

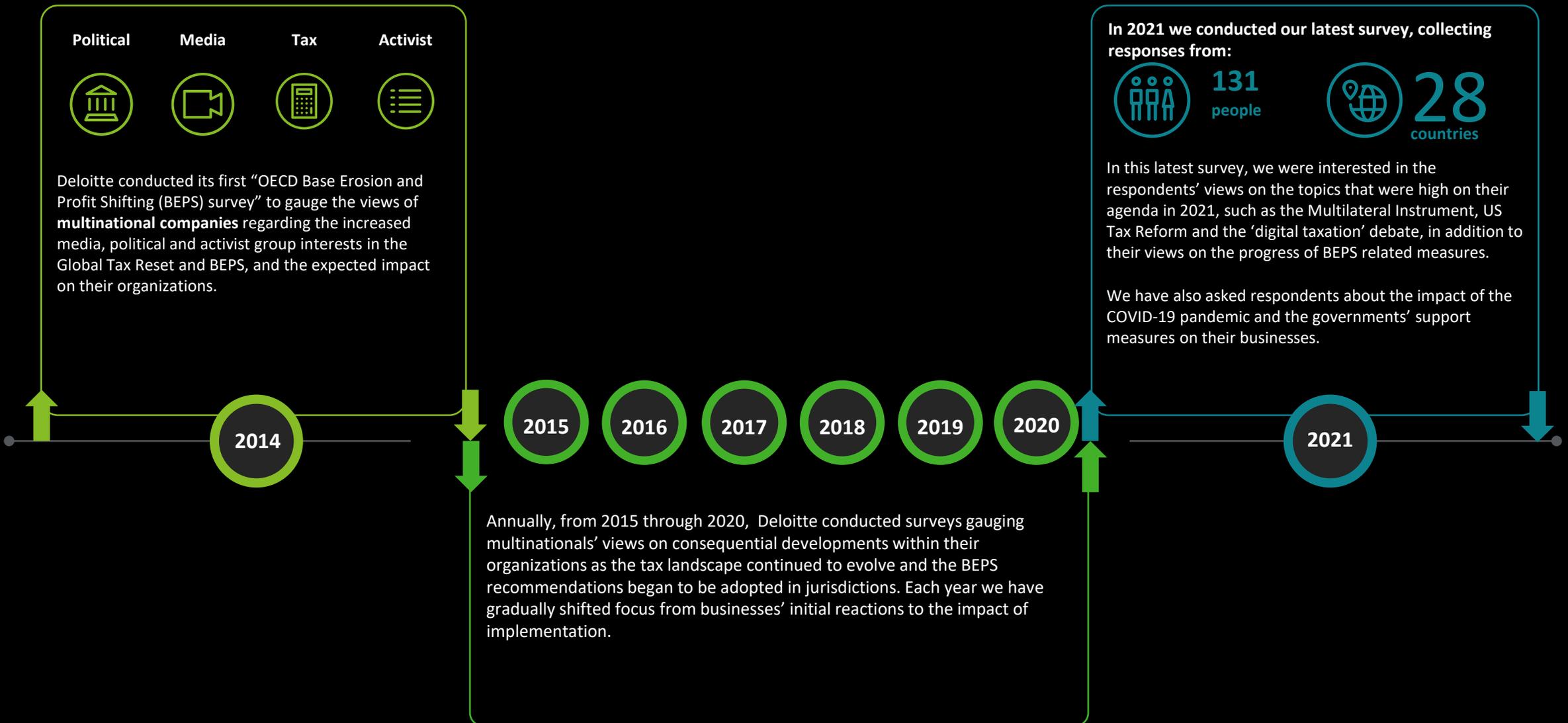
Deloitte's 2021 Global Tax Survey: Beyond BEPS

2021 full results of the 8th annual multinational survey

September 2021



Full results of Deloitte's 8th annual multinational survey



Contents

 2021 survey respondents	 Survey results: overall and by country	 Multinationals views on media and political interest	 Open questions: selected participant responses
04	06	44	47

2021 survey respondents

2021 survey respondents

Survey Respondents



Survey responses

The survey was conducted from 27 January to 17 February 2021, with a target audience of tax and finance managers and executives from multinational companies. 131 people from 28 countries responded to the 2021 survey.



Respondent's role

- Tax Director/Tax VP 72
- International Tax Director 29
- International Tax Manager 17
- Controller/CFO 6
- Other 7

Top responses by country

- | | |
|---------------------|----------------|
| • United States 37 | • China 3 |
| • United Kingdom 18 | • Italy 3 |
| • Denmark 9 | • Japan 3 |
| • Netherlands 8 | • Canada 2 |
| • Switzerland 8 | • Luxembourg 2 |
| • France 6 | • Singapore 2 |
| • Germany 6 | • Spain 2 |
| • Sweden 6 | • Other 12 |
| • Finland 4 | |

Top responses by industry

- Telecom/Media/Technology 28
- Manufacturing 28
- Consumer business 19
- Financial services 12
- Energy & Resources 11
- Retail 10
- Life Sciences 6
- Healthcare 3
- Private equity 2
- Real estate 1
- Other 11



Survey results

Overall and by country

Question 1

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

Country-specific agree/strongly agree results

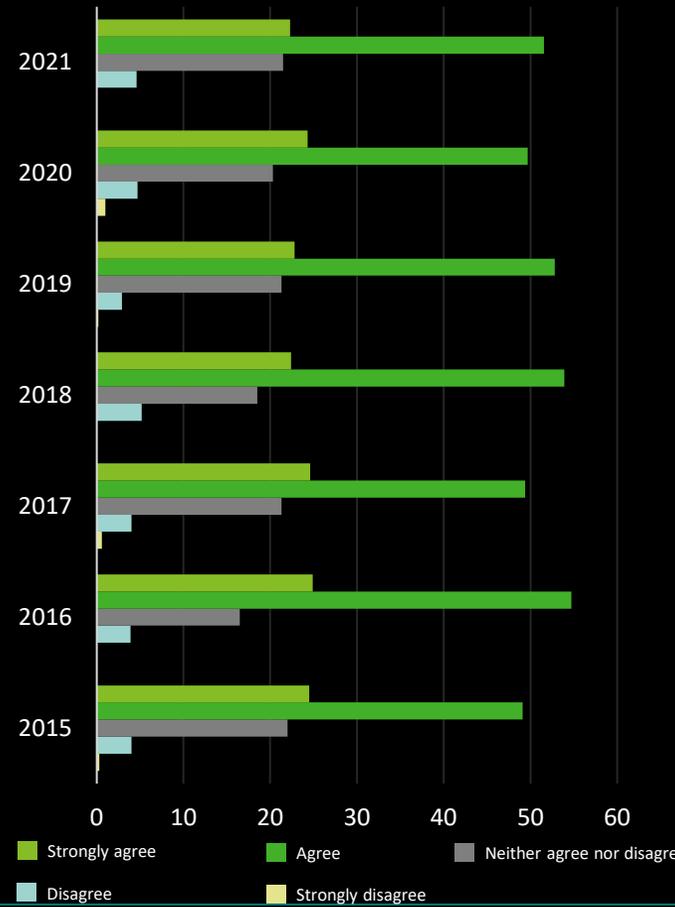
My group is concerned about the continuing high interest of media, political and activist groups in corporate taxation



