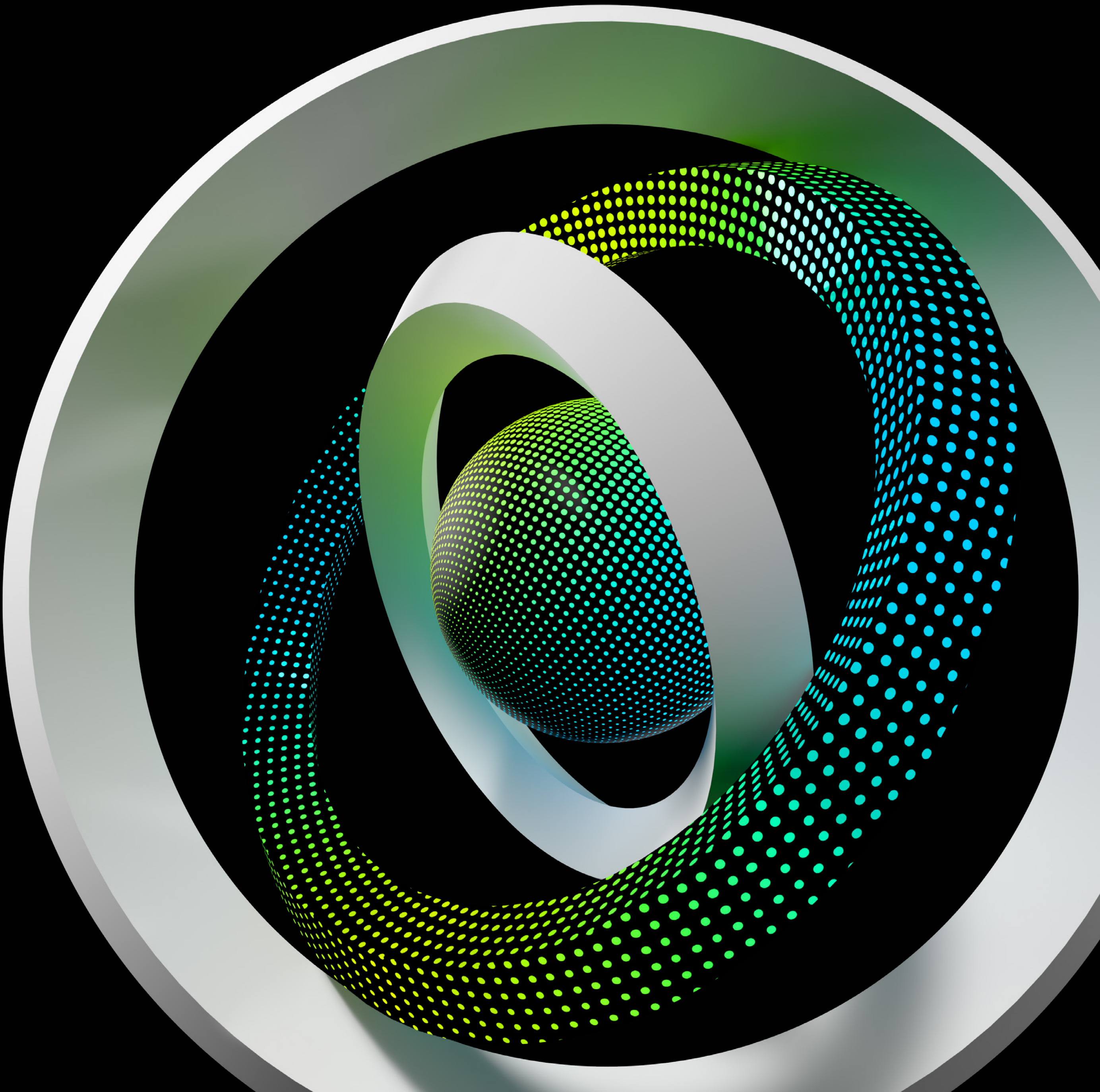
Deloitte.

Insight-driven compliance

Tax Transformation Trends 2023



Introduction

Tax departments at many businesses are today undergoing fundamental transformation to respond to a significantly altered legal and regulatory landscape, including the OECD's Pillar Two rules, and a rise in indirect taxes around the world. To respond effectively to these—and other—changes, tax departments will need access to accurate and timely tax-related data across their company's global operations, combined with tax teams that have data management and technology expertise.

These are some of the key themes that emerged from Deloitte's 2023 Tax Transformation Trends research, which included a survey of 300 senior tax and finance executives together with a series of qualitative interviews with the heads of tax at large multinational companies.

Among the most significant changes to the tax environment in many years is the implementation of the OECD's Pillar Two requirements, which requires large multinational enterprises to pay a minimum "global tax." Pillar Two represents a profound change from historical policies and norms, and it will have a significant impact on tax strategies and operations at multinational corporations. To comply, tax departments will need access to a substantial amount of data to understand the total enterprise tax liability across jurisdictions around the world.

Tax departments are also contending with a growing range of indirect taxes, including sales, value-added, and "sin" taxes on goods such as tobacco and alcohol. Governments have been increasing their use of indirect taxes, in some cases to advance their environmental goals. In addition, many tax authorities are now collecting more detailed data about taxes and sharing it across processes and jurisdictions. Finally, many tax authorities are now requesting direct access to large companies' tax-related data.

The impact of these changes can vary across companies based on their size, region, or industry. Yet the overall trend has been toward growing workloads and increased complexity, such as the need to track e-commerce transactions that may include locations where a company has no physical operations. They also make it more important than ever for tax functions to collaborate effectively with other business functions—from supply chain to finance—to understand the tax ramifications of operations across increasingly complicated corporate entities.

Many of these challenges share an underlying theme—the need for timely, comprehensive data coupled with effective technology tools. To access the required data management and technology capabilities many tax departments will need to consider alternative operating models such as outsourcing. Tax departments need to be able to accurately determine global taxes and manage the intricacies of indirect taxes, while providing the direct access to tax-related business transactions increasingly required by revenue authorities. But, perhaps even more importantly, greater visibility into tax data across the enterprise can provide insights that can generate value for a business when making strategic decisions. In short, tax departments are increasingly pivoting from task completion and cost control toward being able to extract outcome-oriented business insights from compliance activities.

Key trends

Trend 1: Holistic data management and integrated systems are required for insight-driven global compliance

Complying with rapidly evolving tax laws around the world requires companies to have access to relevant data, and 36% of respondents said that *integrating tax-related data across the company* is one of the top three challenges for their tax department over the next three to five years. This issue was the second-most frequently cited top challenge behind *complying with evolving tax laws and regulations around the world (43%).* Yet there remains significant work to be done at many companies to achieve visibility into enterprise-wide tax data. Only 38% of respondents said that *tax data management solutions and/or tax professionals located in the company's data management team* were fully implemented at their company, while 37% said that their company had a fully implemented *ERP system customized for tax issues.*

Trend 2: Costs and efficiency are still important, but the top priority for tax transformation efforts is now complying with changing tax laws and regulations

Responding to significant shifts in the tax landscape, like Pillar Two, have left tax departments struggling to access the detailed data required. Thus, it is not surprising that the fundamental changes underway in the global tax environment were top of mind when respondents were asked about the greatest priorities and challenges for their tax departments over the next three to five years. Respondents most often named *comply with new tax law changes* (38%) as one of the top three priorities over this period, while they most often cited *complying with evolving tax laws and regulations around the world* (43%) as one of the top three challenges. This is a clear pain point for many tax leaders.

Trend 3: Outsourcing is a prime strategy to access technology capabilities

Seventy-four percent of respondents said their company uses outsourcing—either traditional outsourcing or managed-services outsourcing where a third-party provider takes on the full management of a function—as their main approach for delivering one or more tax activities. Outsourcing is a prime driver of efficiency, but can also play a key role in cost reduction: When asked about the benefits that their company has received or could receive from outsourcing an entire tax activity or function to a third-party provider, respondents most often cited *access to the latest technology capabilities* (54%) as a major or significant benefit.

Trend 4: Tax isn't just done in the tax department anymore

Deloitte has conducted a version of this survey biannually for more than a decade. There has been a notable trend, at least since 2016, to move key tax activities outside of the tax department, either to other functions within the company or to third-party providers. This trend intensified from 2019 to 2021 due to the impact of COVID-19 and the challenges entailed in the sudden move toward remote work. Although this trend moderated in the 2023 survey, the number of companies performing tax activities outside the tax department remained much higher than it was in 2016, and is not expected to reverse in the coming years. When asked about their company's most important strategies to achieve a lower-cost operating model, respondents most often named *implementing/increasing use of shared service centers* (53%), *migrating activity out of the tax department to other teams within the business* (48%) and *managed services outsourcing* (40%). All three of these strategies have increased since the 2021 survey.

