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Rising to meet the moment

Tax Transformation Trends 2025

Introduction

Deloitte's 2025 Tax Transformation Trends survey was fielded in an environment of accelerating geopolitical change and a rapidly shifting global trade landscape. Ongoing protectionist trade and tax measures, coupled with regulatory restrictions, can have immediate impacts on reporting requirements, tax positions, and transfer pricing policies, and inevitably complicate tax planning. At the same time, Tax and Finance are at the precipice of big technology changes, and cost pressures continue. The result of this is a dilemma—decisions need to be made on balancing cost and compliance with the longer-term response of potential IP structuring, supply/value chain restructuring, and a fundamental shift in operating models. Tax leaders are rising to meet this moment—they are delivering on critical tasks, prioritizing planning, and embracing the opportunity to deliver new value to the business.

Deloitte's latest *Trends* research is based on a survey of 1,000 tax and finance leaders and a series of interviews with multinational heads of tax. The research shows that the ability to respond to external complexity is critical. But it also shows that internal organizational and operating model questions are gaining in importance. Tax and finance leaders are focused on data, compliance, cost management, automation and AI, and finding their optimal resource mix: a balance between outsourcing, shared services and core tax functions.

Chapter 1. Data

Many companies are looking to transition to data-driven and AI-enabled tax operations. This is compounded by the need to meet regulators' increasing demands for more granular tax data and the business's need to understand the tax implications of more complex business decisions. This data is often not readily available or tax-sensitized at its source in the organization. As a result, tax leaders are drawing on a broader range of resources to meet these requirements.

Trend 1: The demand for more granular data is increasing complexity

The changing tax reporting landscape of the past few years, such as the introduction of the OECD's Pillar Two requirements for cross-border reporting of corporate tax data, and e-invoicing and e-reporting regulations enabling tax authorities real-time access to indirect tax data, has manifested in an increasing demand for more granular data from companies. Granular information is also needed to enable Tax to advise the business appropriately on the tax impact of its decisions.

These changes broaden the focus from "traditional tax compliance to more upstream on the data to make sure that the data is tax-sanitized and correct," said Ralf Pieters, Global Head of Tax at AkzoNobel."

Jennie Fisk, Tax Director at The LEGO Group, also stressed the importance of accuracy: "Tax authorities now want the precise content of our different products and how they are made." That is where data skills come in, added Fisk: "There's loads of data, but it's about being able to find the right data points in the right way and at the right time."

So, getting this data into a usable format requires the right expertise combined with the right technology. But more than a quarter of respondents said the *limited technology and data management expertise* in their tax department is a major challenge.

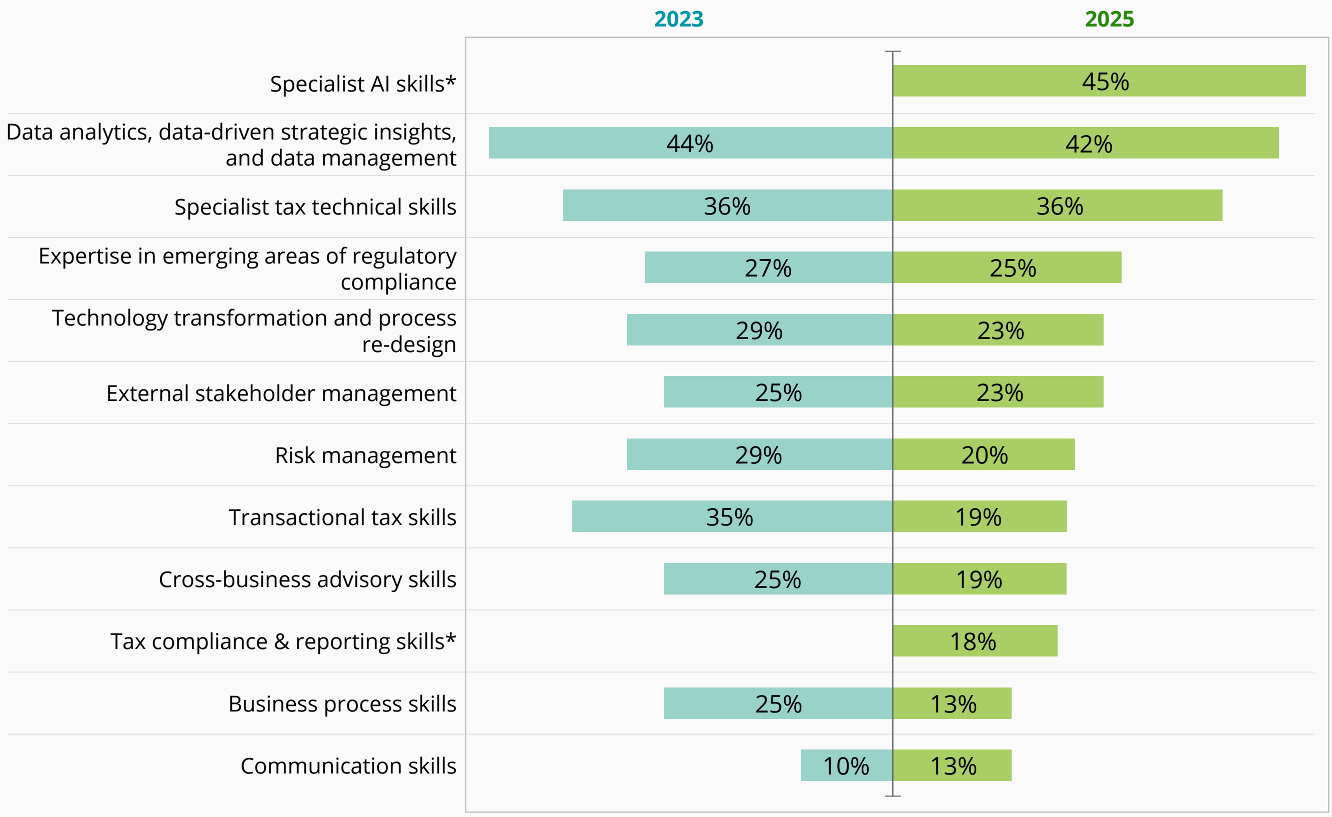
It is hardly surprising, therefore, that when respondents were asked to rank their top three challenges (Figure 1), *complying with changing tax regulations*, the top challenge from the 2023 research, remained so in 2025. For the challenges ranked first, *obtaining adequate budget* was of equal concern to compliance. The top challenge for Japanese respondents was *integrating tax-related data across the company* (42%), while UK respondents cited another data-driven challenge as their biggest: *quantifying the tax implications of alternative scenarios for the company* (36%).

Figure 1. Top three challenges in the next three to five years

Trend 2: Help wanted: AI specialists with an interest in tax

Access to talent was the third-most cited challenge (Figure 1); talent, like technology, is a multi-dimensional issue that cuts across many other trends. The top skill tax leaders need in the next two years relates to *AI* (45%)—a new entrant this year. This is followed by *data analytics and data-driven strategic insights* (42%), and *specialist tax technical skills* (36%), (Figure 2). As AkzoNobel's Ralf Pieters put it: "Everybody knows that if you want to stay relevant within tax, you need to master AI."

Figure 2. Most needed skills and competencies over the next one to two years



*Specialist AI skills and Tax compliance & reporting skills were new categories in the 2025 survey

This is not to say that tax expertise is no longer required. "Our team is tax people first, with the technology skill set later," said Dana Lasley, Vice President of Global Tax Planning at Emerson Electric.

Chapter 2. How, where, and by whom tax work is getting done

Caught between internal and external pressures, tax leaders need to balance progress towards the future and today's constraints—rethinking resourcing strategies is one of the ways they are doing this.