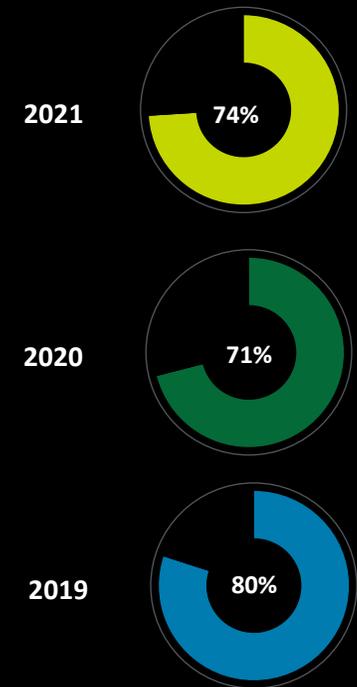
Top 5 countries by the number of responses

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

Overall results



Response Trend



Agree/Strongly agree responses remained high and have increased 3 percentage points compared to 2020.

The level of concern and the response trend remains the same on average since 2015. Of the top 5 respondent countries shown above, the highest level of concern from 2020 was in Denmark (up —from 58%), but there was a drop in the UK from 71%. Industry-wise, the number of concerned respondents from consumer business and financial services is above average at 83%. Concerns are more strongly pronounced in 'Business to Consumer' with 85% of them agreeing compared to 70% in 'Business to Business'.

Question 2

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

Country-specific agree/strongly agree results

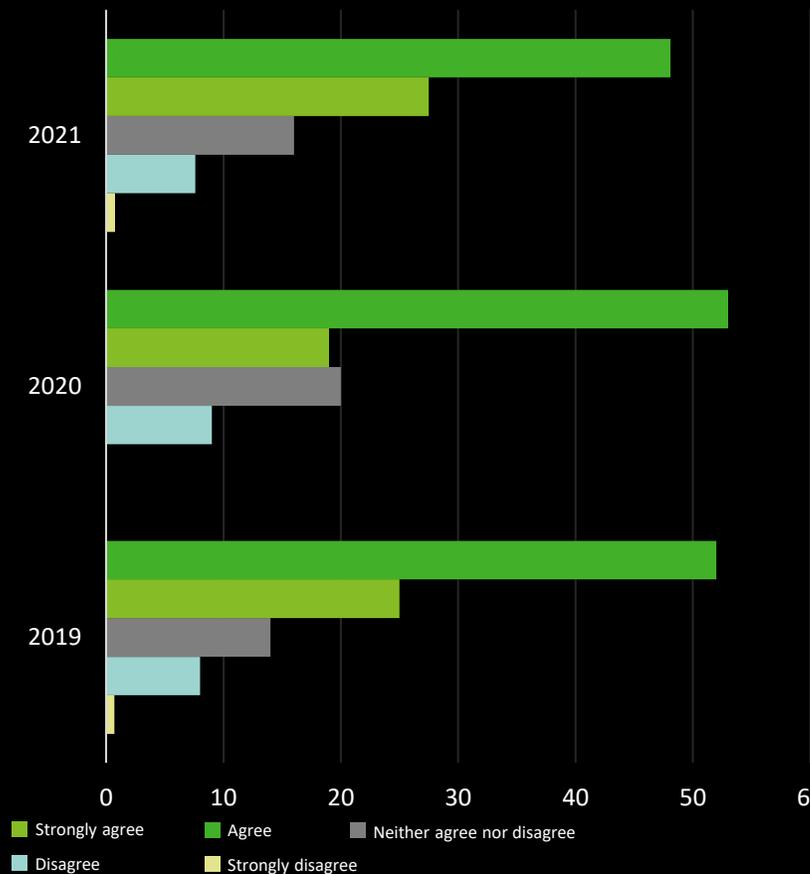
The C-suite and/or Board of Directors of my group is actively engaged in establishing and/or approving my group's tax strategy and in assessing and monitoring risk in this area.



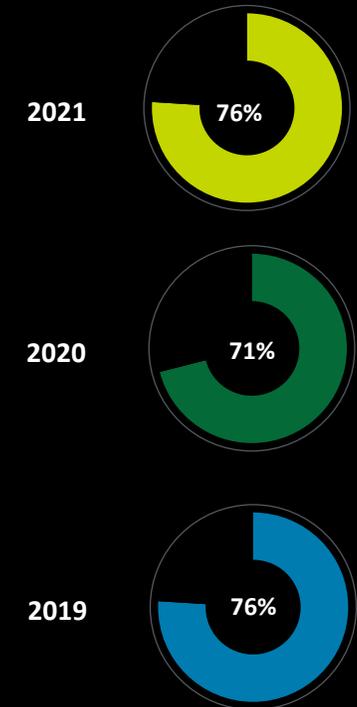
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses remained high and increased by 5 percentage points compared to 2020.

Level of C-suite and/or Board engagement on average has not changed since 2019. There have been moderate increases in the UK (from 90%), the Netherlands (from 83%), Switzerland (from 75%) and decreases in Germany (from 61%) and France from 62%) compared to 2020. C-suite/Board engagement appears to be the highest in energy & resources (90%) and lowest in retail (50%).

Question 3

53% agree or strongly agree that their organization has implemented additional corporate policies and procedures in response to the increased scrutiny related to corporate taxation.