Trend 5: Future skills requirements are giving rise to the "hybrid tax professional"

To successfully comply with the new legal and regulatory tax environment, tax departments need to develop professional teams with the data management and technology skills that have become essential. When asked where their tax department will have the greatest need for skills over the next one to two years, respondents most often named *data analytics, data-driven strategic insights, and data management* (44%), despite only 23% of response citing it as a top challenge. They also often cited *technology transformation and process re-design* (29%). Finding or developing professionals who bring the unusual combination of technical tax skills with a knowledge of data management and technology is extremely challenging, and companies will need to decide to what extent they can develop these skills among their existing professionals (41%) or instead need to access these skills from outside the organization (61%).

Trend 1: Holistic data management and integrated systems are required for insight-driven global compliance

Given the fundamental changes underway in the global tax environment due to Pillar Two and other developments, it was not surprising that respondents most often cited *comply with new tax law changes* (38%) as one of their top priorities for the tax department over the next three to five years (Figure 1).

> "Pillar Two is at the forefront of our mind. We are still quantifying any additional liability and establishing any impact on our effective tax rate. Naturally, there is a huge compliance and systems requirement to accommodate Pillar Two compliance. It will be a challenge to deliver Pillar Two compliance without incurring loads of costs or rewriting your ERP system. Compliance is never something people want to spend money on."

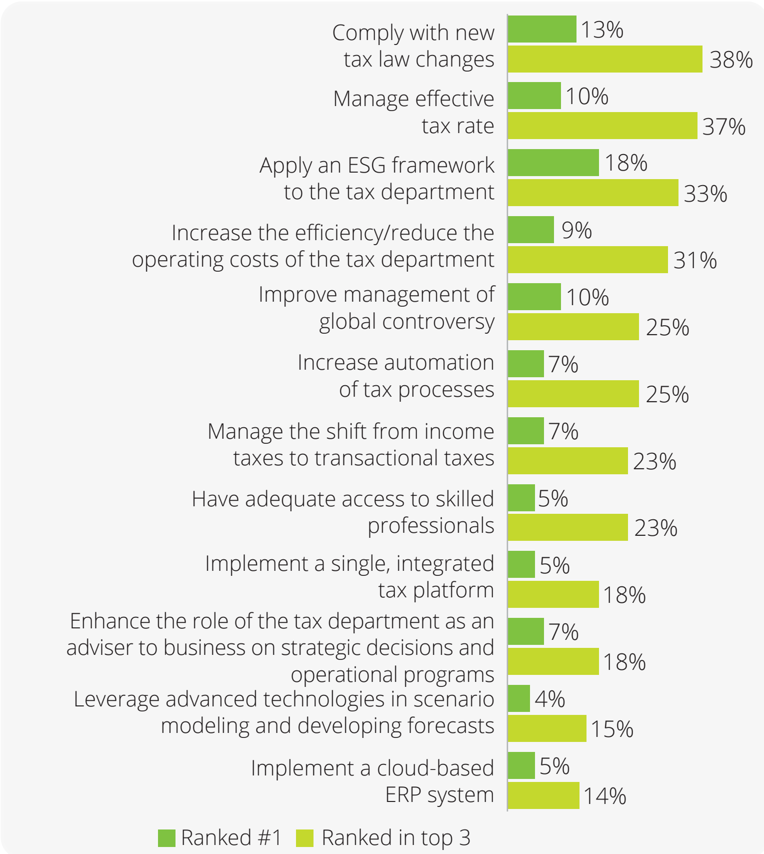
Gemma Beck, Head of Tax, **Haleon PLC**

Manage effective tax rate (ETR) (37%) and *increase the efficiency/reduce operating costs* (31%) are perennial concerns, and both were among the issues named most often as top priorities for the tax department in the coming years. Respondents at North American companies more often named *manage effective tax rate* (52%) as a top priority than did those at companies headquartered in Europe (34%) or Asia Pacific (24%). This is not surprising considering the management of North American companies is heavily influenced by ETR in contrast to Asian companies which are more influenced by risk.

Environmental, social, and governance (ESG) considerations have become increasingly important in recent years for companies, as well as for governments, who have imposed taxes designed to incentivize more sustainable operations, such as taxes on plastics. *Apply an ESG framework* (33%) was cited third most often as a top priority for tax departments over the coming years.

Respondents at companies in energy, resources, and industrials (41%) and in technology, media, and telecommunications (41%) more often named ESG as a top priority than did those at companies in financial services (26%), healthcare and life sciences (20%), or consumer industries such as automotive, consumer product manufacturing, and retail/wholesale (28%). This may be due to the increased attention placed on the potential environmental impacts of the global logistics and supply chains of companies in these sectors.

Figure 1. Highest priorities for the tax department over the next three to five years
Percentage ranked among top three priorities

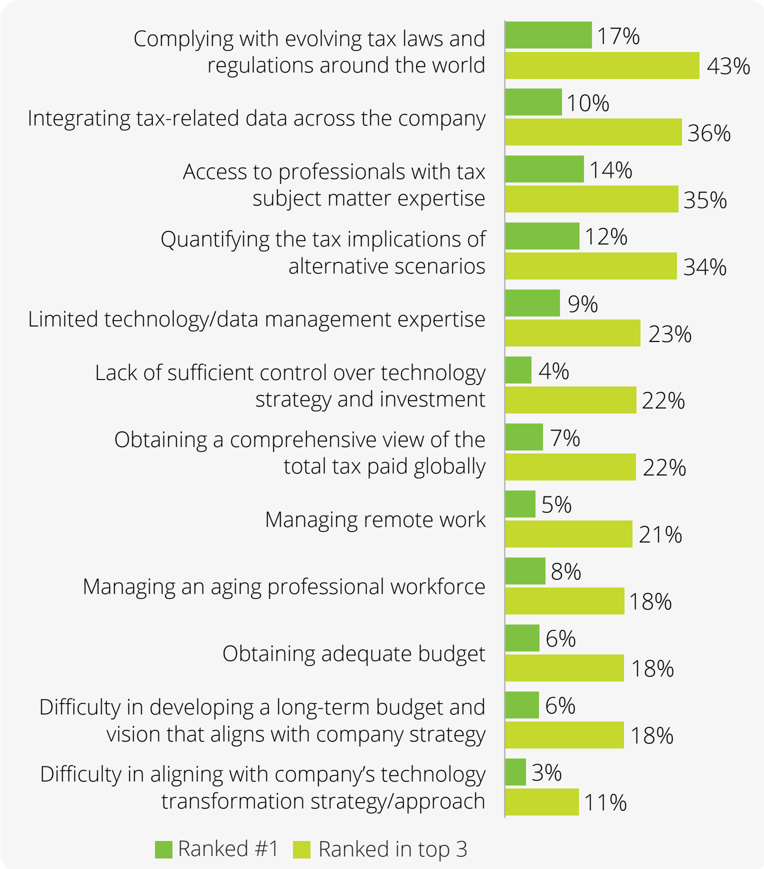


As one might expect, the importance of complying with a changing tax environment was reflected in the challenges that tax departments are expected to face over the next three to five years, with *complying with evolving tax laws and regulations around the world* (43%) being cited most often (Figure 2). Larger companies tend to face greater challenges in this area, presumably because of the many jurisdictions in which they operate. As a result, this issue was more often considered to be a top challenge among respondents at companies with revenues of US$5 billion or more (44%) and US$1 billion to US$5 billion (48%) than among those at smaller companies (36%).

To comply with tax reporting oblgations, tax departments will need accurate, timely tax-related data that is integrated across their organization, whether to calculate their global tax liability, comply with Pillar Two, or assess the indirect taxes owed in individual jurisdictions around the world. However, achieving visibility into enterprise-wide tax data has proven difficult for many companies, with *integrating tax-related data across the company* (36%) being the second-most cited challenge for tax departments. Other issues often cited as top challenges were *access to professionals with tax subject matter expertise* (35%) and *quantifying the tax implications of alternative scenarios* (34%).

Figure 2. Greatest challenges for the tax department over the next three to five years

Percentage ranked among top three challenges



Companies have been working to put in place the data management and technology capabilities demanded by today's tax environment, but many have more work to do.

