



Rising to meet the moment: Tax Transformation Trends 2025



Executive Summary



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Deloitte's 2025 *Tax Transformation Trends* research shows how tax functions are balancing cost and compliance imperatives with longer-term business requirements. This balance is essential to keeping up with rising regulatory demands and reflects a fundamental shift in operating models.

The findings from our survey of 1,000 tax and finance professionals underline the critical importance of responding to external complexity. They also demonstrate the need for organizations to adapt their internal structures and operating models. Tax and finance leaders are focusing on data, compliance cost management, automation and, increasingly, AI. They are rising to meet this moment by optimizing a resource mix of outsourcing, shared services, and core tax functions.



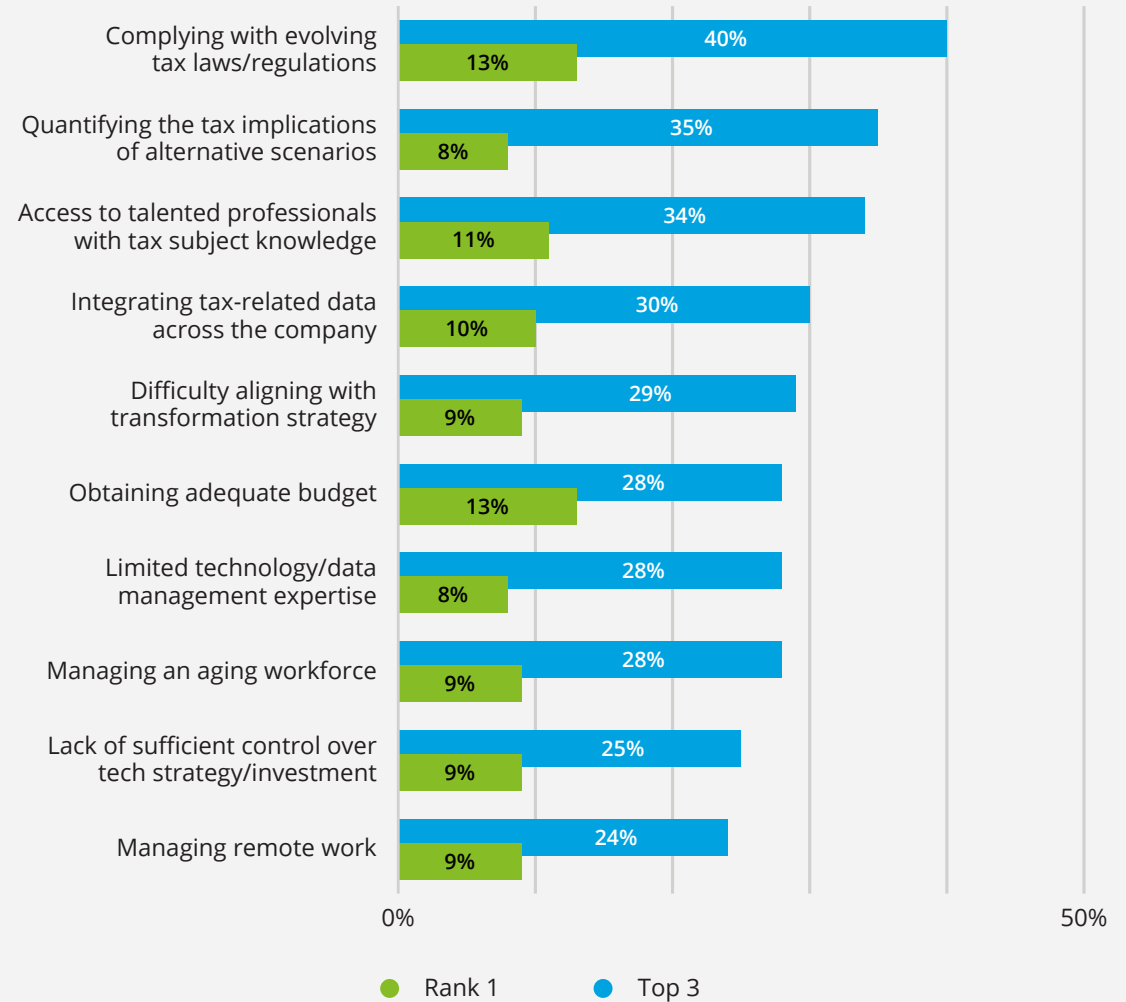
Trend 1:

The demand for more granular data is increasing complexity

Authorities globally are imposing stricter reporting requirements, including OECD Pillar Two disclosures and real-time tax data access. To meet these conditions requires an increasing level of data granularity. To achieve this, tax teams must access, validate, and analyze vast amounts of information. Understandably, then, *complying with evolving regulations* remains the top challenge for tax departments in 2025, continuing the trend from 2023.

To address regulatory requirements, tax teams require tax-sanitized data. Unfortunately, this is rarely available in the quantities and time frames desired. Getting data into a usable format requires the right expertise and the right technology. Tax functions may therefore need to invest in advanced analytics and integrated technology solutions. More than one-quarter of respondents said that the *limited technology and data management expertise in their tax department* is a major challenge.

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





Trend 2:

Help wanted: AI specialists with an interest in tax

The arrival of new technologies is fundamentally changing the tax talent landscape (see Trend 5). Forty-five percent of tax leaders identified *specialist AI skills* as among the competencies tax functions see the greatest need for over the next two years. This is followed by *data analytics and management skills* (42%) and *technical tax knowledge* (36%). These top three requirements reflect the increasing reliance on technology to manage compliance and generate actionable insights.

While tax professionals understand they must develop AI capabilities to stay relevant, tax expertise remains paramount. But finding professionals who combine the two to a high level is challenging. Many organizations try to close this gap through internal upskilling programs, ensuring their teams can harness automation and AI tools effectively.

Trend 3:

Responding to cost pressure: Centralization and standardization reduce complexity

The most commonly added new roles over the past two years are *tax transformation lead*, *data and innovation lead* and *tax operations lead*. This focus on operational optimization over technical expertise reflects initiatives to relieve cost pressures by centralizing and standardizing operations.

Such efficiency drives involve outsourcing, consolidating tax functions into shared services centers and automating repetitive tasks to reduce redundancies.

There is a general trend to consider more processes for lower cost resourcing than in previous iterations of this survey. *Global tax provisioning* (earmarked by 47%) and *tax data management* (43%) were the highest priorities.