Country-specific agree/strongly agree results

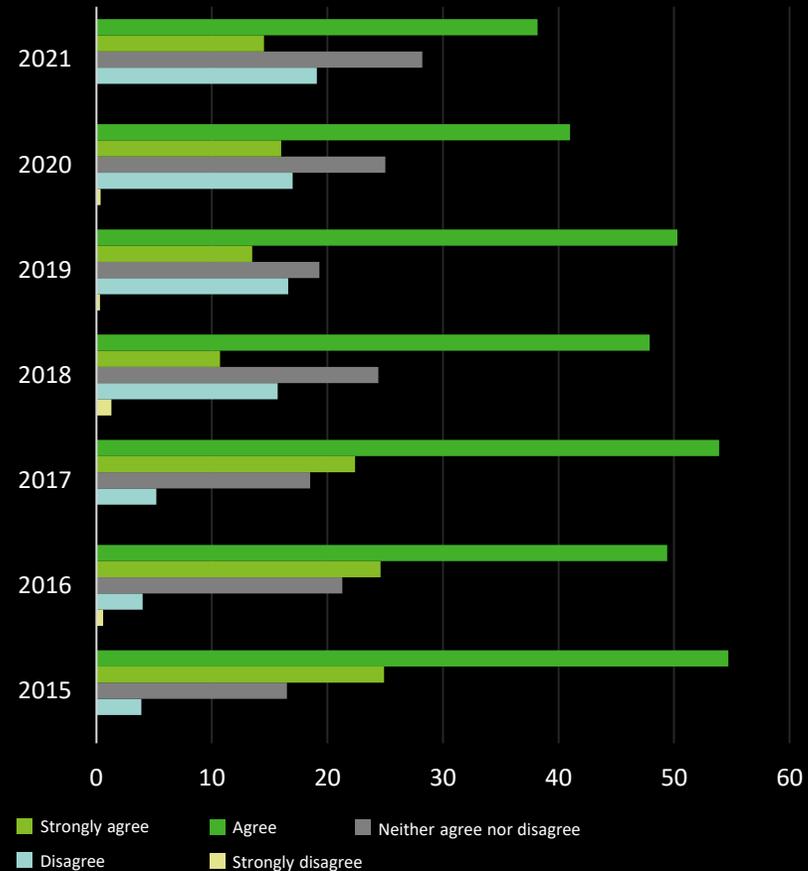
My organization has implemented additional corporate policies and procedures in response to the increased scrutiny related to corporate taxation



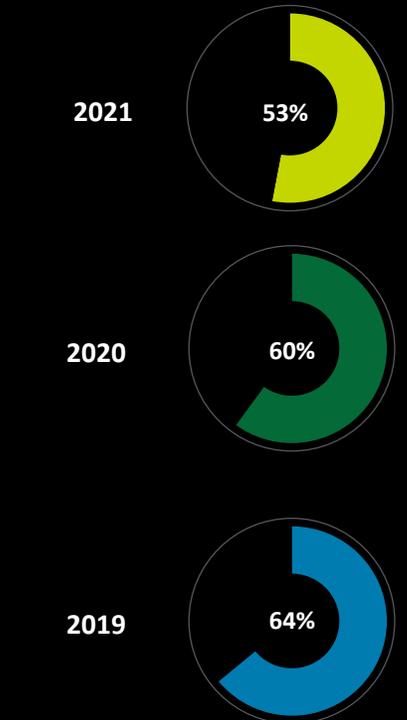
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses decreased by 7 percentage points compared to 2020.

The slow decrease in additional policies continues, this could be due to the fact that many respondents had already implemented such policies and procedures in prior years. There are notable increases in France (from 38%) and decreases in the UK (from 71%) and Switzerland (from 50%). Industry-wise, retail appears below average at 30%, somewhat in line with the industry response to the previous question.

Question 4 (COVID 19 – new question)

52% expect that the COVID-19 pandemic will increase the corporate tax liability of their group over the medium term.

Country-specific results

I expect that the COVID-19 pandemic will increase the corporate tax liability of my group over the medium term.

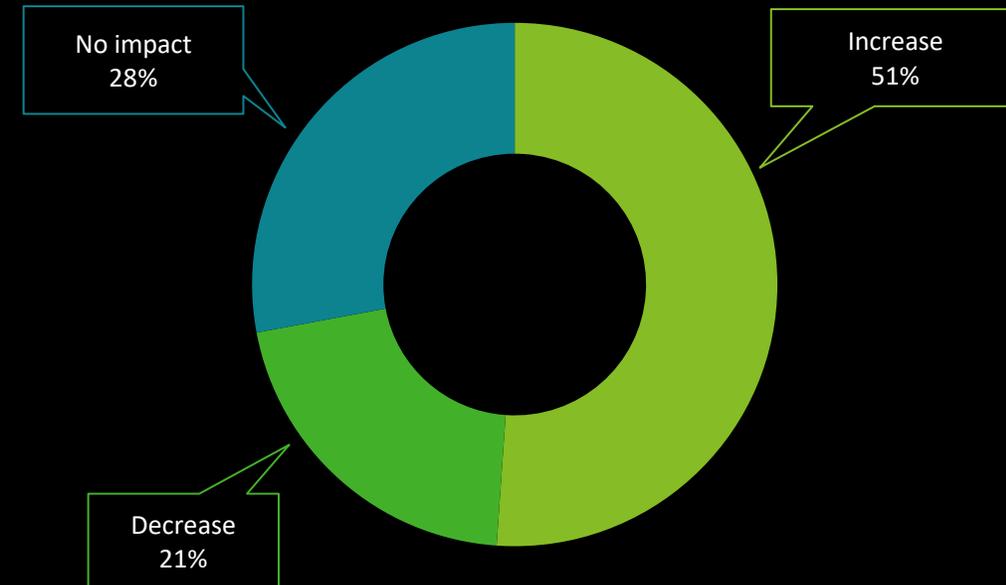


Top 10 countries by the number of responses

Note: Information above includes only selected countries. Percentages above refer to participants who selected "Increase".

Overall results

COVID impact on the corporate tax liability



The UK is showing the highest level of concern for increased corporate tax liability. This may be due to the respondents' general expectation of tax raises (the survey took place before the UK Budget when the increase of the corporation tax rate (from April 2023) was announced). Industry-wise, consumer business and retail lead with 84% and 80% respondents, respectively, expecting a corporate tax liability increase.

Question 5 (COVID 19 – new question)

58% expect that the government in their ultimate parent company's jurisdiction will increase tax rates and/or introduce new taxes as a result of COVID-19.