"Our approach was first to work to make ourselves more efficient. We're trying to transform our ERP landscape. It's always a challenge to wrangle all the different technology pieces we have."

Kirsti Doyle
Global Tax Director, **Johnson Controls**

Only 37% of respondents said their tax department had fully implemented use of tools to *monitor relevant developments in tax laws around the world* (Figure 3). Similarly, many respondents reported that their tax department had not yet fully implemented the data management and technology applications required—*introduction of tax data management solutions and/or having tax professionals in the company's data management team* (38%), *use of tools to monitor relevant developments in tax laws around the world* (37%), *and integrated processes* (32%).

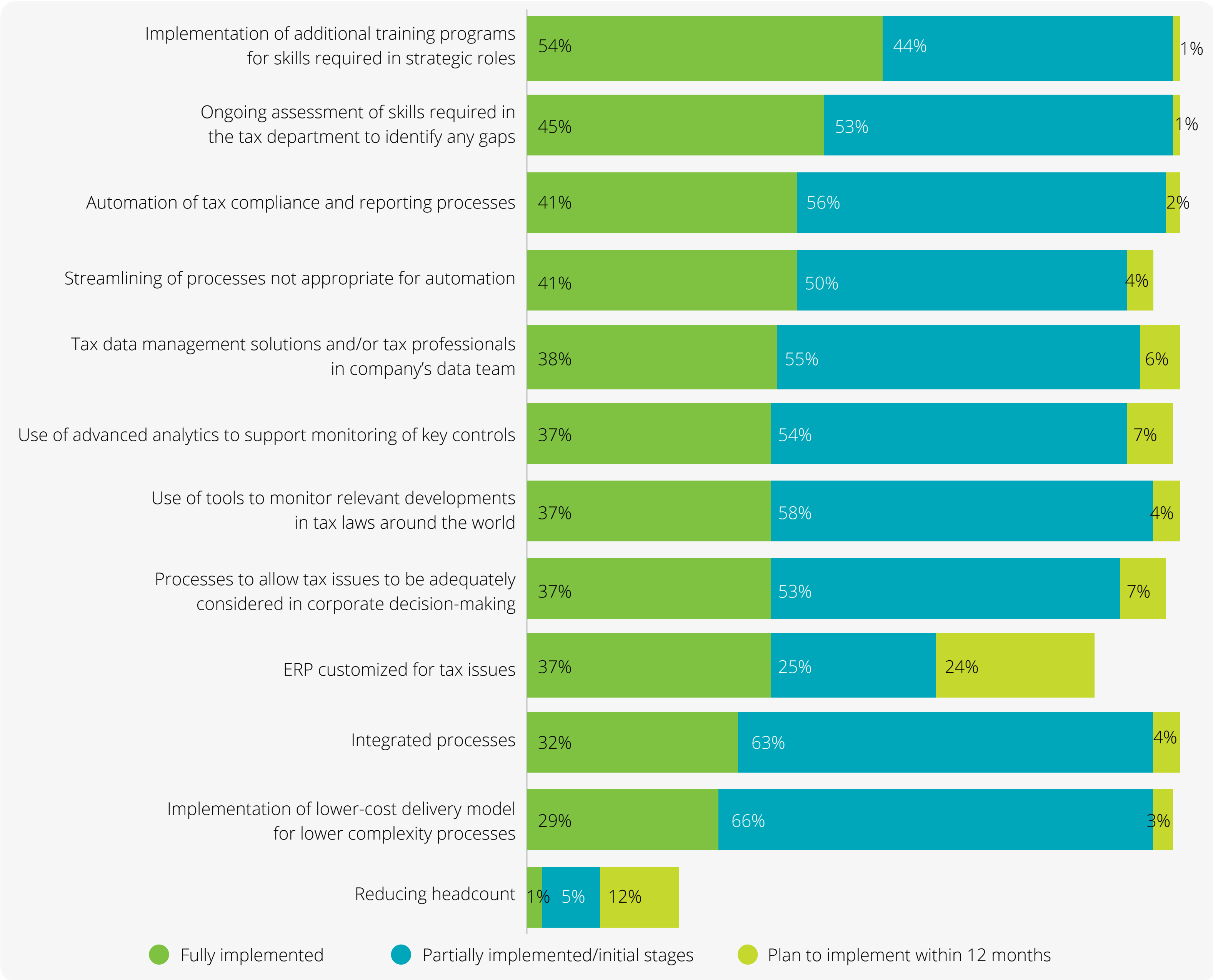
For all the capabilities listed, however, virtually all the remaining respondents said the tax department was either in the process of implementing or planned to implement within 12 months.

Many of these capabilities appear to pose a greater challenge for smaller companies, with respondents at larger companies more often saying that they have been fully implemented at their company. For example, respondents at companies with revenues of US$5 billion or greater were more likely to say that their company had fully implemented *introduction of tax data management solutions and/or having tax professionals in the company's data management team* (55%) than did those at companies with revenues of US$1 billion to US$5 billion (35%) or US$750 million to US$1 billion (25%).

Building the capabilities needed to be a trusted adviser to the business was another area where more progress is needed. Only 37% of respondents said their tax department had fully implemented *processes to allow tax to be adequately considered in corporate decisions*, although almost all the other respondents said this was either underway or in the planning stages.

Relatively few respondents—less than one-fifth—reported their tax department had acted or planned to act on reducing headcount. Given the new and shifting demands being placed on tax departments, most companies seem to have concluded reductions in personnel are not an option.

Figure 3. Progress made in implementing tax transformation strategies



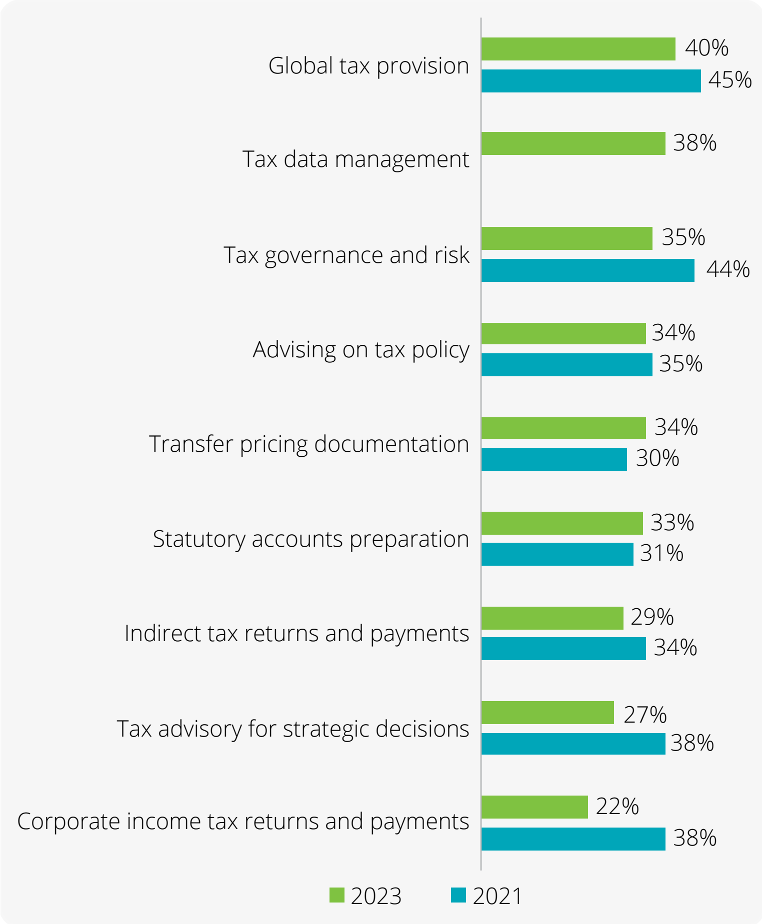
Trend 2: Costs and efficiency are still important, but the top priority for tax transformation efforts is now complying with changing tax laws and regulations

Although responding to changing tax laws and regulations has moved to the top of the agenda for many tax departments, achieving greater efficiency remains an important objective. When asked about the priorities for their tax department over the next three to five years, 31% of respondents cited *increase the efficiency/reduce the operating costs of the tax department*—the priority named fourth most often out of 12 choices (Figure 1).

When asked about their specific priorities in moving towards a lower-cost operating model, respondents most often named global tax provision (40%) and tax data management (38%) (Figure 4). Global tax provision was also identified as the area most often handled in the tax department, as opposed to another area in the company or through outsourcing. But with companies targeting it for implementing a lower-cost operating model, that may be changing.