Figure 2. Most popular strategies toward a lower-cost resourcing model

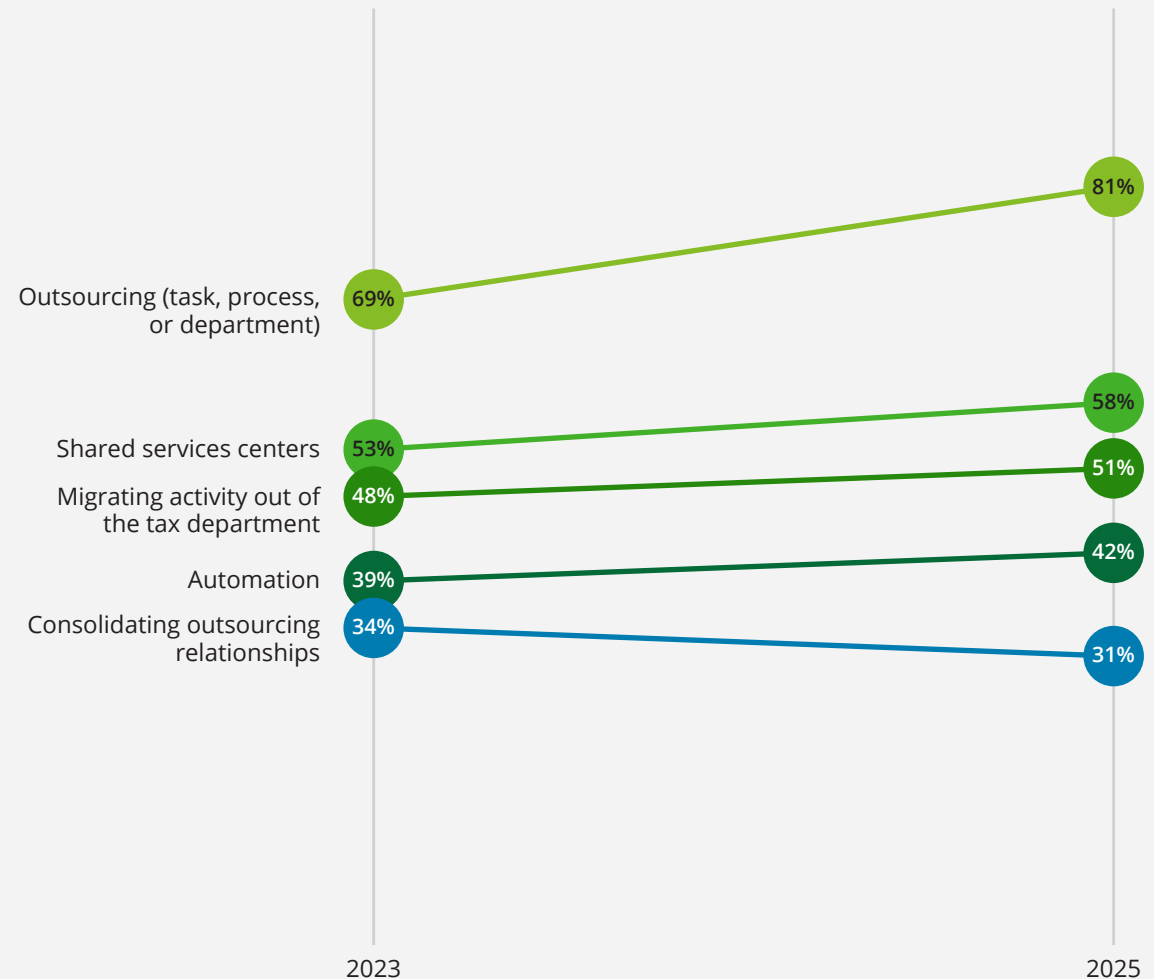
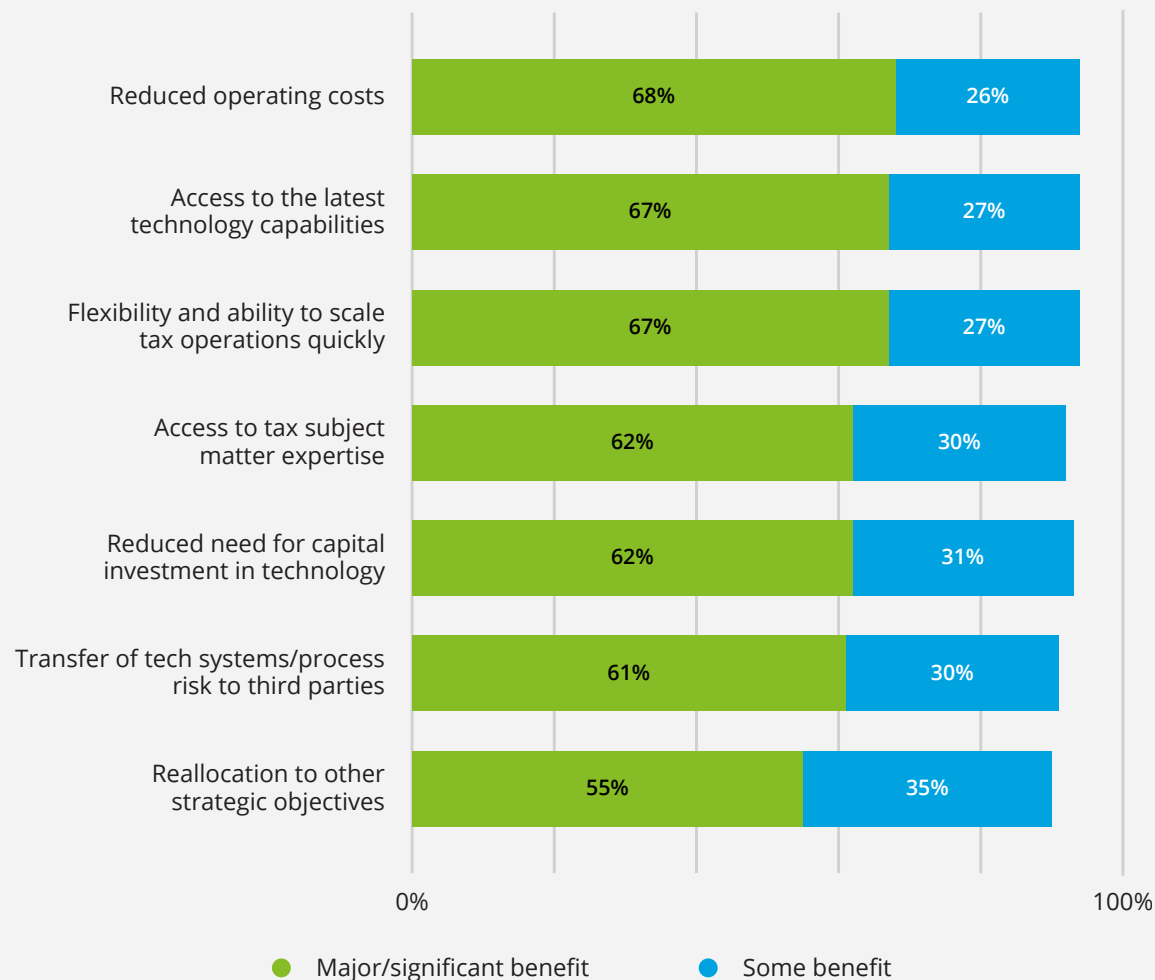