Country-specific agree/strongly agree results

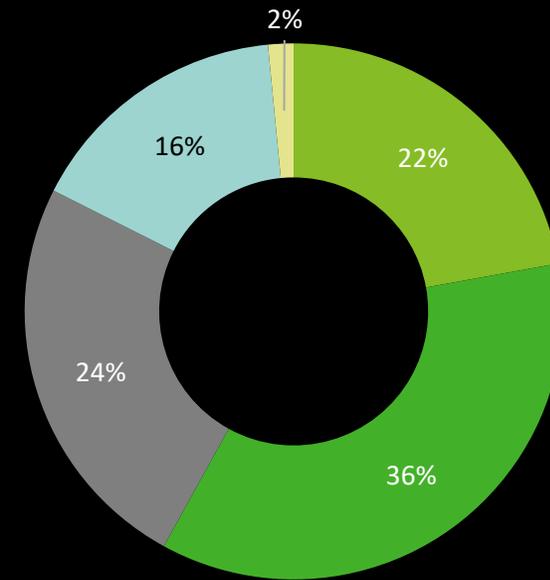
I expect that the government in my ultimate parent company's jurisdiction will increase tax rates and/or introduce new taxes as a result of COVID-19.



Top 10 countries by the number of responses

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

Overall results



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

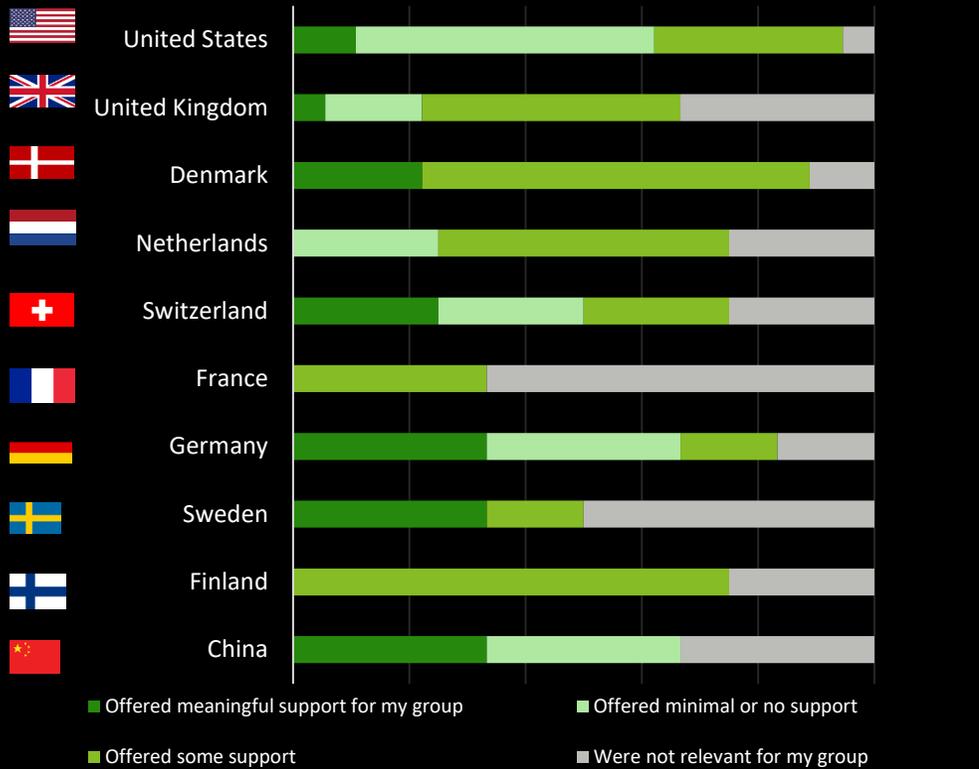
Similar to the previous question, the UK is showing the highest level of concern for increased tax rates, along with the 79% of business consumer respondents who expect tax raises, in line with their views on the previous question but only 30% of retail respondents, which is surprising considering 80% of them expect their group's corporate tax liability to increase (see Question 4). While in the short-term, in many jurisdictions, major tax raises may be unlikely as many governments will continue to focus on supporting business, in the medium-term future tax raises seem likely.

Question 6 (COVID 19 – new question)

Only 14% agree that the government has offered meaningful support as a result of COVID-19.

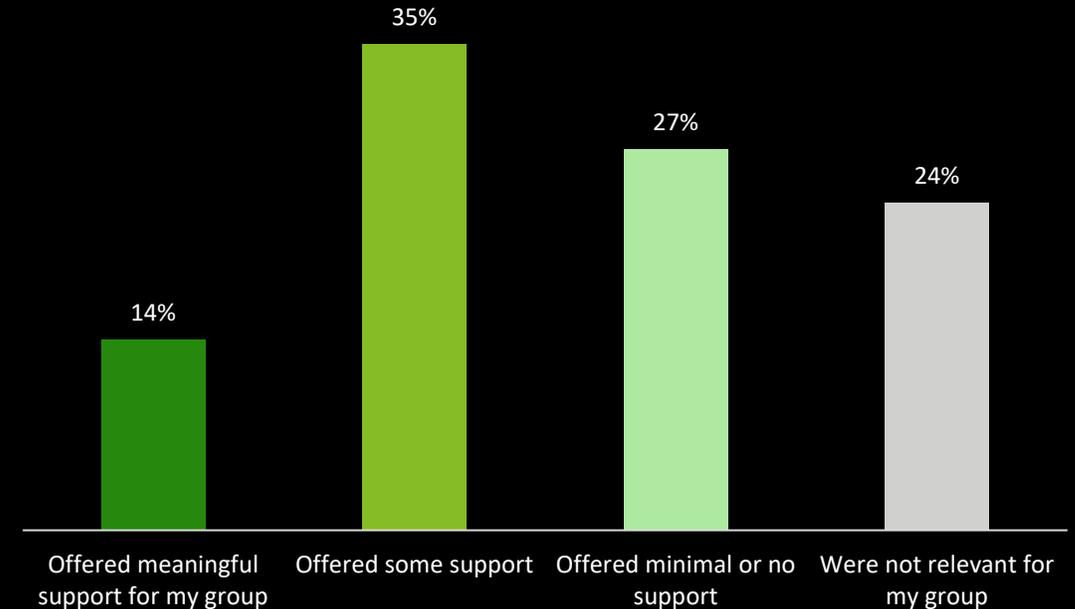
Country-specific results

Tax-related support measures introduced by governments as a result of COVID-19.