For most activities, fewer respondents in the current survey cited them as priorities for cost reduction than in 2021. For example, 22% of respondents named corporate income tax returns and payments as a cost-reduction priority, compared to 38% in 2021—but considering the progress made in compliance automation (Figure 3), the drop is unsurprising as many companies had previously prioritized it and are now able to focus on other areas. The 2021 survey was conducted at the height of the COVID-19 pandemic. It is likely the greater desire in 2021 to outsource tax advice for strategic decisions was a reaction to the uncharted complexity of the issues businesses were facing and internal resource instability, which have now subsided. However, there is now a more urgent concern over Pillar Two and other compliance issues taking precedence over cost concerns, indicating a rise in outsourcing activity in the future.

Figure 4. Priorities in moving towards a lower-cost resourcing model over next one to two years
Comparison between 2021 and 2023

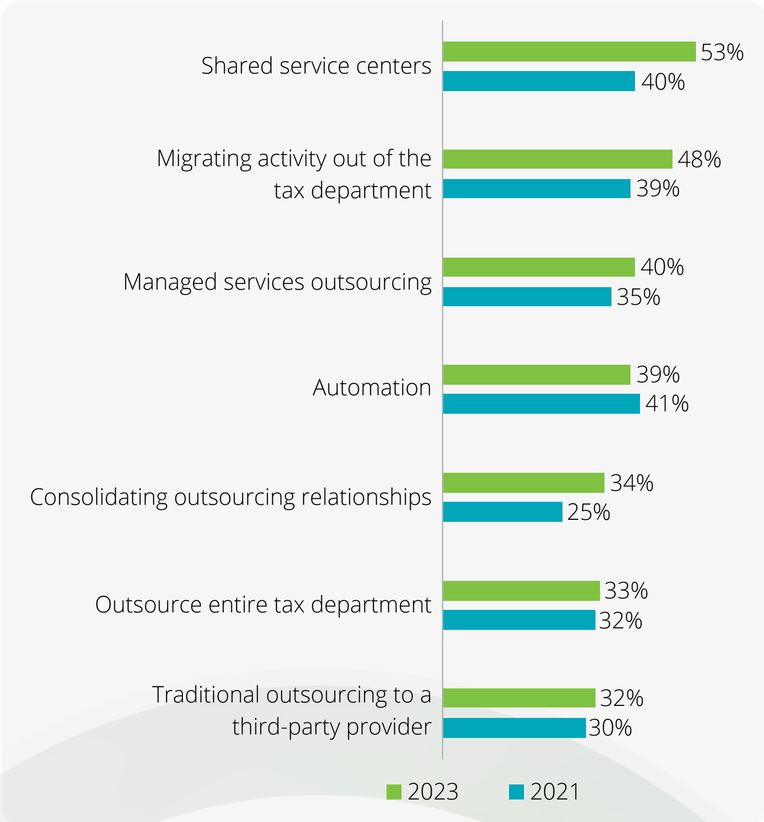


Note: Percentages do not add up to 100% since respondents could make multiple selections. *Tax data management* was not included in the 2021 survey.

The reliance on other departments to carry out tax activities is likely a response to the growing volumes and complexity of the work tax departments face and the related data dependency. But the ongoing need to keep down tax department costs is also a factor. When asked about the most important cost-reduction strategies, respondents most often cited *implementing/increasing use of shared service centers* (53%) and *migrating activity out of the tax department to other teams within the business* (48%), and both figures were greater than in the 2021 survey (Figure 5). Moving tax activities to other parts of the company can offload some of the tax department's costs associated with growing work volumes, although this will not necessarily result in lower operating costs for the company overall.

These two strategies were cited less often by respondents at companies in Asia Pacific compared to those in other regions. For example, only 39% of respondents from Asia Pacific companies said that moving activity to shared services centers was an important cost-reduction strategy, compared to 57% of those at North American companies and 60% of those at European companies. Similarly, only 35% of respondents from Asia Pacific named *migrating activity out of the tax department to other teams within the business*, compared to more than 50% for respondents in North American and European companies. A reason for this is that many Asian companies already have well established shared service centers (in India, China, Philippines, etc.) or have language barriers limiting its practicality.

Figure 5. Most important strategies in achieving a lower-cost operating model
Respondent chose up to three strategies; 2021 vs 2023



Note: Percentages do not add up to 100% since respondents could make multiple selections.

Outsourcing was also cited as an important approach to reducing operating costs through actions such as *managed services outsourcing* (40%), *outsource entire tax department* (33%), or *traditional outsourcing to a third-party provider* (32%). These strategies were particularly notable in Asia Pacific where 53% of respondents cited the use of a managed services outsourcing model, 41% cited outsourcing the entire tax department, and 40% cited traditional outsourcing. These are higher percentages than in North America and EMEA. Asian companies have historically had less centralized tax department structure. This is changing (likely due to influences such as country-by-country reporting and Pillar Two) and, as a result, companies in Asia Pacific are now prioritizing outsourcing models to achieve similar benefits to those achieved by their global peers.

> "From a cost perspective and ability perspective, outsourcing is really more interesting to us than having everything in-house. Costs, flexibility, and efficiency, those are the drivers—and quality, of course."

Philippe de Roose
Senior Vice President for Tax Treasury and Finance Administration,
Radisson Hospitality Group

Trend 3: Outsourcing is a prime strategy to access technology capabilities

Outsourcing has long been a common practice among tax departments and that remains the case. About three-quarters of respondents said their company uses outsourcing as their primary approach for one or more tax activities —either traditional outsourcing or managed-services outsourcing in which a third-party provider takes on full management of an activity (Figure 6).

"We heavily rely on our outsource provider to be our in-house tax teams around the world. That provider acts as the tax eyes and ears on the ground, because it would never make economic sense to put people in all of those jurisdictions."

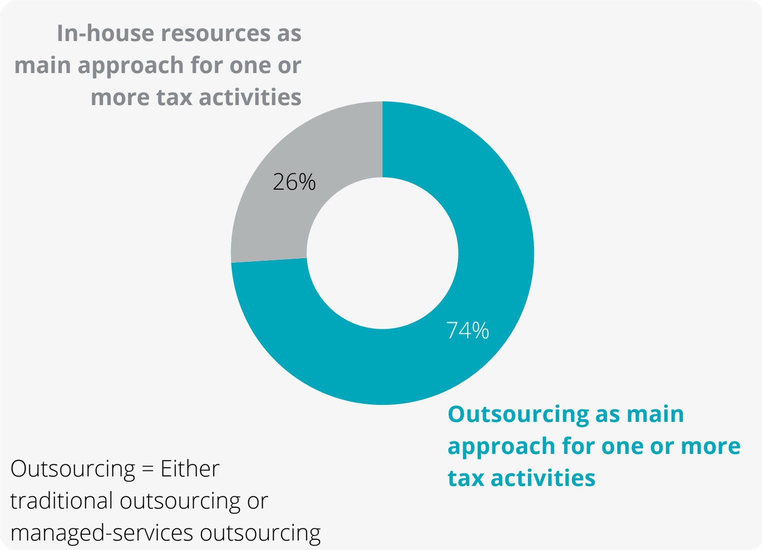
Gemma Beck
Head of Tax, **Haleon PLC**

Outsourcing is used across a range of activities. For example, 28% of respondents said they use outsourcing for advising on tax policy, 26% for tax advisory for strategy decisions, 25% for tax governance and risk, and 22% for global tax provisioning (Figure 9).

"Our entire compliance (operation) relies on outsourcing."