Trend 3: Responding to cost pressure: Centralization and standardization reduce complexity

How tax work is getting done

Firms use various strategies to lower costs. Several of the tax leaders we interviewed said simplifying their processes and data would reduce costs: complexity results in inefficiencies, which translate into cost. Conversely, there is a virtuous circle of simplification and cost savings. "It makes more sense to have everything centralized so we can leverage automation and shift less complex and/or material matters offshore to our tax hubs to drive more standardization and scale," said Emerson Electric's Dana Lasley.

Similarly, having the right data in the right format and integrating data flows help reduce complexity and costs related to compliance—for example with Pillar Two, or streamlining the tax close process.

Data integration: different strokes

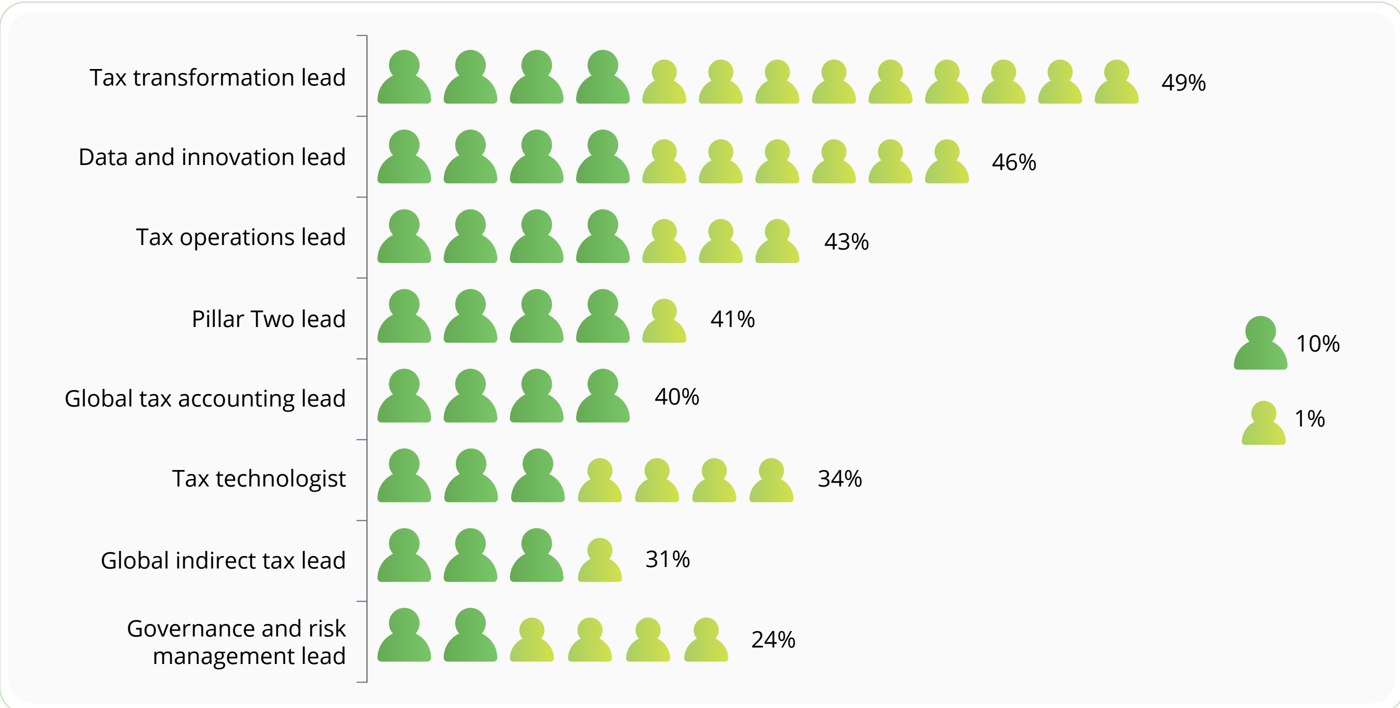
Data integration creates sector-specific issues. It is particularly relevant to Life Sciences and Health Care (37%) and Financial Services companies (34%), with these respondents saying *data integration* is a top three challenge. These are heavily regulated sectors, and banks and other Financial Services firms tend to operate across multiple legal entities, which can complicate integration and raise both complexity and volume of filings.

The top three new tax roles added relate to operations

Programs designed to reduce complexity inherently necessitate a focus on operations and technology. Tax leaders reported adding the following roles in the last two years: *Tax transformation lead* (49%), *Data and innovation lead* (46%), and *Tax operations lead* (43%). (Figure 3). This illustrates the degree of focus being placed internally on leading operations priorities rather than purely tax technical responsibilities.

> Cost pressure is one of the themes coming up throughout this survey, and it is certainly consistent with what I see in the market. Many tax leaders are used to dealing with periodic calls for budget cuts, but I now often hear that Tax also has to cover unexpected items, such as salary increases for tax personnel – within their shrinking budgets. These demands coupled with specific year-over-year cost reduction targets are leading to tough decisions being made. In the past, sufficient savings might be found from, for example, expected retirements, but today, tax leaders may need to get creative in order to deliver on the CFO's expectations.
>
> **Emily VanVleet, Partner, Deloitte Tax LLP**

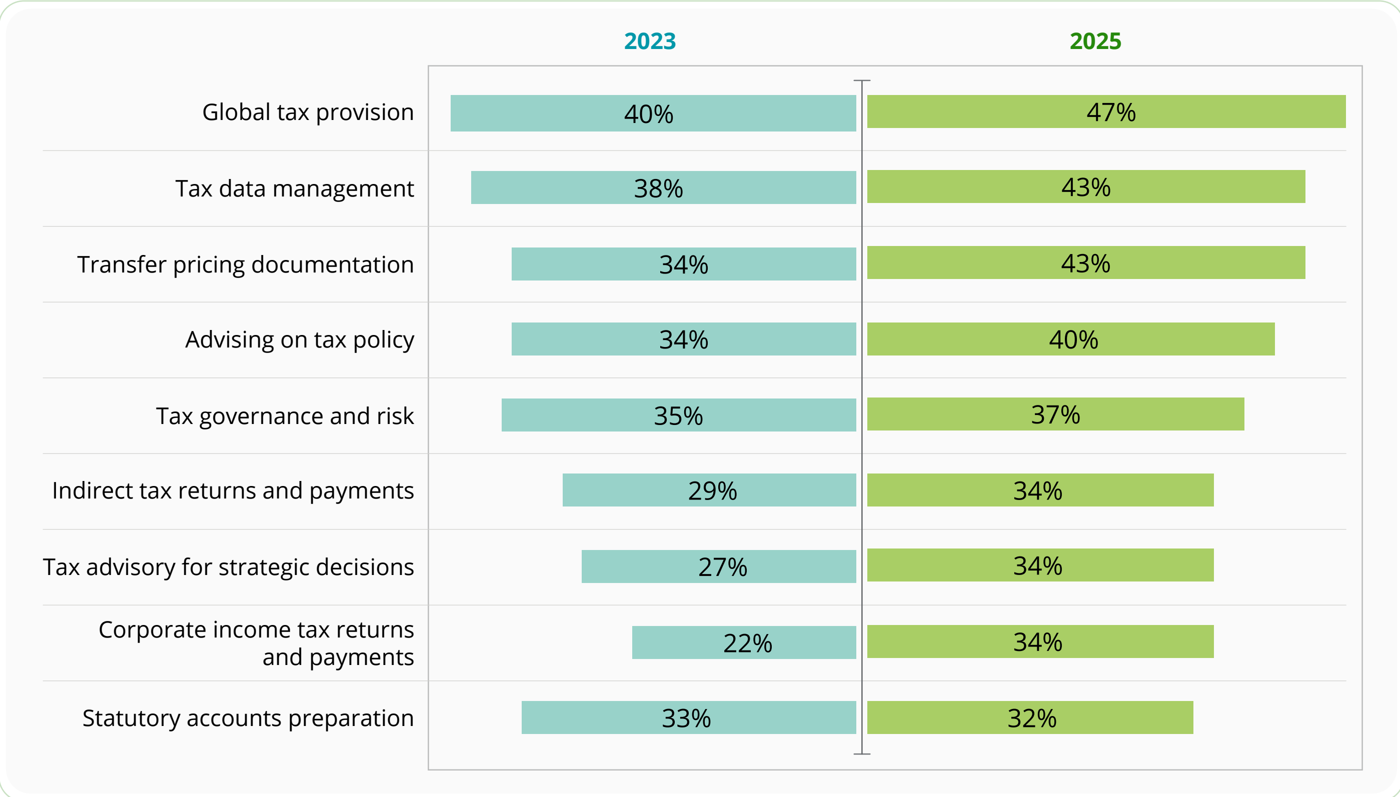
Figure 3. Roles added to the tax department in the last two years