Figure 3. Top three benefits of outsourcing



Trend 4:

Outsourcing is paying dividends

Outsourcing has become a cornerstone of modern tax operations: 86% of survey respondents said they currently use external providers for certain tasks and processes, or even to run entire departments on their behalf. The primary benefits of outsourcing include *cost reduction*, *access to cutting-edge technologies*, and *operational flexibility and scalability*. Larger organizations, in particular, use outsourcing to *transfer risk* and to allow the *reallocation of internal resources to strategic initiatives*.

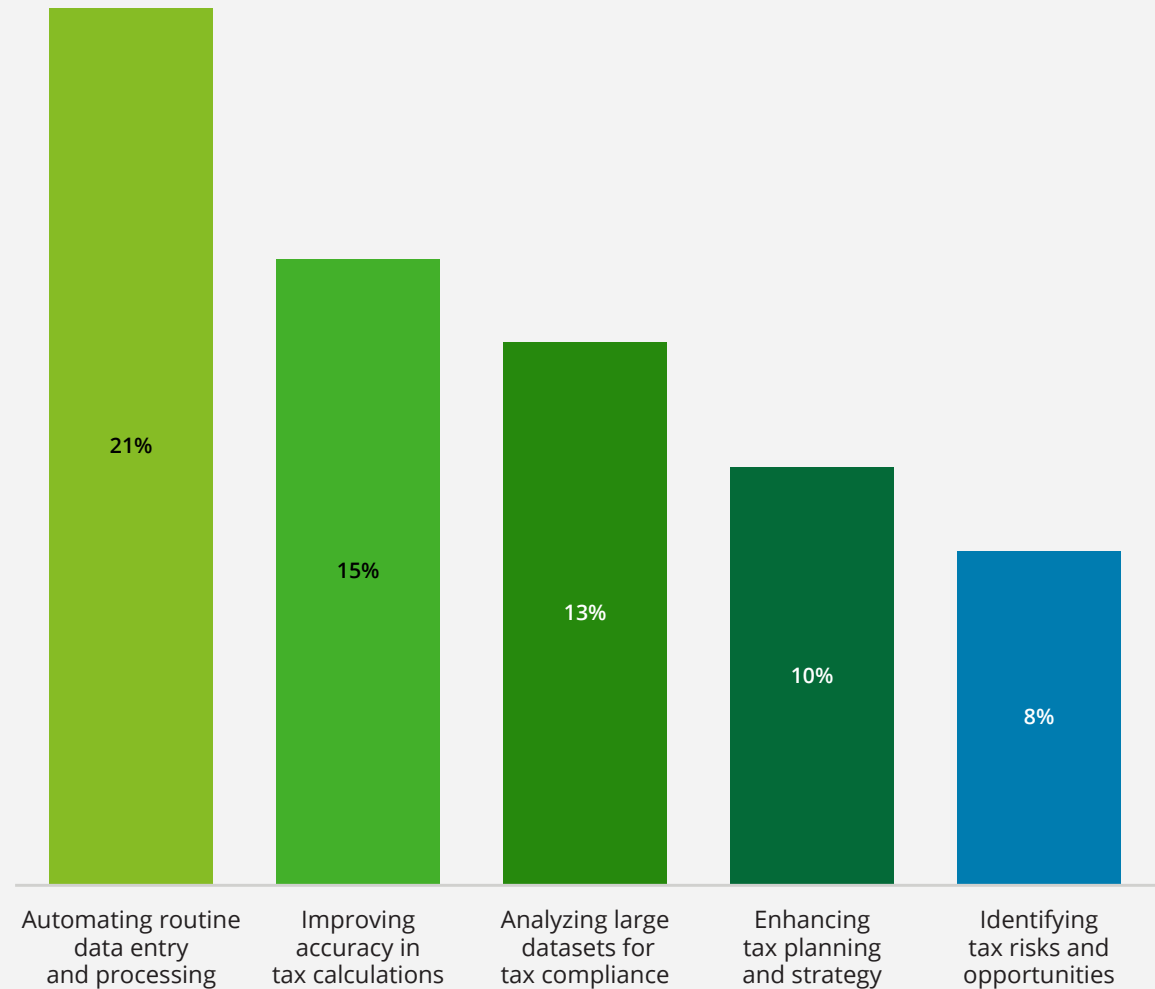
Trend 5:

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

Every respondent in our survey was able to name a task or process their organization had prioritized for the rollout of AI, demonstrating wide recognition of the technology's potential. *Automating routine data entry and processing* was the most common top priority, identified by more than one-fifth of respondents. *Improving accuracy in tax calculations* and *analyzing large datasets for tax compliance* are the tasks next most commonly earmarked for AI enhancement.

These priorities show a focus on immediate efficiency gains, reducing manual errors and freeing up professionals for higher-value work. The adoption of AI for more complex tasks, such as tax forecasting and risk assessment, is more cautious, emphasizing the ongoing need for human oversight in such sensitive areas.