JJ Devine
Head of Tax, **Veolia Water**

Figure 6. Widespread use of outsourcing

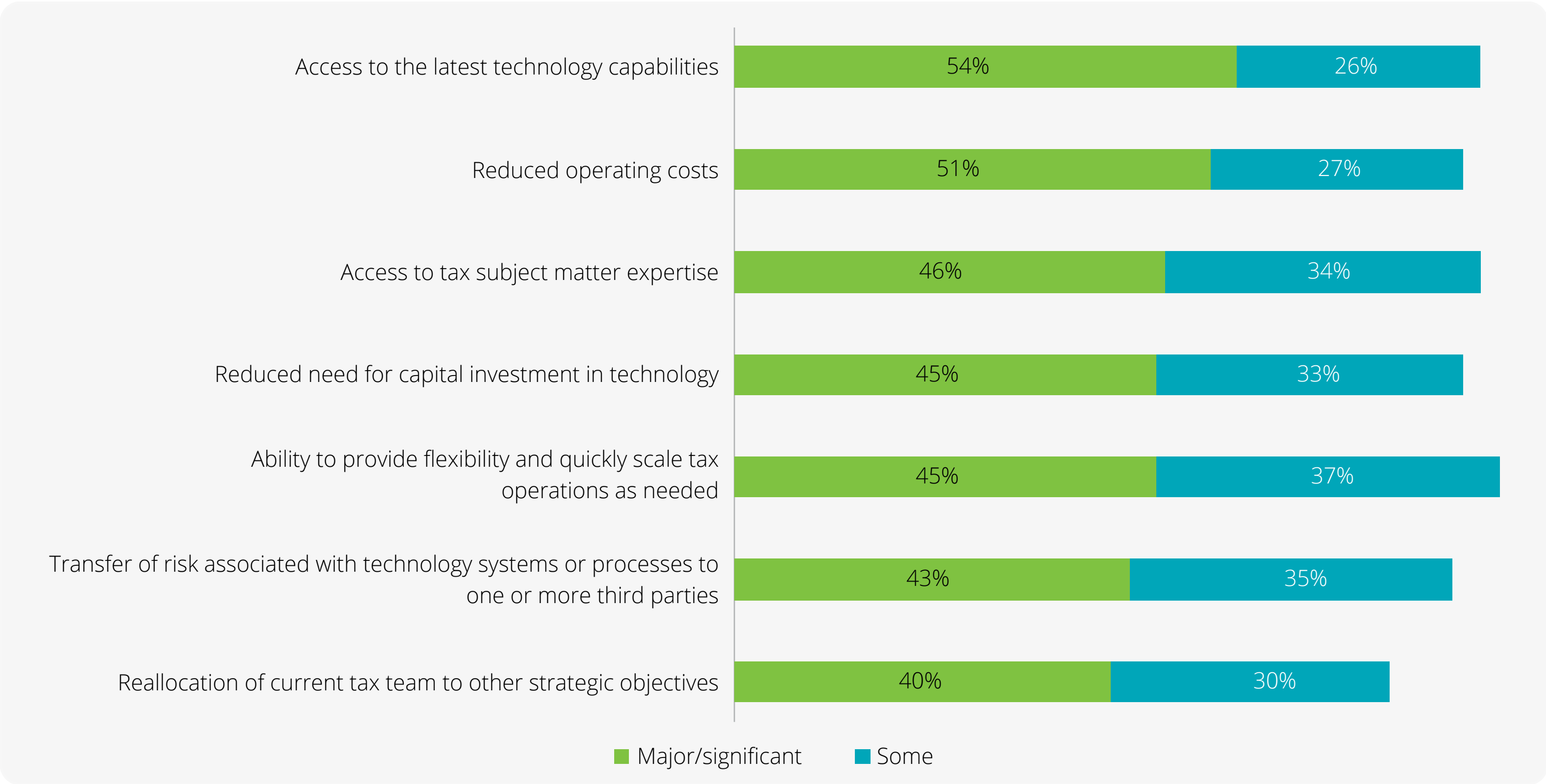


Outsourcing has long been recognized as a tool for increasing efficiency, but access to technology tools is also becoming an important driver. Respondents cited *access to the latest technology capabilities* (54%) *even more often than reduced operating* costs (51%) as a major or significant benefit of outsourcing (Figure 7). *Reduced need for capital investment in technology* (45%) was also named frequently as an important benefit. Outsourcing can provide a strategy for tax departments to acquire the technology tools and expertise that the current environment demands without incurring the significant capital investment that would be required if these enhancements were developed in-house.

"We outsource as much as possible with trusted partners. We don't have the resources, nor the budget, to develop all those tools ourselves."

Philippe de Roose
Senior Vice President for Tax Treasury and Finance Administration, **Radisson Hospitality Group**

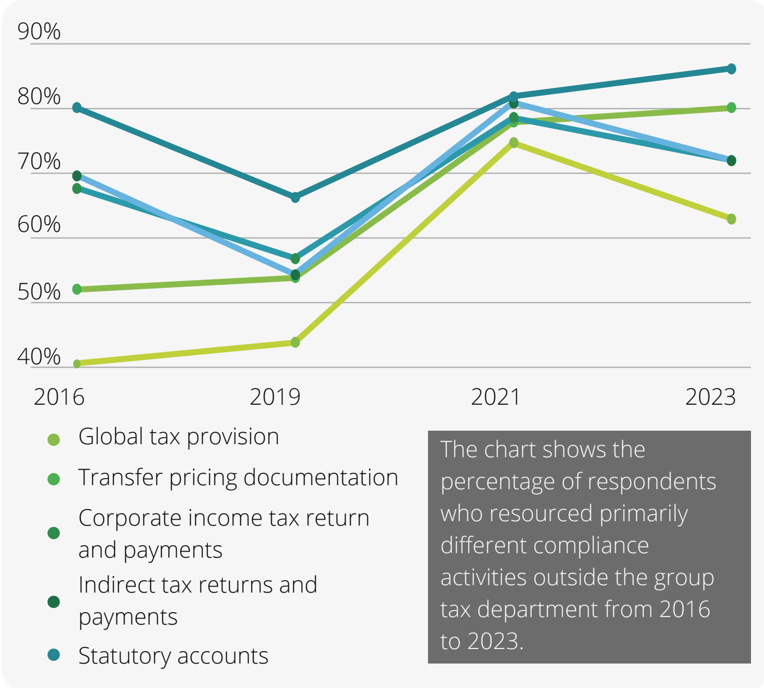
Figure 7. Benefit company has received—or could receive—from outsourcing an entire activity or function in the tax department



Trend 4: Tax isn't just done in the tax department anymore

Since 2016, companies appear to be increasing the practice of performing key tax activities outside the tax department—including by another part of the finance function, by shared service centers, or by outsourcing to a third-party provider (Figure 8). This trend intensified from 2019 to 2021 due to the impact of COVID-19 and the human resources and technology challenges entailed in the sudden move toward remote work. The 2023 survey saw this tendency moderate somewhat, with respondents less often saying that they performed *global tax provision, corporate income tax returns & payments,* and *indirect tax returns and payments* outside the tax department, compared to 2021. However, for each of the five tax activities in Figure 8, the percentage of companies who reported that it was performed outside the tax team remained higher in the current survey than it was in 2019, prior to the pandemic, and there was a continued increase in intention to outsource statutory accounts and transfer pricing documentation since 2021.

Figure 8. Specific tax activities performed outside the tax department
From 2016 to 2023