Where tax work is getting done: More cost-effective operating models

Tax leaders are also considering moving some tax processes to lower-cost resourcing models: Of the nine tax processes included in the survey, all but *statutory accounts preparation* saw an increase in cost reduction priority from the 2023 survey—most of which were increases of 5% or more. (Figure 4).

Figure 4. Most likely processes and activities for lower-cost resourcing over the next 1-2 years

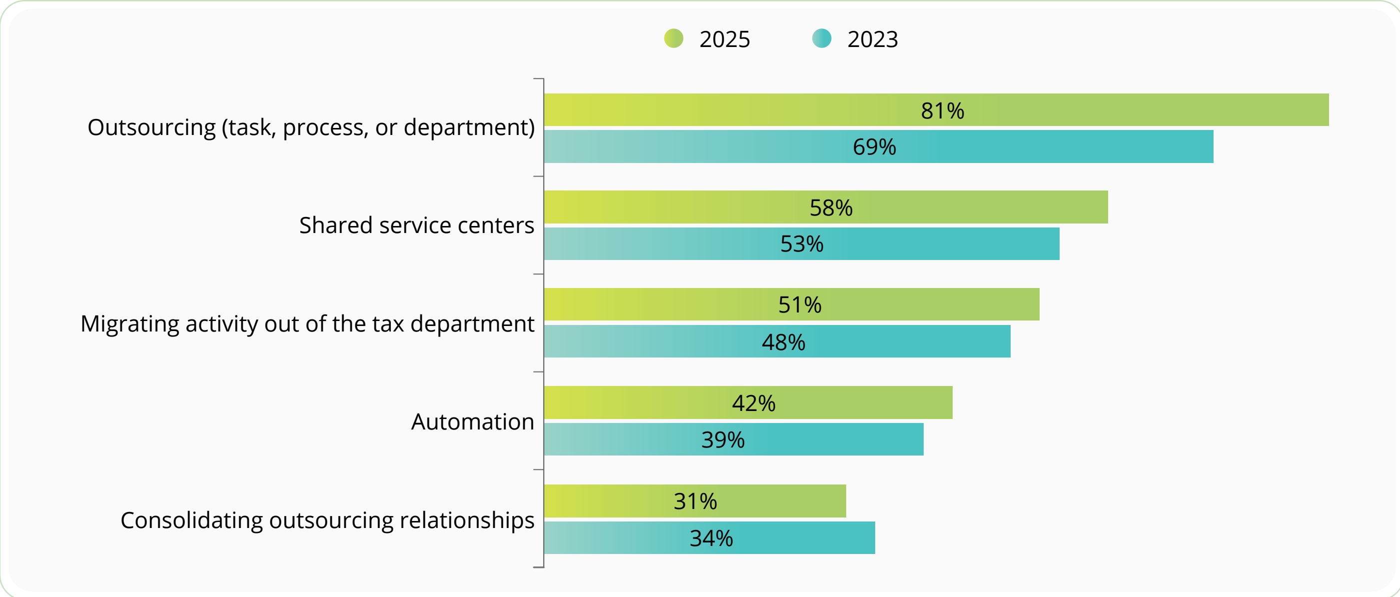


Global tax provision remained the top process (47%) targeted for cost reduction, an increase of 7% from two years ago, especially for larger companies—prioritized by 60% of those with annual revenues above US$20 billion. These larger multinationals also prioritize lowering the cost of *transfer pricing documentation* (60%).

For the tax and finance leaders surveyed, *outsourcing* in some form (task, process, or even the whole tax department) would be the most popular strategy for reducing costs in the tax department—increasing significantly from 2023 (69%) to 2025 (81%). The second-most popular cost-reduction strategy is *increasing the use of shared service centers* (58%), which also saw an increase since the last survey (Figure 5a).

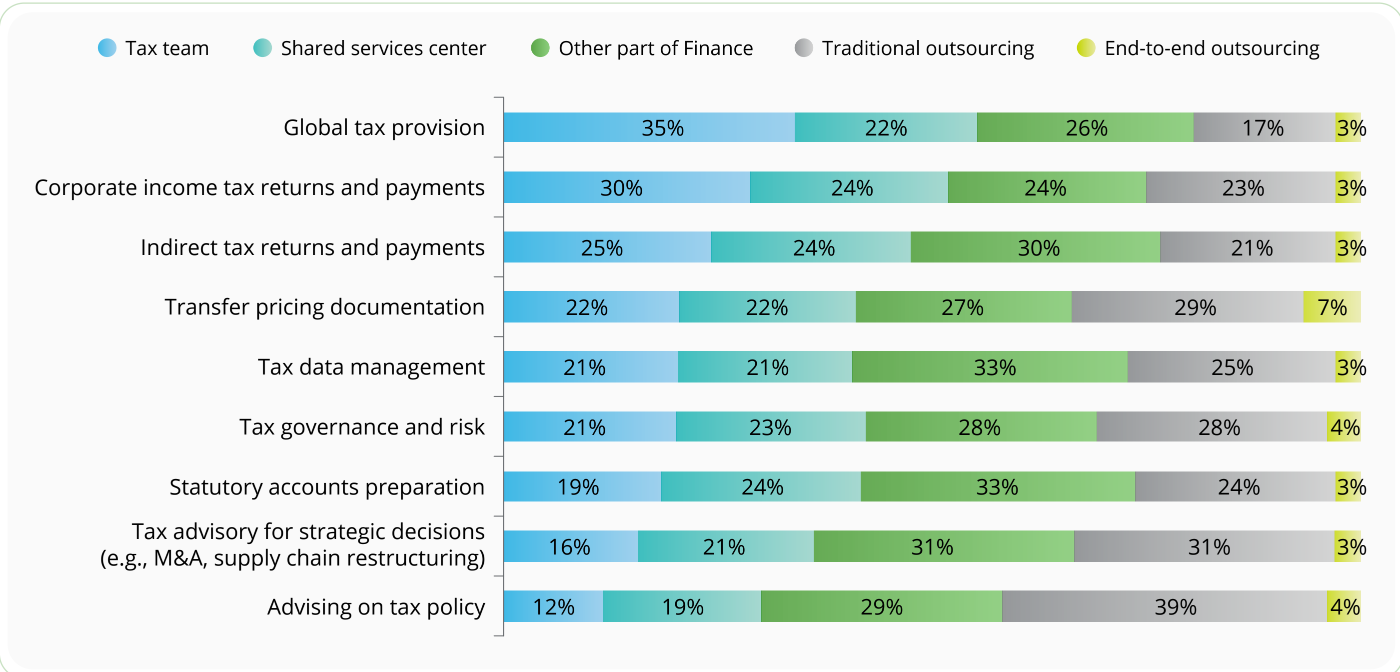
Shared service centers already play an important role in many tax departments. One example is Coca-Cola Europacific Partners (CCEP), a company that operates in 31 countries but mainly uses local bottling facilities for local markets. “Anything that we can centralize, we centralize," said Margaret Shore, Vice President of Tax & Customs at CCEP. "We have a process of continuously pulling more activities that can be standardized and simplified and centralized into the central shared services”.