Top 10 countries by the number of responses.

Overall results



On average, most respondents found government measures of little help to their groups. This may be because in many jurisdictions many of the measures were aimed at smaller businesses and not large multinational groups which typically respond to this survey. Around 60% of respondents from energy & resources and financial services considered the measures offered to be not relevant for their groups, but for 40% of retail respondents the measures offered meaningful support. In many countries retail remains one of the industries most affected by the pandemic, and one of the main recipients of support measures. It is interesting that Finland, Sweden and Denmark show the most positive impact of the support measures among the respondents.

Question 7 (COVID 19 – new question)

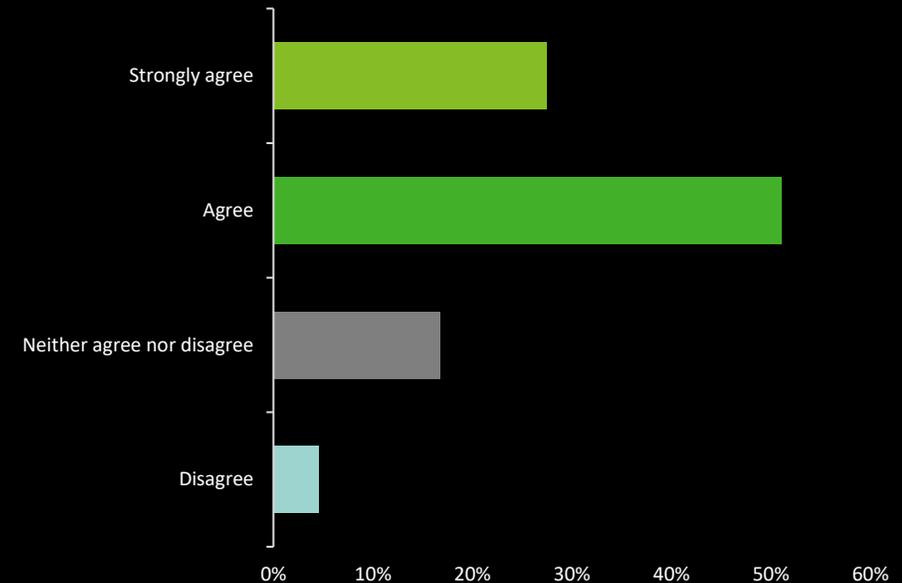
79% agree or strongly agree that following the COVID-19 pandemic the level of interest of media, political and activist groups in corporate taxation will increase in the countries in which their group operates.

Country-specific agree/strongly agree results

I expect that following the COVID-19 pandemic the level of interest of media, political, and activist groups in corporate taxation will increase in the countries in which my group operates.



Overall results



Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree". Top 10 countries by the number of responses.

The level of concern is marginally higher compared to Question 1. The respondents from the Netherlands, Denmark and the UK seem to attribute a higher level of media interest as a result of Covid-19.

Question 8

26% agree or strongly agree that their group has secured additional resources/headcount for their Tax Group as a result of changes arising due to the BEPS project.

Country-specific agree/strongly agree results

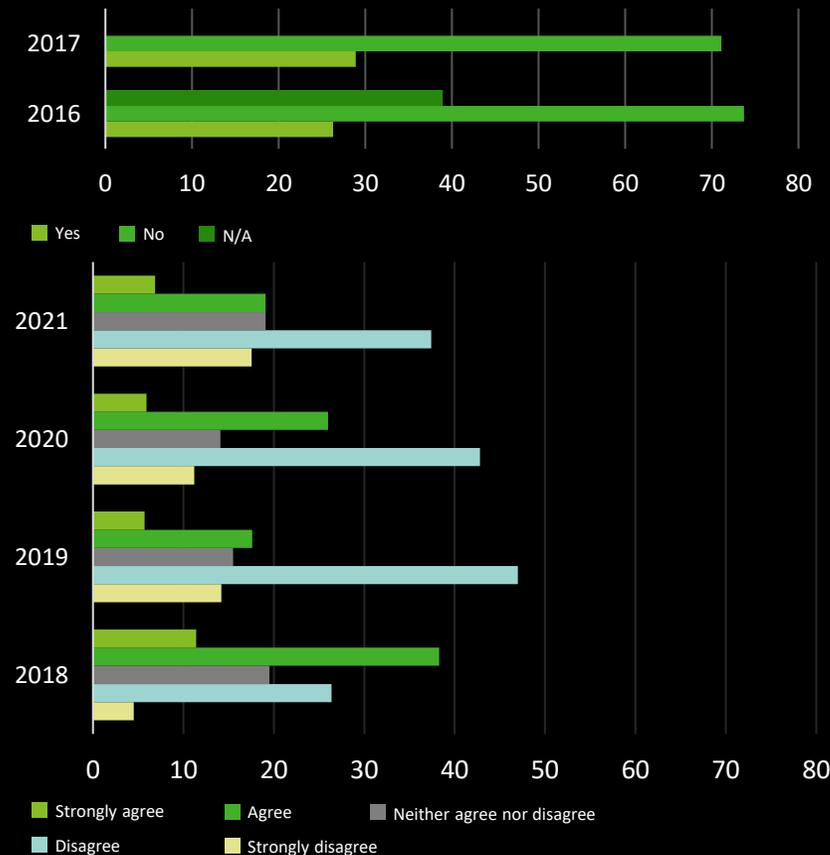
In the last 12 months, my group has secured additional resources/headcount for our Tax Group wholly or partly as a result of the changes arising due to the BEPS project, such as transfer pricing compliance, anti-hybrid rules, CFC rules, mandatory disclosure, impact of multilateral instrument (MLI).



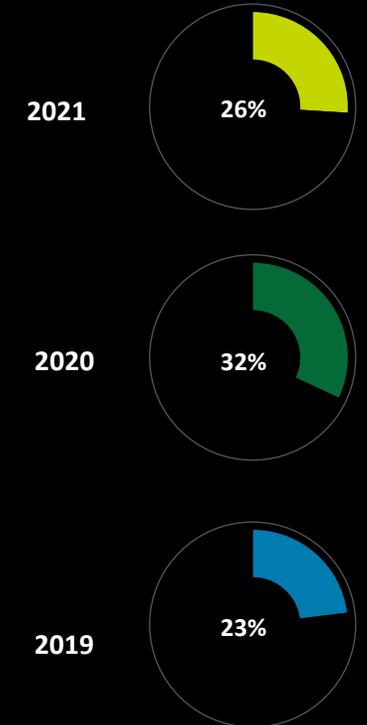
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses decreased (by 6 percentage points) compared to 2020

The trend on securing additional headcount/resources remains on the lower side, showing a reduction from 2020—results. However, there are increases in France (from 25%) and the Netherlands (from 17%) and decreases seen in Denmark (from 17%), Germany (from 39%) and the UK (from 38%) compared to 2020. Industry-wise, energy & resources leads with 54% respondent groups increasing headcount/ resources.