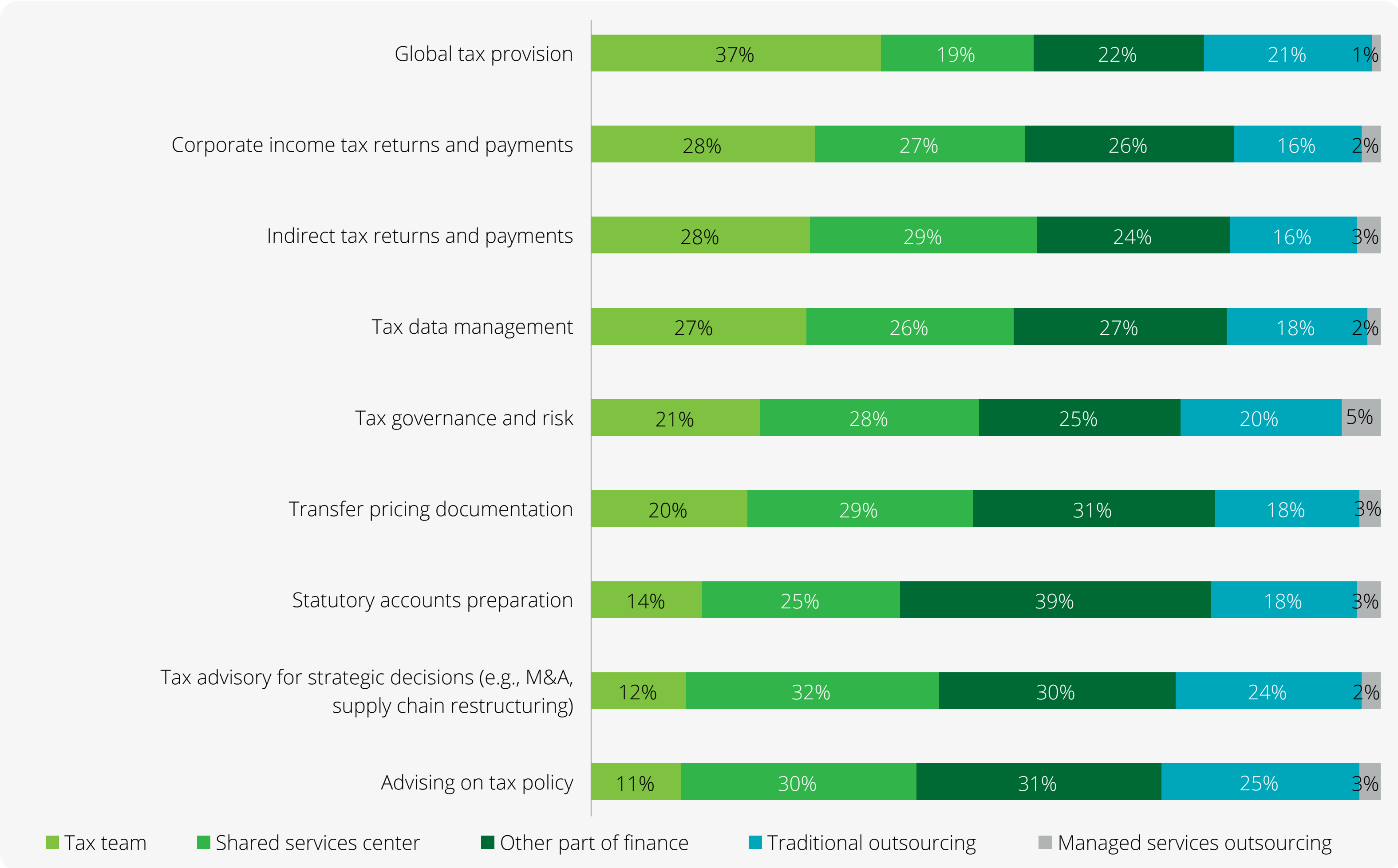


Respondents most often reported that conducting it in the tax department was the main approach for handling global tax provision (37%) (Figure 9). Interestingly, global tax provision was also the area cited most often as a priority in moving toward a lower-cost operating model.

For the remaining tax activities, more than 70% of respondents, and often significantly higher, said the work was primarily done somewhere other than within the tax department. Yet, there was no clear consensus on the best operating approach for the different activities, with significant percentages of respondents citing as their main approach another part of the finance function, a shared services center, or traditional outsourcing to a third-party provider (Figure 9). Execution by the company's shared services center was cited often for several activities such as *statutory accounts preparation* (39%).

> "What our work is transforming into is often creating designs and processes that can be executed by shared services."
>
> **The Indirect Tax Leader** at a global food corporation

Figure 9. Main approach by the tax function to delivering specific processes and activities



Trend 5: Future skills requirements are giving rise to the "hybrid tax professional"

As tax departments reorganize and adapt to the changing legal and regulatory tax landscape, they need to develop professional teams with the new skills required, especially data management and technology expertise. When asked where their tax department will have the greatest need for skills over the next one to two years, respondents most often named *data analytics, data-driven strategic insights, and data management* (44%)—a reflection of the growing importance of data-driven decision making and increased government requirements for direct access to companies' tax data (Figure 10).

Several skill areas were cited less often in 2023 than in 2021, suggesting that some companies may have made progress in addressing their talent requirement in those areas. For example, *technology transformation and process redesign* was named as a top talent need by 29% of respondents in the current survey, compared to 43% in 2021. However, this area still ranked fourth highest among the skills needed in the next few years, indicating that many companies are still working to develop or acquire technology talent.

In the search for talent, companies are casting a wide net that covers both external sources and internal development programs. Most often, they are recruiting from other companies and firms, with 61% of respondents citing this as among their top three talent strategies. However, 41% of respondents said *enhanced training and career development opportunities* was a key strategy to help ensure that they have professionals with the right skills.

"A lot of focus has gone to training, educating our internal teams. We have been doing a lot of business partnering, toolkits, training, sharing of best practices. I think that's an ongoing journey—something we will continue to invest in for our own internal teams."

Sebastiaan de Buck
Vice President of Tax, **Unilever**

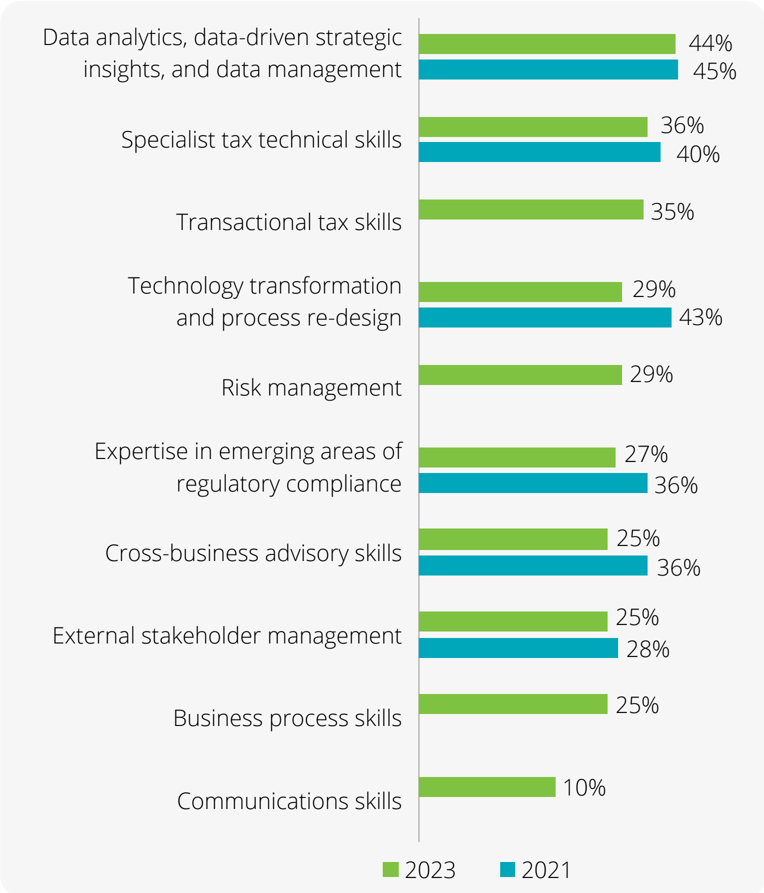
Many tax departments are looking for professionals who can span company domains, which fits with the need for tax to collaborate more closely with other functions. This is clearly the case with technology-related skills.

"[It's a] blend between an IT and a tax specialist—almost impossible to find on the market."

Dennis Beyers
Head of Tax, **UCB**

A cross-domain mix of skills is also critical to the tax department's efforts to act as a close adviser to the business. That mix includes both business knowledge and softer skills. Tax needs to work alongside the business to help think through the tax-efficiency of proposed solutions to issues. This requires good communications and networking skills, as well as an understanding of the business strategy.

Figure 10. Greatest needs in tax department for skills over next one to two years
Respondents chose up to three skills



Note: Percentages do not add up to 100% since respondents could make multiple selections. Some items only appeared in the 2023 survey.

Figure 11. How tax departments intend to secure professionals with requisite skills over the next 3-5 years
Percentage ranked among the top 3 strategies

Keeping the focus on transformation

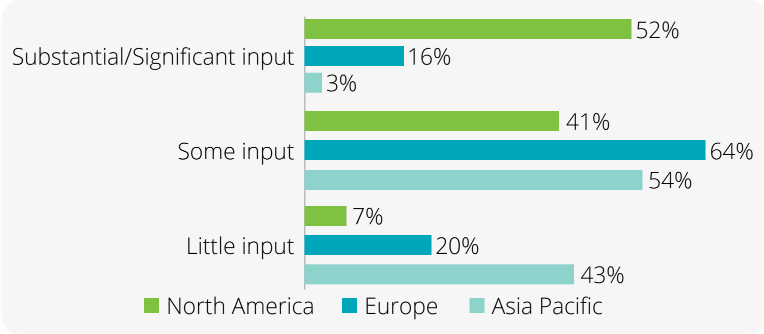
Tax departments have been pursuing transformation for some time, with the key goal of being a collaborative, strategic partner to the business.

"[The] tax team priority is to be integrated in the business. It's not just partnering, but really embedded within the business. Tax needs to avoid being at the back end of the process and ensure that is at the right moment when decisions are made. We need to be agile in identifying risks, but also opportunities."