Figure 5a. Most popular strategies toward a lower-cost resourcing model



These centers are most frequently used for *corporate income tax returns and payments*, *indirect tax returns and payments*, *statutory accounts preparation* (all 24%, Figure 5b). But shared service centers do not solve everything. Not everything from tax can be moved to a shared services center, and it can prove a costly exercise to establish and maintain. Difficulties finding, hiring and retaining people with the required tax skill set (Figure 1) are not only a problem for the tax departments themselves—these are often even greater challenges for shared service centers. So, it's often more about maximizing capabilities in existing finance centers and building a strategic roadmap for supporting the right elements of tax processes in the center.

Figure 5b. Main approach by the tax function to delivering specific processes and activities



> It's hard to find, hire, and retain people with the required tax skill set. Manual tax processes may pose roadblocks to effective shared service center (SSC) transfer, and the analysis to determine which tax operations are ripe for transformation may seem daunting. In short, tax teams often lack the bandwidth to analyze processes, recruit and hire resources, and build a solid SSC team from the ground up.
>
> **Donna Stephens, Managing Director, Deloitte Tax LLP**

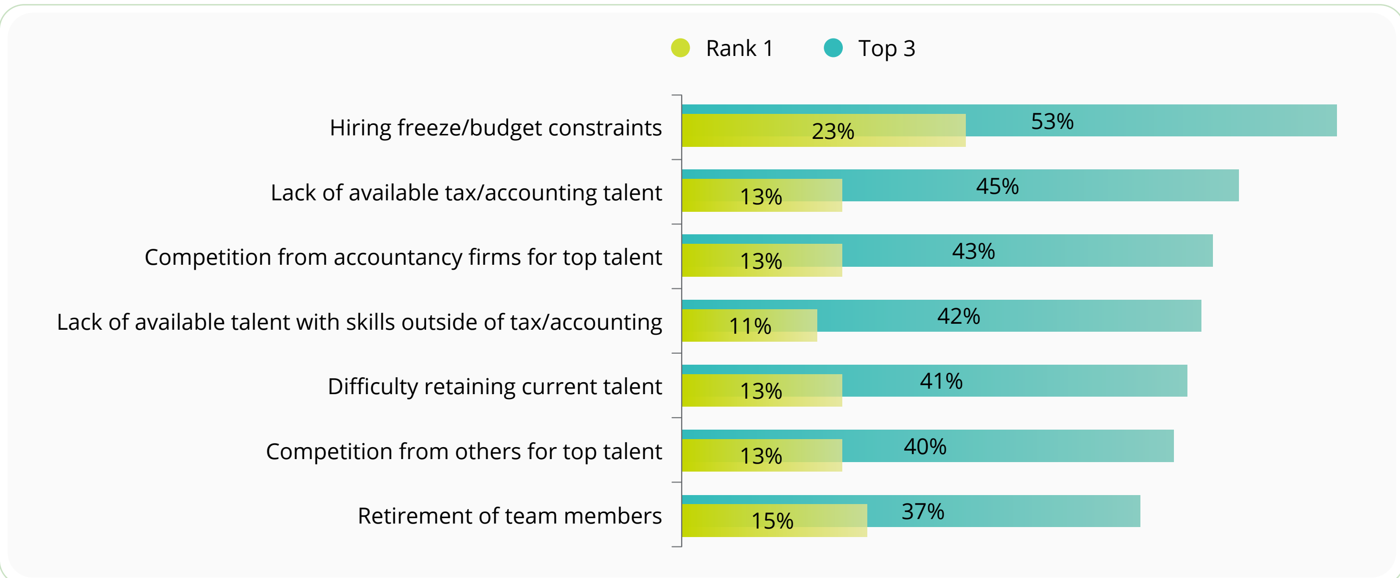
By whom tax work is done—The talent mix

The most popular resourcing strategy for six out of nine processes and activities surveyed is to *leverage skills and capacity in other parts of the finance department*—being chosen by between 24% and 33% of respondents. It is often more efficient to have Finance run certain processes if they are closer to the data.

Regardless of whether Tax or Finance does the work, the challenge related to cost management is further exacerbated by talent issues—the *expectation of hiring freezes or budget constraints* (53%) being cited as the top factor challenging staffing levels in the next two years (Figure 6). It is particularly complicated when looking for talent with both tax expertise and additional skills. "It's challenging to hire talent with the right profiles if you take a narrow approach (tax expert with digital skills)—we try to broaden the scope by searching for tax experts motivated to learn digital skills or a digital person willing to learn tax processes," said Ivo Nelissen, Global Head of Group Tax at DSM-Firmenich.

Automation is one common way to address skills shortages (see Chapter 3). "We are trying to automate a lot of our processes and put a dashboard on top of it," said Emerson Electrics' Dana Lasley, "rather than flipping through Excel spreadsheets manually." Introducing automation tools has the added benefit of creating an environment that encourages learning digital skills and new ways of working.

Figure 6. Factors challenging the ability to maintain the right talent mix in the tax function



Trend 4: Outsourcing is paying dividends

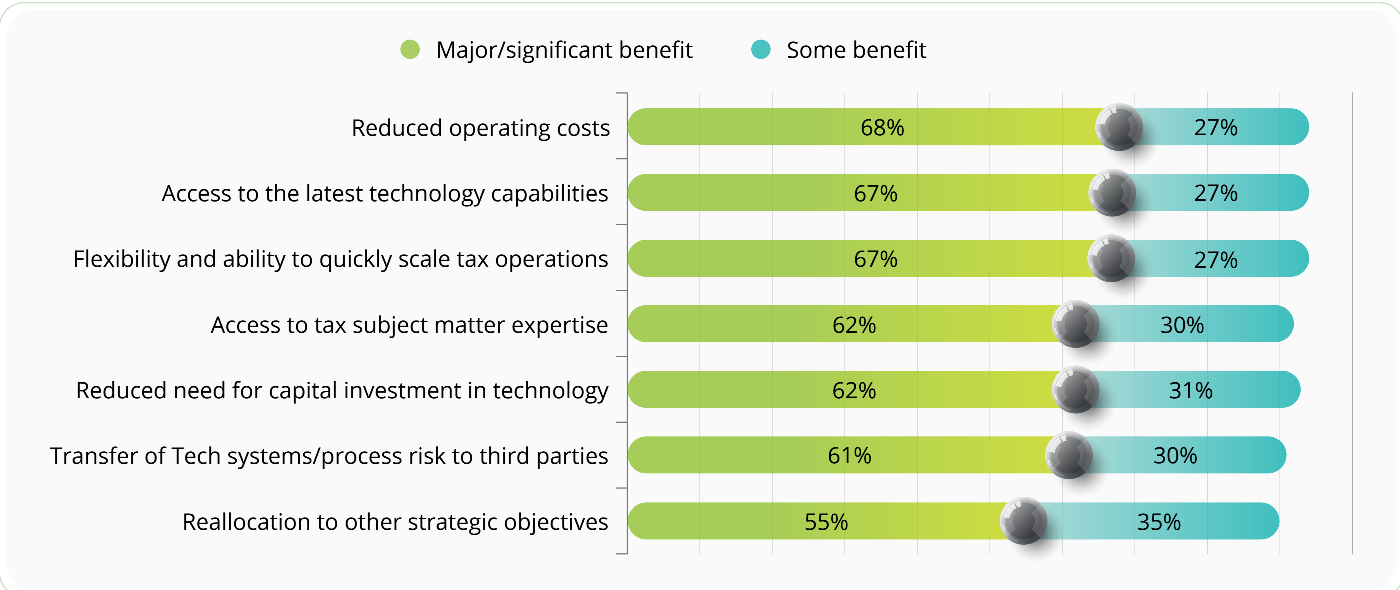
While the use of the finance team and shared services centers were both popular choices for cost reduction, 86% of respondents also currently use some form of outsourcing (whether a task, a process, or the entire tax function) as their main approach to resourcing for at least one tax process. Taken together, each of the outsourcing approaches in the survey was selected as a main approach by at least a third (31%) of respondents, with traditional outsourcing steadily climbing in popularity over the last three surveys.