Figure 4. Top priorities for AI

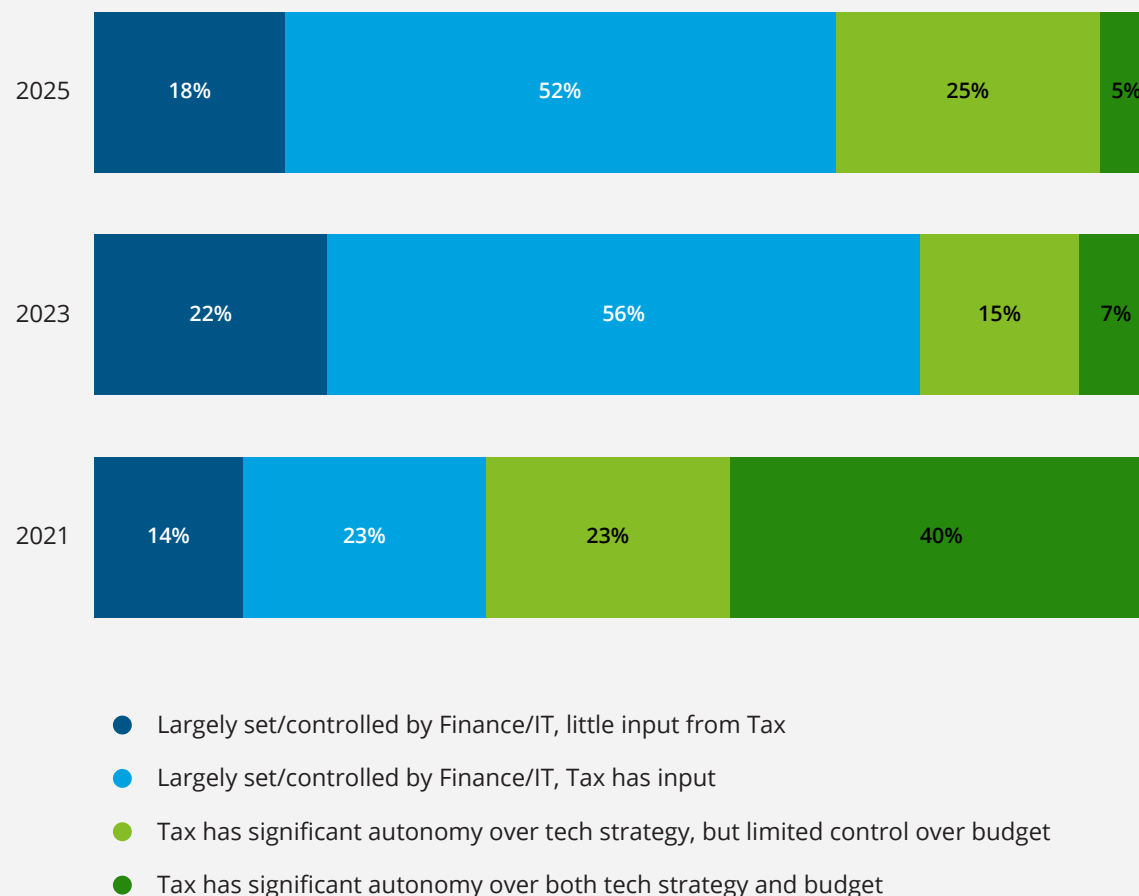


Tax leaders feel most comfortable deploying AI to *transfer pricing documentation* and *corporate income tax returns and payments*. But the application of AI in more complex areas is still evolving as tax leaders weigh the necessary trade-off between accuracy and efficiency. Some 77% said they require a minimum 90% accuracy from AI tools used in critical processes.

This cautious approach reflects the need to balance innovation with risk management. As data quality improves and tax-specific solutions mature, trust in the technology will solidify, and AI's role in tax will expand.



Figure 5. Tax **technology strategy and budget** are largely controlled by Finance and IT



Trend 6:

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

Many tax departments rely on enterprise resource planning (ERP) systems to incorporate tax data and specific tax processes into the broader finance function. While 70% of respondents said that their ERPs meet their needs, challenges persist when consolidating tax-sensitized data across multiple systems. This could lead to regulatory issues, such as with the OECD's Tax Administration 3.0, which demands seamless data integration for transparency.

The tax function's lack of control over technology budgets can be an obstacle. Finance and IT teams often manage technology investments that may not necessarily include tax priorities. To secure funding for digital transformation, tax leaders must build stronger value cases that demonstrate potential to enhance compliance, reduce costs and support strategic decision-making.

Conclusion: Defining the future

Tax leaders are adapting to external pressures by optimizing their operating models. From AI to outsourcing to cross-departmental collaboration, they always have an eye on enhancement. AI is integral to these solutions. Although tax-specific AI is just starting up, organizations are already implementing it where it can have the highest impact with minimal risk.

By automating carefully and strategically, and calling on the wider ecosystem of technology providers, tax leaders are adding distinct value at a critical time for business.