Question 9

36% agree or strongly agree that their group intends to co-source or outsource some tax functions as a result of the changes arising due to the BEPS project.

Country-specific agree/strongly agree results

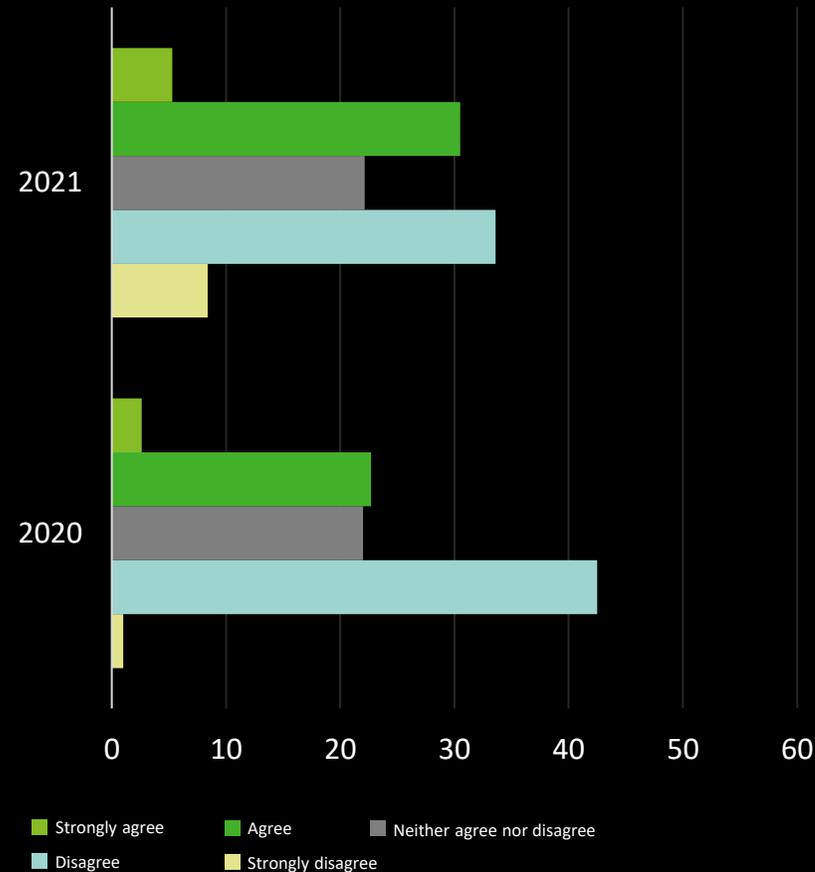
My group has or intends to co-source or outsource some Tax Group functions wholly or partly as a result of the changes arising due to the BEPS project



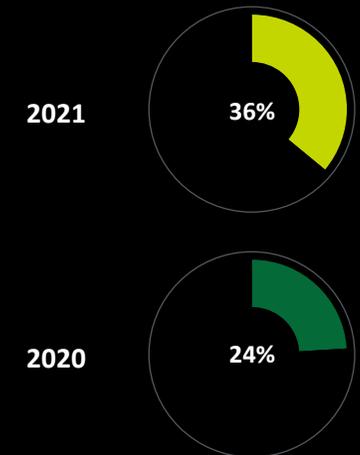
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses increased by **(by 12 percentage points)** compared to 2020

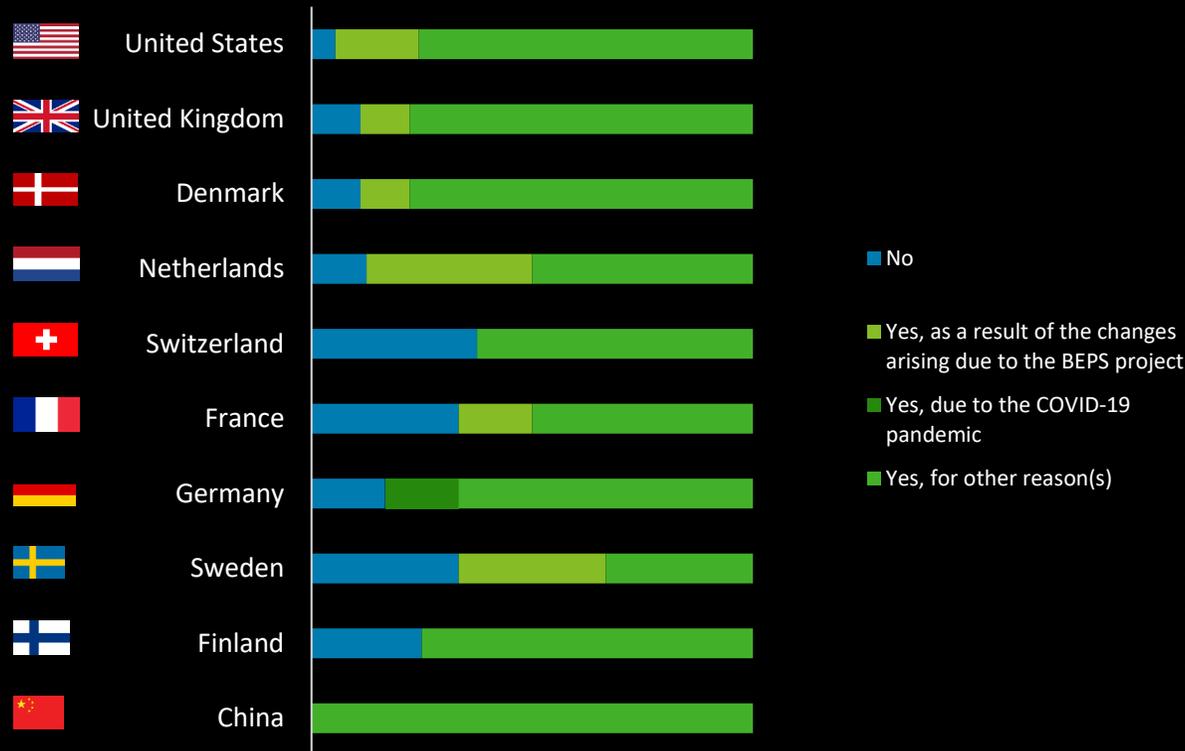
There is a notable increase in the intention to outsource/ co-source, particularly in Switzerland (from 5%) and the Netherlands (from 8%). Industry-wise, consumer business leads at 63%, followed by telecom/media/technology (46%).