The main areas where tax departments have seen or anticipate major or significant benefits from outsourcing are *reduced operating costs* (68%), *access to the latest technologies including AI* (67%), and the *flexibility and scale offered by outsourcing* (67%) (Figure 7). Sixty-two percent also pointed to *reduced capital investment in technology*, another cost driver. Ingrid Berner, Senior Vice President of Tax Operations and Technology at AT&T, said outsourcing the company's compliance work helped improve the department's cost profile. "The service provider streamlined our processes and therefore, over time, would be able to do the same work with a lot less people—that was their "secrete sauce"." This strategy brought the company significant savings.

For respondents in companies with revenues greater than US$20B, the top three benefits (major or significant) of outsourcing were *access to the latest technology capabilities* (77%), *transfer of risk associated with technology systems or processes* (70%), and *reallocation of the tax team to other strategic objectives* (70%). Interestingly, this group ranked *reduced operating costs* among the lowest of their perceived benefits (60%).

> Outsourcing considerations in the past were focused on one-time cost optimization and limited efficiency improvements. However, CFOs today are looking for BPO providers that focus on driving sustained business value, such as integrating innovative tools/assets into the operations to drive transformation in the business, not just one-time cost reduction through labor arbitrage. Many CFOs are choosing outsourcing to accelerate not only the pace but also scale of savings through the use of AI-fueled and industry specific solutions.
>
> **Caroline Leies, Managing Director, Deloitte Consulting LLP**

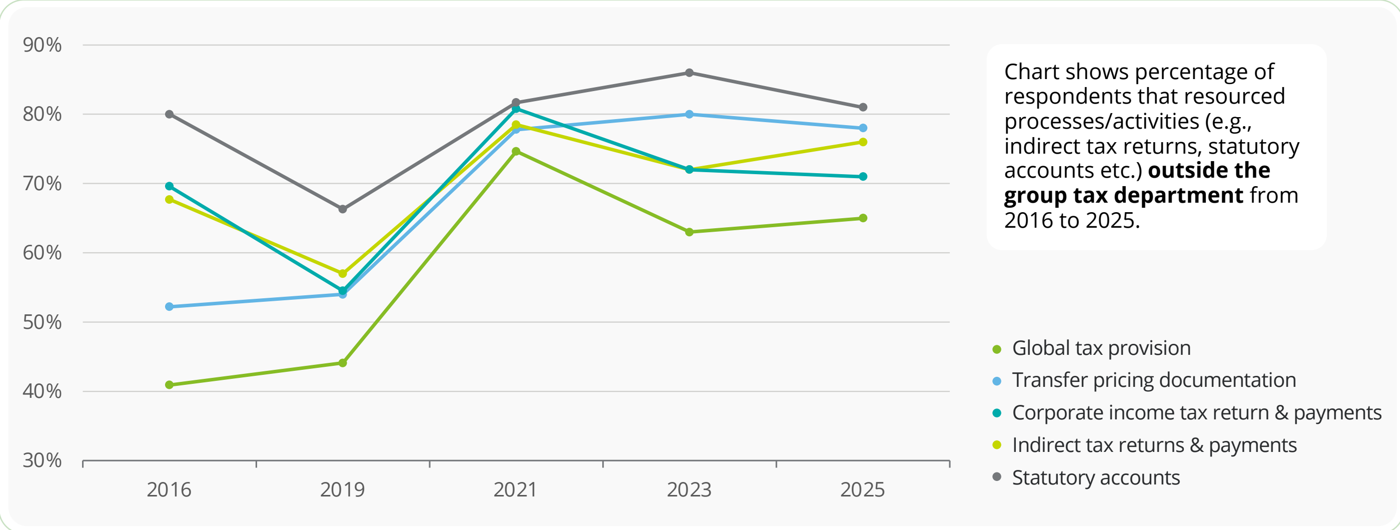
Figure 7. Benefits of outsourcing



The new normal: High levels of outsourcing continue to endure across Tax

The move of tax processes out of the tax department appears to have reached a new normal—this maturity of work done outside the tax department (Figure 8) may be an indication that tax leaders have found reliable value and agility in using these alternative models to manage the function within the constraints they face.

Figure 8. Specific tax activities performed outside of the tax department



Does this mean that tax departments are finding an optimal balance of resources? Possibly, but the impact of AI and advanced tax technology feels set to upend this balance in the not-too-distant future. Outsourcing levels may increase further with the increased use of AI by service providers, or they may reduce in those companies that are implementing AI-driven efficiencies in-house. For now, it's a case of "wait and see".

> It's now the norm for tax activities to be performed across multiple teams, and companies are seeing the benefits of these "integrated tax functions". Not only does this integrated approach provide access to resources, data, and technology, it can also help Tax embed itself across the business. The result—better insights, higher quality strategic advice, together with optimized costs. To make this work, though, tax leaders need to establish strong governance and the right technology infrastructure across end-to-end tax processes.
>
> **James Paul, Tax Partner, Deloitte UK**

Chapter 3: Technology

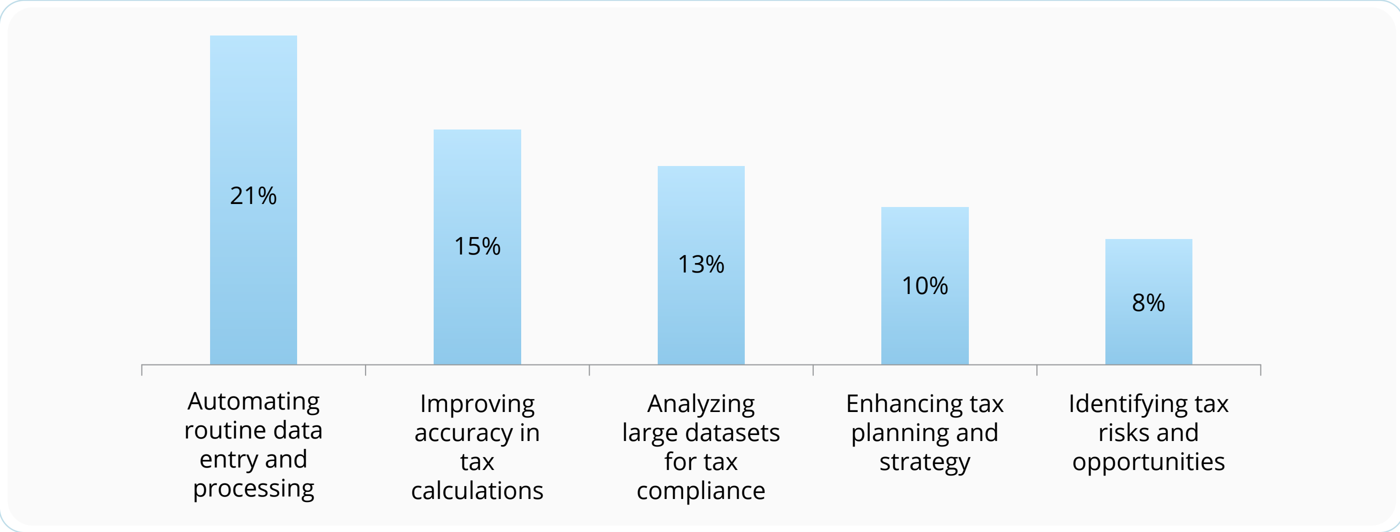
Trend 5: AI is a priority for tax, but for now, the approach is cautious