Jesus Bravo Fernandez
Head of Indirect Tax, Transfer Pricing, and Tax Technology,
Coca Cola Europacific Partners

But for many tax departments, that has proven to be an elusive goal. Although 77% of respondents said that the tax department has input when their company makes strategic decisions, fewer than one-quarter said it has substantial or significant input. Tax departments at North American companies were more likely to play this role, with 52% of these respondents saying it had substantial or significant input into strategic decisions, compared to 16% among those at European companies and 3% among those at Asia-Pacific companies (Figure 12). This is likely attributable to cultural differences with companies in Asia Pacific tending to have a more hierarchical approach to structure compared with North America's collaborative management approach. Tax leaders in North America are also advising their boards on more macro issues than they had to before, such as supply chain or transactions, which explains the more significant input into strategic business decisions.

Figure 12. Tax function role—Input into strategic business decisions



Tax leaders see a need for greater collaboration between tax and specific areas of the business, starting with *supply chain/ logistics*, cited by almost half of the respondents (Figure 13). This fits with today's need to gather more data from upstream and downstream processes to comply with such requirements as increased indirect taxes, changing customs and trade regimes, and international sanctions on certain transactions. One-third also thought collaboration with *business leadership* needs to be substantially improved, which is understandable since most respondents said that the tax department did not provide significant input into strategic decisions. Overall, more than half of respondents felt that at least some improvement in collaboration was needed with other groups in their business.

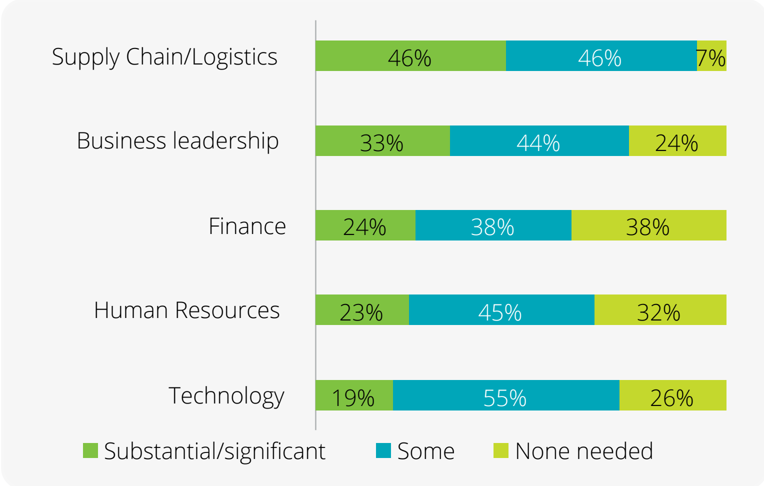
The tax departments at many companies do not have frequent interactions with other functions. Only about half of respondents said they have weekly interactions with executives in finance and in technology. Weekly interactions with other groups such as human resources, supply chain/logistics, and business leadership, are even less common.

"There's a lot of siloes here that we're still trying to break down, even within the CFO organization."

JJ Devine
Head of Tax, **Veolia Water**

The 2023 survey results suggest that more frequent interaction could help. Only 5% of respondents at companies headquartered in North America said that they had weekly interactions with supply chain/logistics compared to 22% in Europe and 30% in Asia Pacific. As might be expected, these North American respondents were much more likely to say that substantial or significant improvements were needed in the collaboration between their tax department and supply chain/logistics (67%) than respondents from Europe (38%) or Asia Pacific (36%). This may be due to the continued focus on supply chain diversification initiatives in the US given geopolitical tensions.

Figure 13. Tax function—Where improved collaboration is needed



Data management and IT applications are increasingly important to tax departments. However, while tax departments do interact with IT and Finance with some frequency, 78% of respondents said that technology strategy and planning was largely controlled by Finance or IT; 56% said that the tax department has input into the process, while 22% said it had little input (Figure 14). These findings represent a change from the 2021 survey, in which tax leaders more often said their departments had control over technology strategy and budget. This may be due to an increased reliance on ERPs, rather than tax-department specific solutions, along with the growing need for tax to gather data from across the company—both of which would put more control into the hands of IT and Finance.

Figure 14. Tax function role in technology strategy and planning

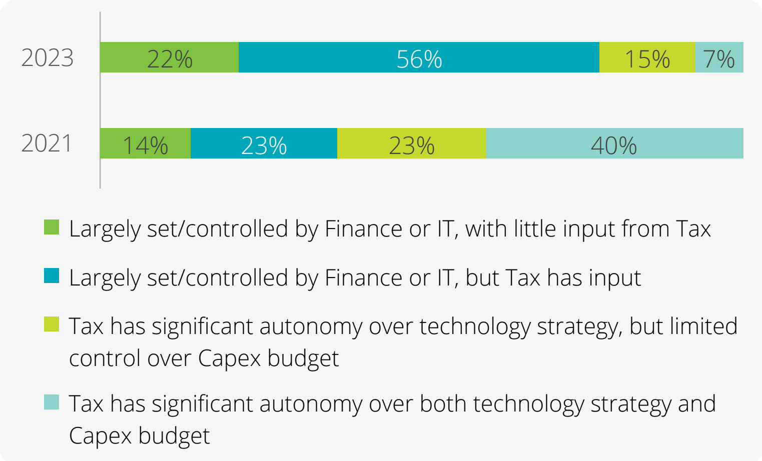
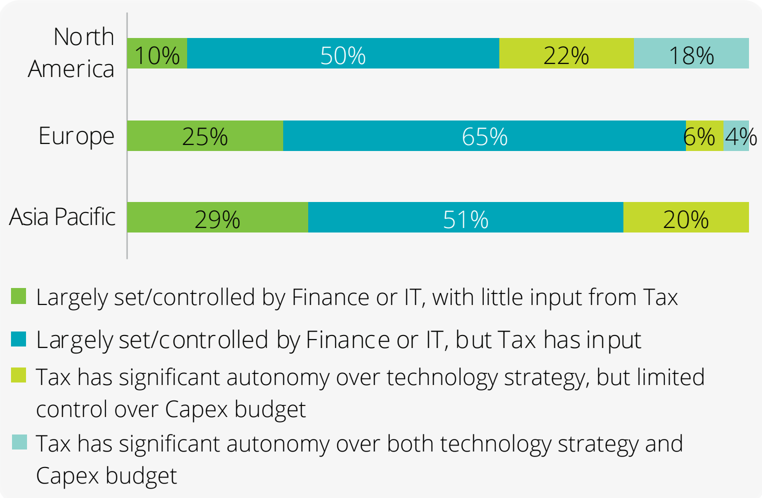


Figure 15. Tax function role in technology strategy and planning by region



There were also significant regional differences. Respondents at North American companies (40%) more often said that the tax department has significant autonomy either over technology strategy or over both technology strategy and budget than did those at companies headquartered in Europe (10%) or Asia Pacific (20%) (Figure 15). European and Asia-Pacific companies typically contend with more indirect taxes, requiring complicated integration with supply chain management in ERP systems, led by Finance, while in North America the emphasis is on income taxes, requiring the tax department to lead. Asian companies historically have been geared more towards managing reporting and compliance in multiple jurisdictions in a decentralized manner, and as a result were not as experienced in having a common ERP platform to solve jurisdictional issues. However, this is changing rapidly as more tax technology expertise is developing in Asia, enabling common ERP platforms and local customization.

Technology plays a key role in many aspects of tax operations and in transforming those operations to meet today's challenges—which was made clear in interviews with respondents.

"It's a priority to meet compliance requirements, which are becoming significantly challenging these days such as Pillar Two and e-reporting. All these new kinds of compliance are very connected to technology and digitalization."

Jesus Bravo Fernandez
Head of Indirect Tax, Transfer Pricing, and Tax Technology,
Coca Cola Europacific Partners

Many respondents said implementing a single, integrated tax platform was a key priority for the next few years as they pursue increased efficiency and access to better data. For many, there is still work to do on rationalizing fragmented technology landscapes.

"We are looking at how do we deal with all the various ERP (and other) systems, and how do we bring structure, consistency, and visibility across such an ERP landscape—what evolution and trends are happening from a technology point of view that drive efficiencies and value-add."

Dirk Timmermans
Vice President of Global Statutory Finance and Tax Operations,
Johnson Controls

What's next?

Dramatic changes are putting pressure on tax departments. Responding to significant shifts in the tax landscape, like Pillar Two, have left tax departments struggling to access the detailed data required.

Despite these challenges, tax and business leaders are increasingly making use of a wide range of resources to achieve their objectives—from relying on IT and Finance to help integrate tax into ERP systems, to gaining technology and subject matter expertise via outsourcing to third parties.