Question 10

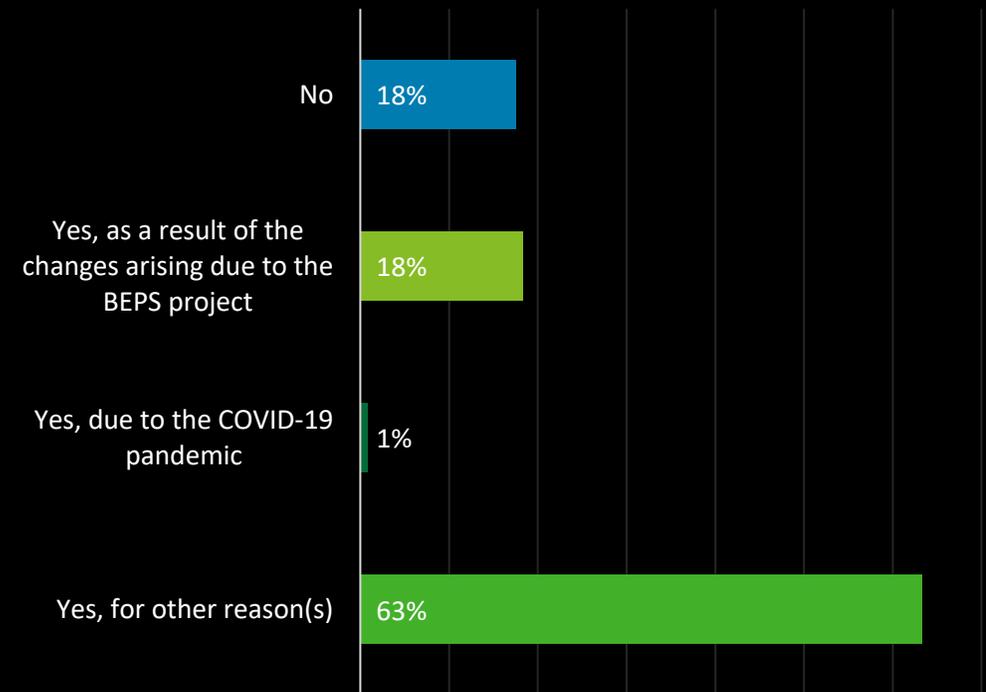
63% of the respondents intend to increase their investment in tax-related technologies, but for reasons other than BEPS or COVID-19.

Country-specific results

My group has or intends to increase its investment in tax-related technology :



Overall results



Top 10 countries by the number of responses

Over 80% intend to increase their investment in tax-related technology, however, BEPS and COVID-19 are not the main reasons for the increase. Industry-wise, energy & resources has the most respondents investing in tax technology as a result of BEPS (45%)

Question 11

27% agree or strongly agree that the tax authority in their ultimate parent's jurisdiction has become more rigorous in tax examinations.

Country-specific agree/strongly agree results

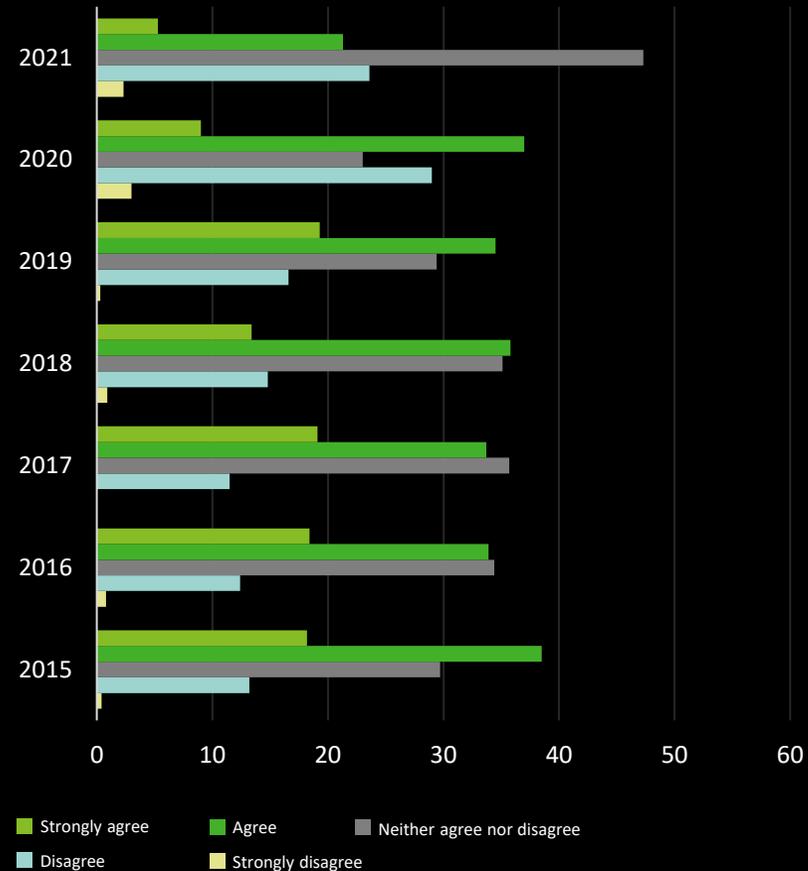
In my group parent company's country of residence, the tax authority has become increasingly more rigorous in tax examinations