Tax departments are unanimously exploring the use of Generative AI (GenAI). All 1,000 survey respondents identified an area where the rollout of AI is a top priority. Fifty-seven percent described AI skills as "*essential*" for the tax workforce today, and a further 32% said it is "*expected*." These figures rise dramatically over a short period of time: 82% of respondents expect AI skills to be essential for the workforce in two to three years, and 94% said it would be essential in four to five years' time.

Leading organizations are looking at select use cases to prove the business case for using AI in the tax department. Tax leaders can clearly see the potential of AI (Figure 9), but choosing *automating routine data entry and processing* as their first priority—rather than more strategic, complex, or higher risk tasks—suggests caution, perhaps until tried-and-tested tax-specific tools are available, or until they are more confident in the level of accuracy for more sensitive tax tasks and advice.

> The use of AI in Tax is evolving rapidly and it's moving away from the monolithic approach of the past (using AI for specific use cases) toward a more integrated approach (using the same functionality or features across various tax processes). This is particularly prevalent in the finance function, where AI is increasingly leveraged across similar tasks. Although the use of agentic AI is progressing at pace, it's not going to replace entire job functions end-to-end, but it will help augment existing tax processes, such as indirect and direct tax, transfer pricing, and R&D credit.
>
> I also see user-friendly, low-code AI tools gaining traction in the companies I work with—they help tax professionals work more efficiently and effectively. These commercially available GenAI tools can be used within tax teams to provide greater insights and productivity at an individual level. AI can transform tax processes, leaving the tax team to focus on value-added tasks. But as is also reiterated in the survey results, data quality is key: acquisition, validation, reconciliation, and normalization.
>
> **Ben Barudin, Managing Director, Deloitte Tax LLP**

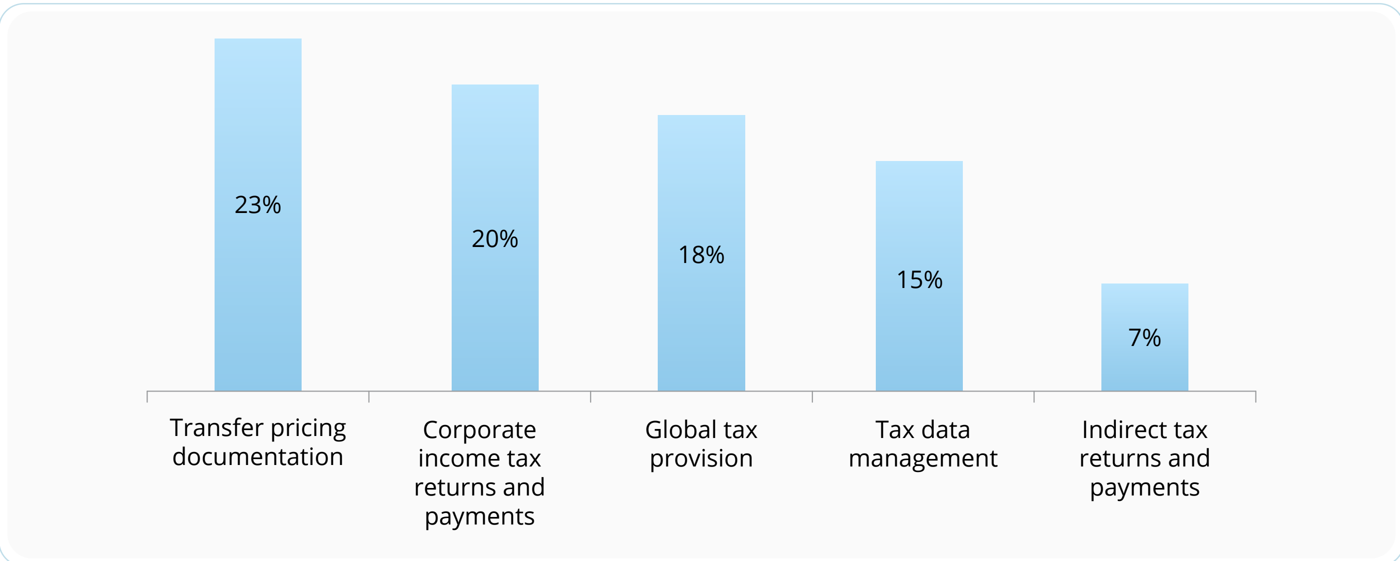
Figure 9. Top priorities for AI



Transfer pricing documentation was the top area where respondents felt most comfortable with AI taking the lead (Figure 10). "If you think about the many documents that tax needs to produce, for example in transfer pricing, local files, policies, intercompany agreements, and so on, there's a big opportunity for AI to contribute, and take a lot of work out of the hands of some tax professionals in our company," said AkzoNobel's Ralf Pieters.

Corporate income tax payments and returns came second, with *global tax provision*, in third place. These process-driven tasks involving large data sets may well be the first beneficiaries of AI in tax.

Figure 10. Areas where tax leaders are most comfortable allowing AI to take a leading role



AI’s potential extends to strategic areas such as tax forecasting, risk identification and management insights, but organizations are cautious about adoption because of concerns about accuracy and security. “There’s still a lot of tax work people do without AI because there’s a lot of judgment needed,” cautioned AkzoNobel's Ralf Pieters. “You can find a lot on ChatGPT and the like, but not yet at the quality or completeness we need.”

While AI is seen to improve efficiency and reduce manual errors, its application in complex tax areas is still evolving. In some areas, respondents are considering a trade-off of efficacy versus efficiency: 77% would accept an AI accuracy level of 90% or more as long as it gave them greater efficiency. Lower levels of accuracy of under 80% are only acceptable for a minority of respondents (29%).

The future of AI in tax will lie in balancing automation with strategic insights to move from basic tasks to AI solutions with greater impact and the potential to reimagine the way tax departments operate.

“With the pressure of doing more with less, at the very least AI helps us to be more efficient on a day-to-day basis with mundane tasks," said Ralf Pieters. “On hardcore tax knowledge topics, AI is still limited. I do expect continuous progress in that area though.”

Collaboration with the finance function will be crucial because using finance-focused AI tools could benefit tax operations where tax-specific tools are not yet available. This would allow more ambitious and comprehensive use of AI such as agentic AI, which performs autonomous tasks by using a broader digital ecosystem of machine learning, large-language models and natural language processing.

“We do have use of AI, but its application is managed by our IT function,” said Dana Lasley of Emerson Electrics.