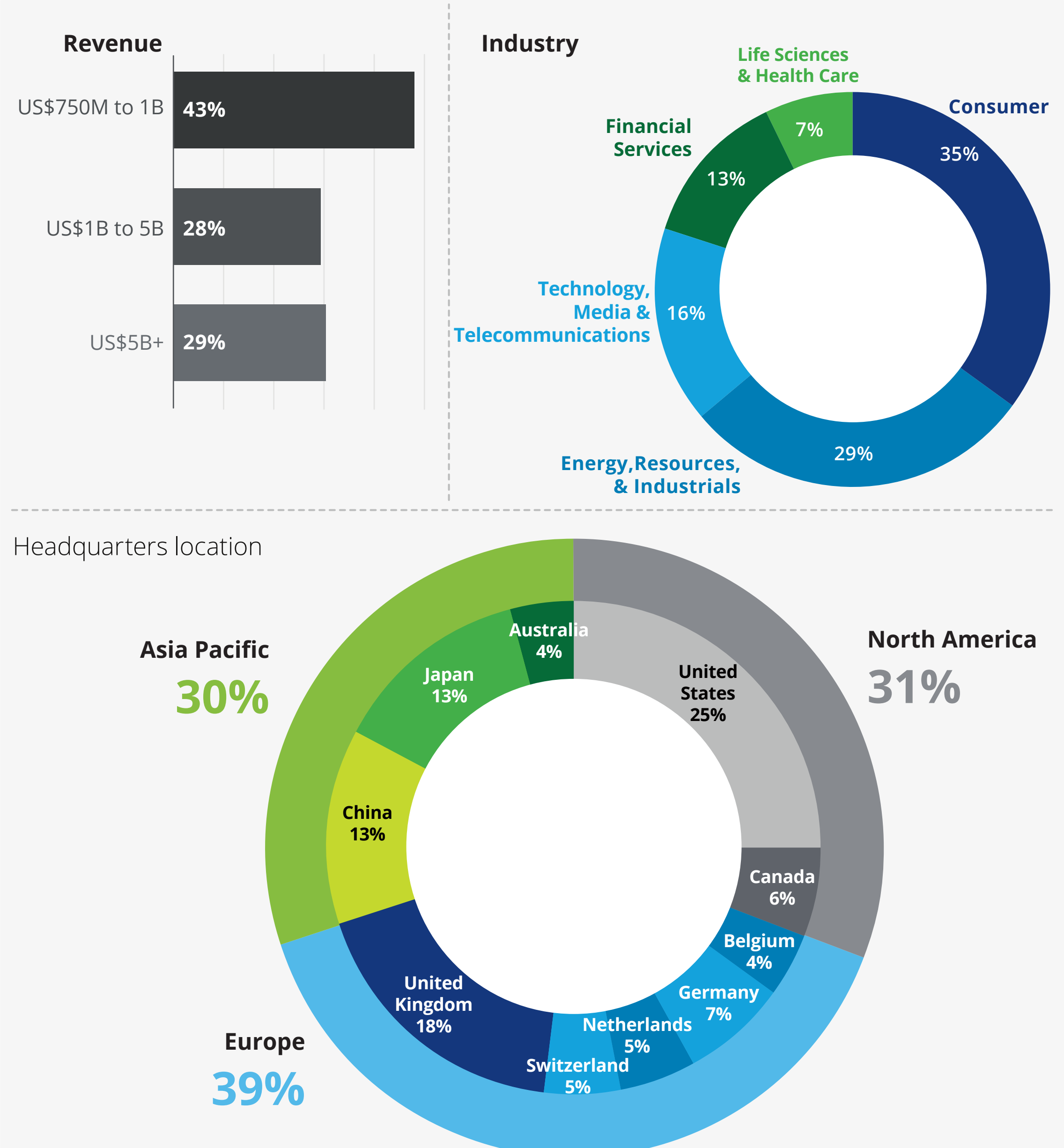
The 2023 Tax Transformation Trends results revealed a heightened need to extract data-driven insights from compliance activities and for more agile partnering with other parts of the business. In order to achieve this, tax and finance leaders will need to manage increasingly diverse teams, further integrate technology for direct data access, and continually reassess their operating models to maintain an optimal mix of in-house capability and outsourced expertise and technology. As regulatory changes continue—particularly those related to global minimum taxes and ESG—the trend toward insight-driven compliance will accelerate.

Are you ready?

About this research

The 2023 Tax Transformation Trends survey engaged tax and finance executives at companies to understand their strategies for tax operations, outsourcing, technology, and talent. Deloitte surveyed 300 senior tax and finance leaders at companies across a range of industries, sizes, and regions to understand their future vision for the tax function and how they plan to achieve that vision. Deloitte also conducted a series of qualitative one-on-one interviews with senior tax executives at large multinational companies to develop deeper insights into their tax transformation efforts.

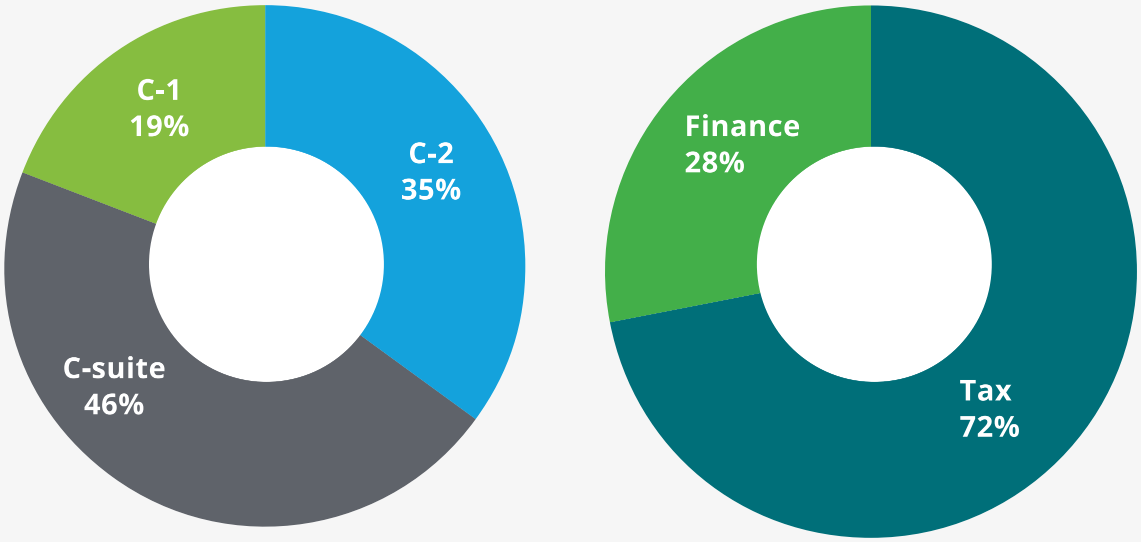
Figure 16. Demographics



Figures do not add up to 100% due to rounding.

Figure 16. (cont.)

Role



Survey sample size = 300
C-suite (e.g., CFO, CAO, CTaxO) = 137
C-1 (e.g., EVP, SVP of Tax or Finance) = 57
C-2 (e.g., Directors, VP, Head of sub-division) = 106

Contacts

Andy Gwyther
Deloitte Global Operate Leader, Tax & Legal
agwyther@deloitte.co.uk

North America

Eric Peel
Tax Operate Leader
Deloitte Tax LLP (US)
epeel@deloitte.com

Emily VanVleet
Tax Operate Leader
Deloitte Tax LLP (US)
evanvleet@deloitte.com

Jeff Butt
Tax & Legal Operate Leader
Deloitte Canada
jebutt@deloitte.ca

Arturo Camacho
Tax & Legal Operate Leader
Deloitte Spanish-LATAM
acamacho@deloittemx.com

Europe, Middle East, Africa

Christophe De Waele
Tax & Legal Operate Leader
Deloitte North & South Europe
cdewaele@deloitte.com

Ana Santiago Marques
Tax & Legal Operate Leader
Deloitte Central Europe
asantiagomarques@deloitte.pt

Patrick Earlam
Tax & Legal Operate Leader
Deloitte Africa
pearlam@deloitte.co.za

Asia Pacific

Christopher Roberge
Tax Operate Leader
Deloitte Asia Pacific
chrisroberge@deloitte.com.hk

Deloitte.

Designed by CoRe Creative Services. RITM1517881