About this research

Between mid-December 2024 and mid-February 2025, FT Longitude surveyed 1,000 senior tax and finance leaders at companies across a range of industries, sizes and regions. A series of in-depth interviews with tax leaders complemented the quantitative research.

Deloitte and FT Longitude would like to thank all survey participants, particularly the following tax leaders, for their contributions:

- **Ingrid Berner**, Senior Vice President, Tax Operations and Technology, AT&T
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- **Dana Lasley**, Vice President, Global Tax Planning, Emerson Electric

- **Ivo Nelissen**, Global Head of Group Tax, DSM-Firmenich
- **Ralf Pieters**, Global Head of Tax, AkzoNobel
- **Margaret Shore**, Vice President, Tax & Customs, Coca-Cola Europacific Partners

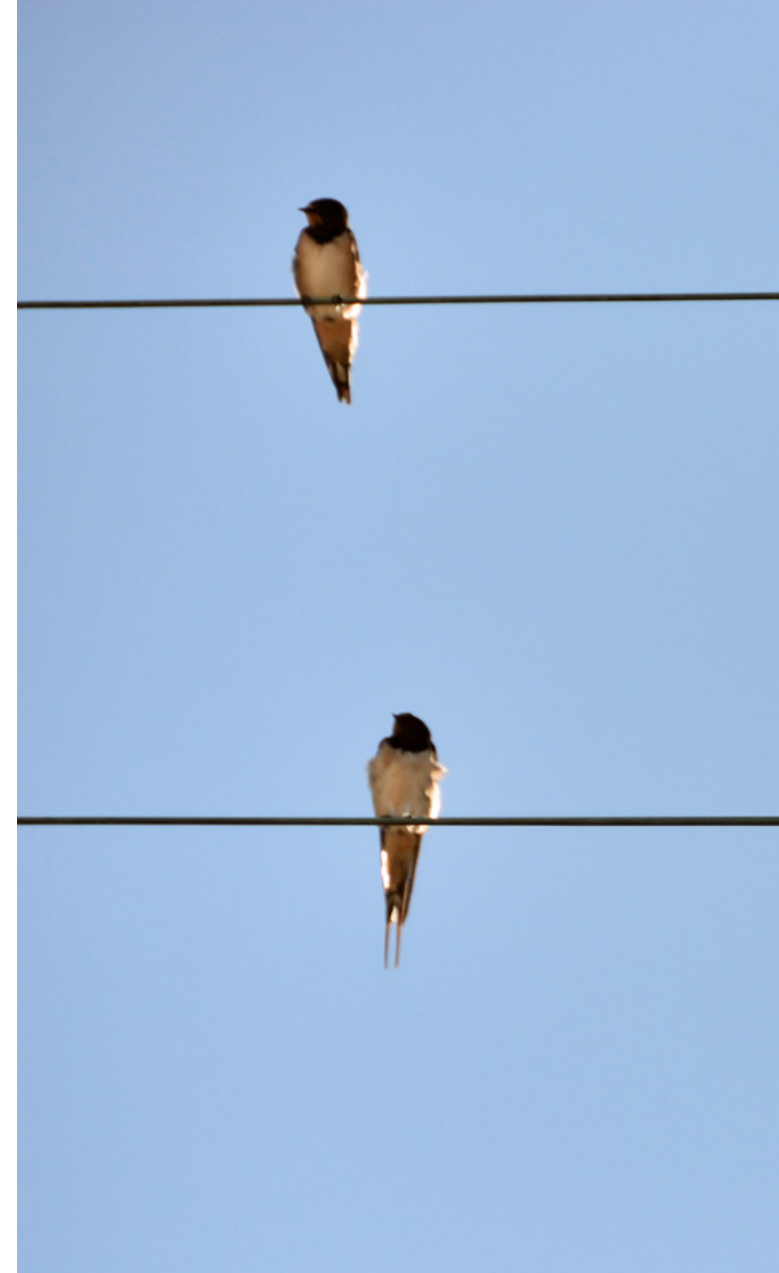
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