Trend 6: Collaboration required: Finance and IT control Tax's technology budget

A focus of many tax departments in recent years has been to incorporate tax-sensitized data and certain tax processes into the overall finance function via enterprise resource planning (ERP) systems. Survey respondents seemed generally satisfied with their ERP systems, although there is some scope for improvement. At least 70% of respondents said their ERP either *fully or mostly meets their needs.*

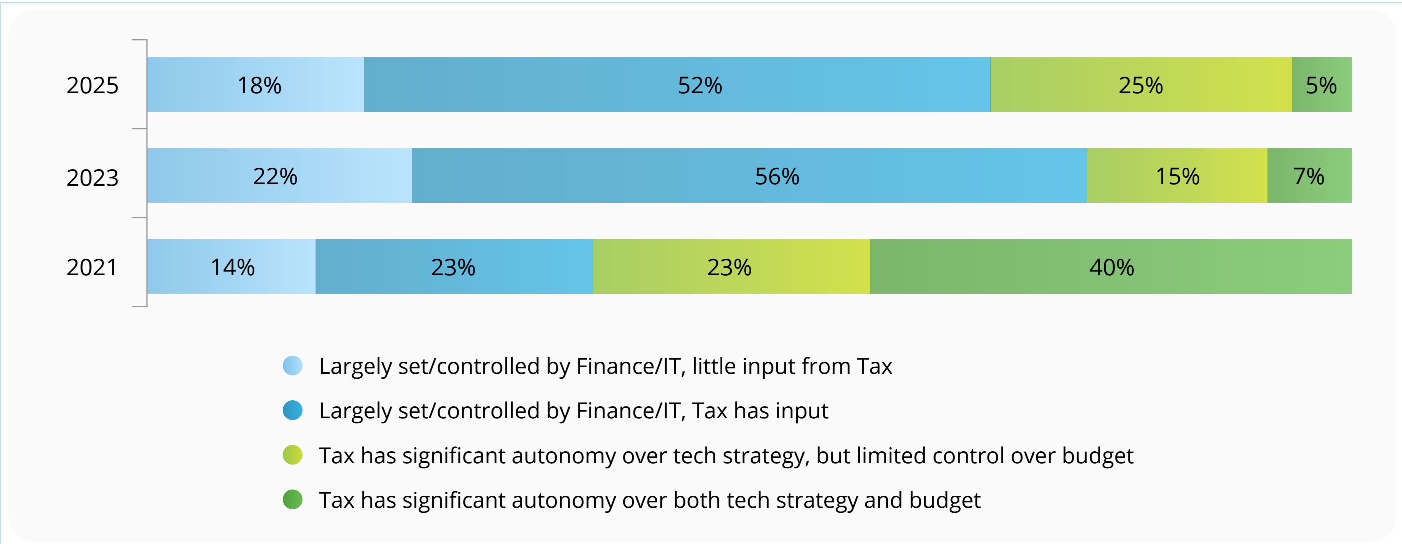
Many firms have multiple ERPs. "Emerson probably has more than 100 ERPs, as we were a diversified industrial. When we acquired something, we deferred integration into a single system. We allowed them to continue to operate and function as they had historically," said Emerson's Lasley.

Having multiple ERPs may mean additional effort to consolidate tax-sensitized data—this may be an issue in light of the OECD's progress with Tax Administration 3.0, which would require seamless data integration for transparency: The challenges in pulling data from source systems are a barrier to progress towards the Tax Administration 3.0 vision of tax "just happening", as this doesn't fully account for the complexities and imperfections of the natural systems that tax authorities are looking to build on and integrate with.

With tax process automation more dependent on ERP transformation, it raises the question of who determines what can be spent on such measures.

Although more tax departments said they have control over their own strategy in the 2025 survey than in the 2023 survey, this is not the case for budget (Figure 11). The concern here is that, because tax priorities are not always aligned with finance budgets, the tax department's requirements might not be prioritized. Tax therefore needs to advocate for these more effectively—building and demonstrating the value case effectively and working closely with Finance and IT to achieve their goals. This should help avoid a misalignment between those who use and best understand tax data and technology requirements (the tax function) and those who have the most influence over funding and implementation (Finance and IT).

Figure 11. The tax department's control over tax technology strategy and budget



Defining the future

The 2025 edition of Deloitte's Tax Transformation Trends survey shows the myriad of ways tax leaders are rising to meet the moment, and the agility with which they need to respond for continuous process improvement in the tax operating model—from AI to outsourcing, to looking at skills outside of tax. And, although tax-specific AI solutions are still in their early stages, tax leaders are beginning to identify the areas where AI has the greatest potential to reshape the tax department without introducing unacceptable levels of risk.

Tax leaders are addressing data and process challenges to optimize the value they can achieve in technology. With more data available, the better tax leaders are able to lean on external providers to accelerate transformation, and the better they are able to advise the business on the tax implications of various decisions. In the current geopolitical and economic climate, this is essential and enables Tax to add distinct value to the business at critical moments. Tax finally has its seat at the table. How are you rising to meet the moment?

About this research

Deloitte worked with FT Longitude to survey 1,000 senior tax and finance leaders at companies across a range of industries, sizes and regions.

Figure 12. Country

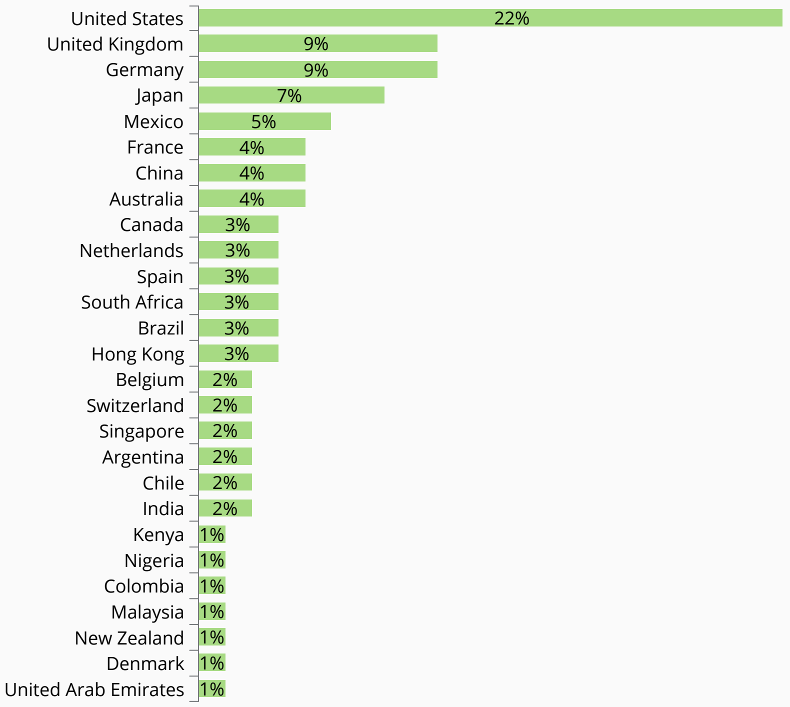


Figure 13. Industry

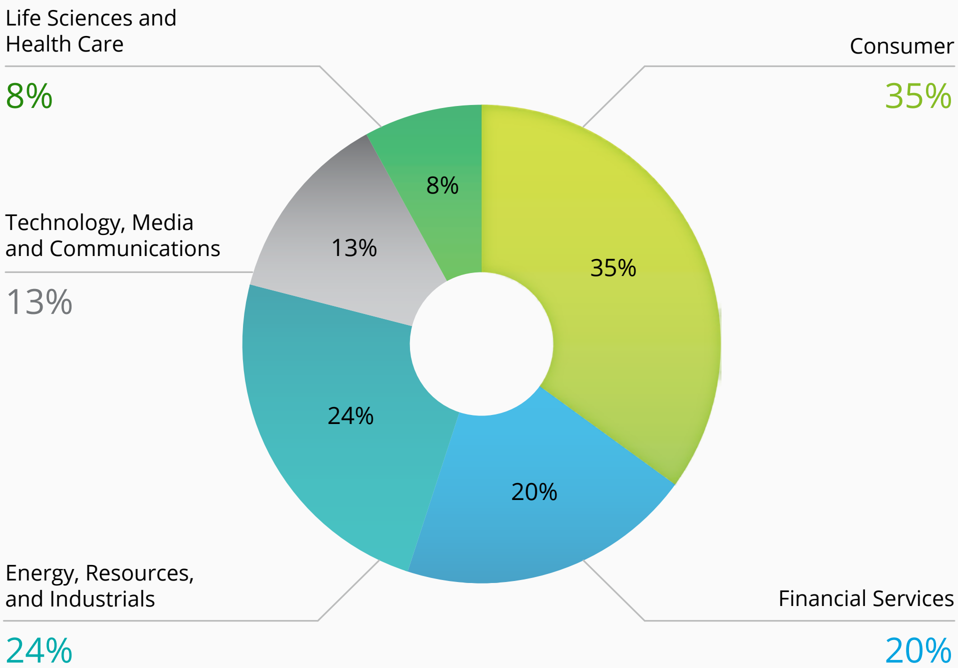


Figure 13. Role

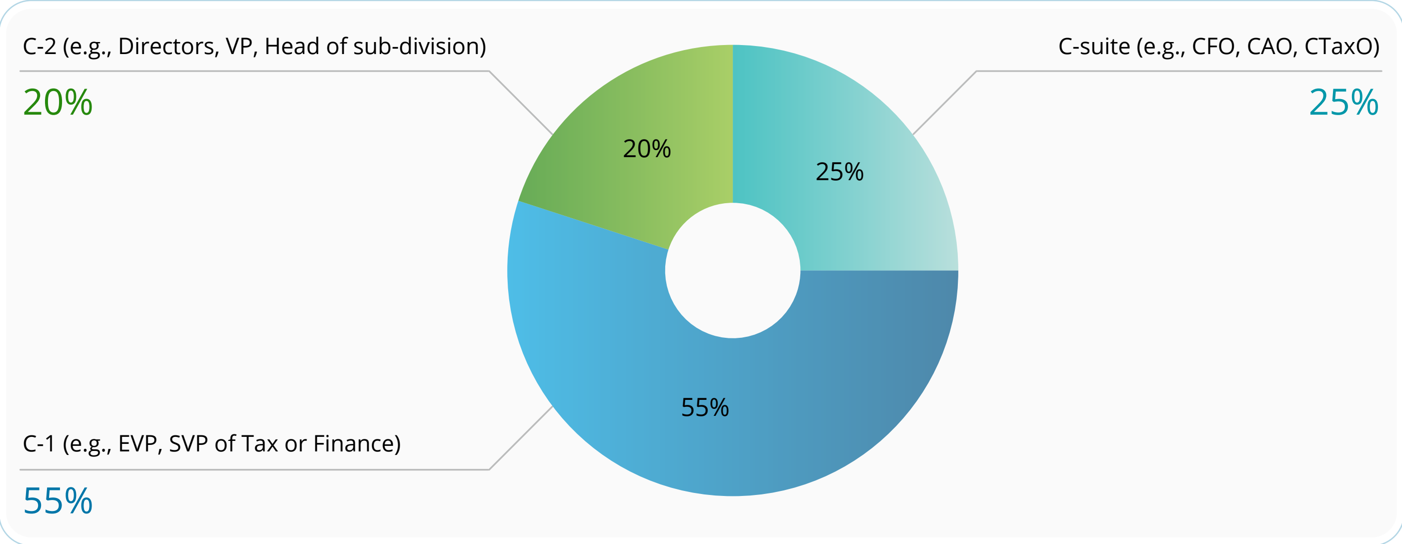
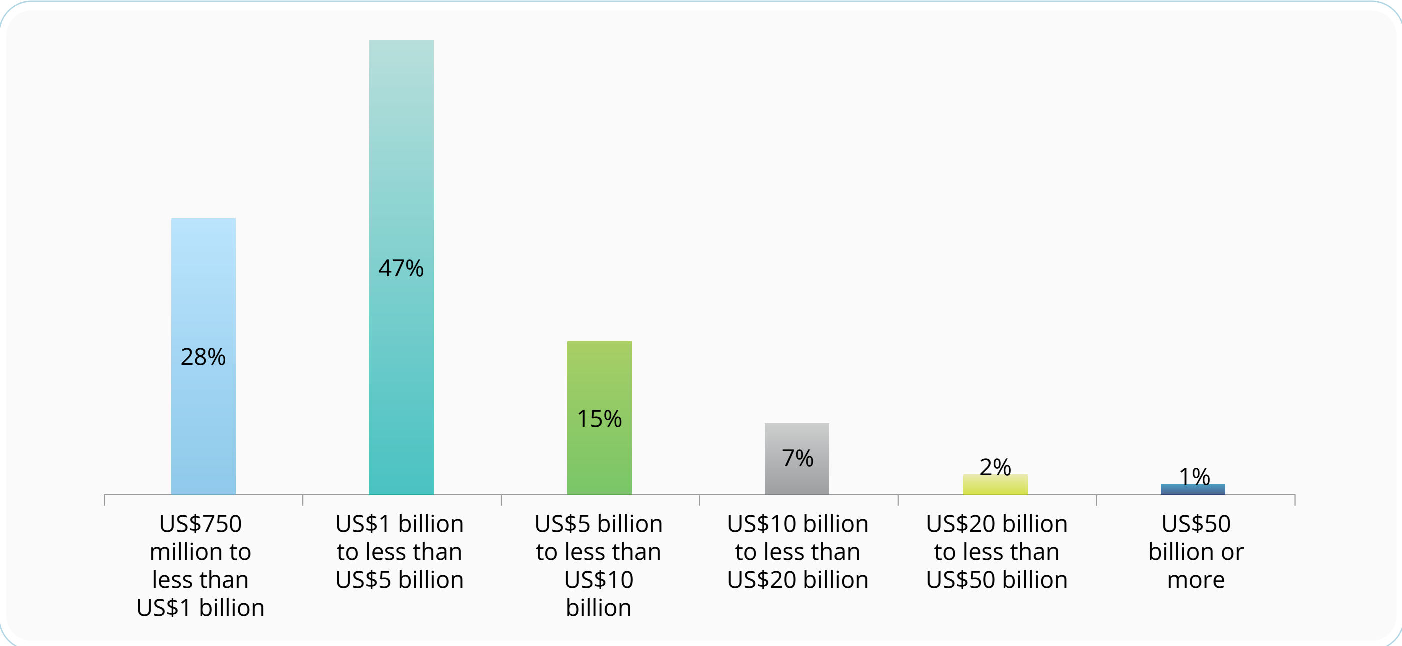


Figure 12. Revenue



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- Ivo Nelissen, Global Head of Group Tax, DSM-Firmenich
- Ralf Pieters, Global Head of Tax, AkzoNobel
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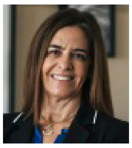

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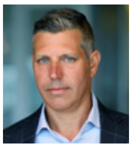

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