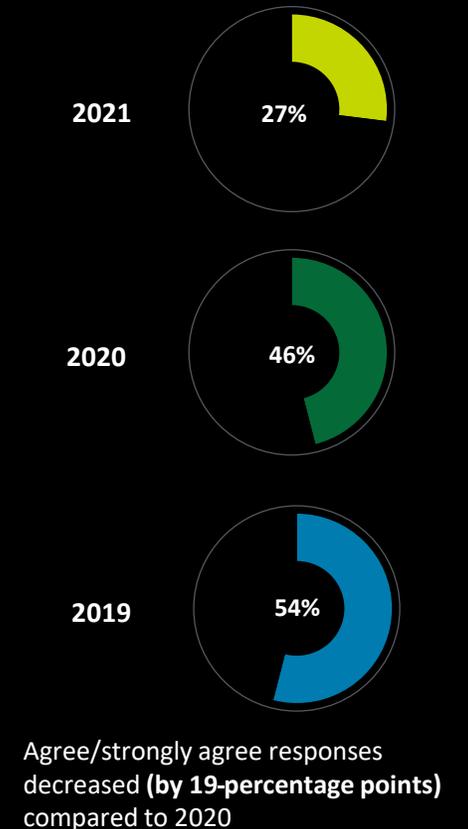
Top 10 countries by the number of responses

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

Overall results



Response Trend



As in 2019 and 2020, the 2021 survey shows a decline in the growth of rigor in tax examinations. This may reflect that the tax authorities have already ramped up the rigor of their audits in recent years, so it is no longer perceived as increasing, as the audits are already very robust. Industry-wise, energy & resources continue to lead at 45% while 100% of the retail industry respondents disagree with the statement

Question 12 (COVID 19 – new question)

45% expect increasingly rigorous tax examinations in their ultimate parent's jurisdiction as a result of COVID-19.

Country-specific agree/strongly agree results

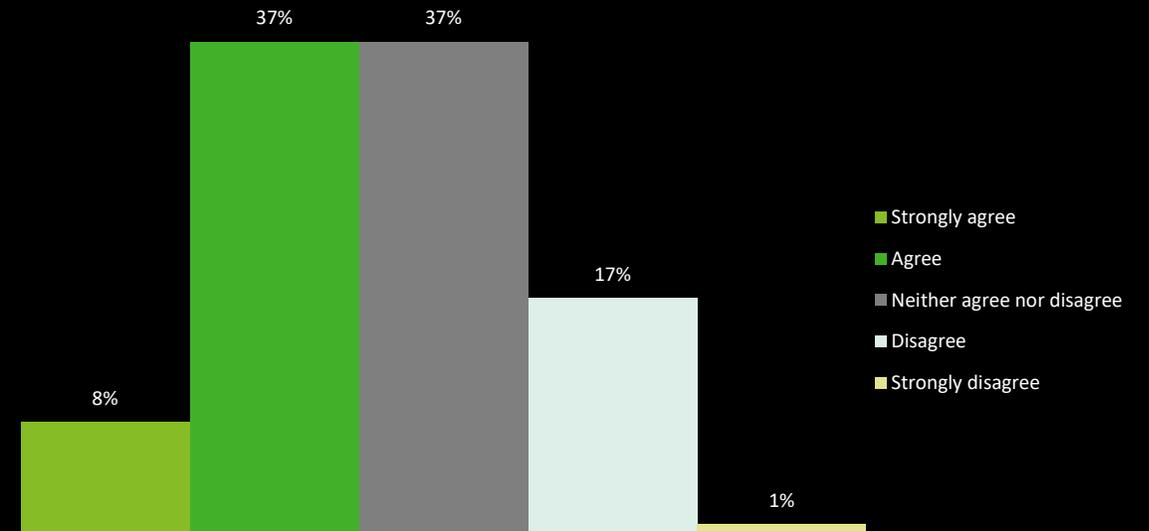
I expect that, the tax authority in my ultimate parent company's jurisdiction will become increasingly more rigorous in tax examinations as a result of the impact of COVID-19 pandemic.



Top 10 countries by the number of responses

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

Overall results



This result is presumably due to the expectation, of some respondents, that the governments' increased need of tax revenues following the pandemic will result in more rigorous tax examinations. The sentiment is more strongly pronounced in the UK, Germany and the Netherlands. Industry-wise, consumer business leads at 53%, while 100% of the retail respondents disagree with this statement (following their response to the previous question).

Question 13

65% agree or strongly agree that the tax authority in their ultimate parent's jurisdiction is increasing its use of data gathering and data analytics tools.

Country-specific agree/strongly agree results

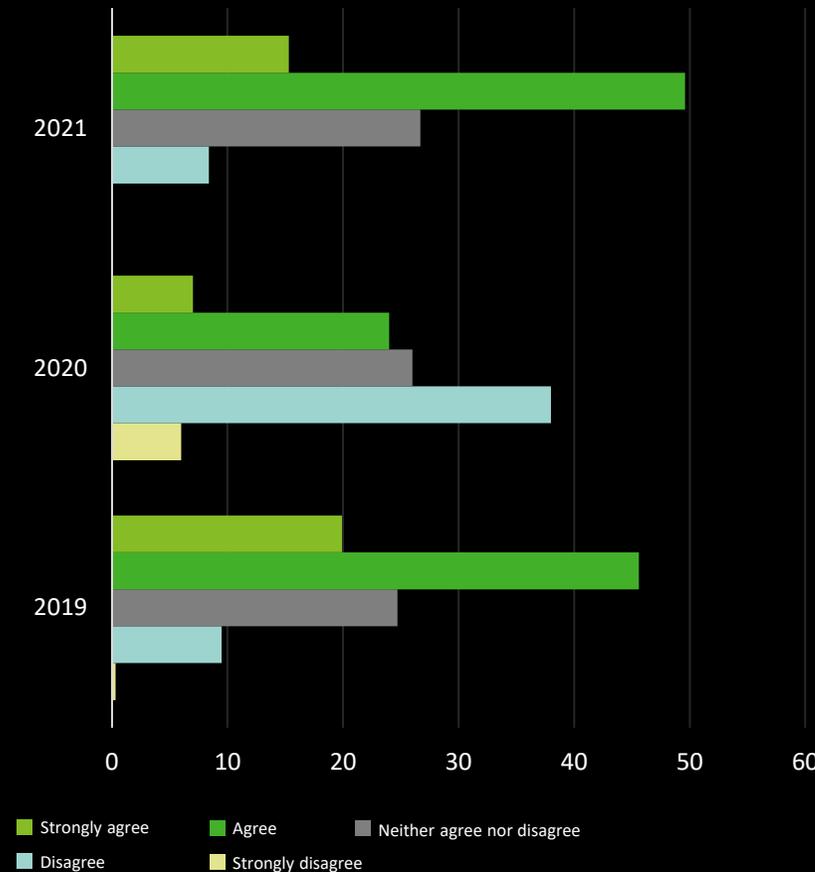
In my group's parent company's country of residence, the tax authority is increasing its use of data gathering and data analytics tools



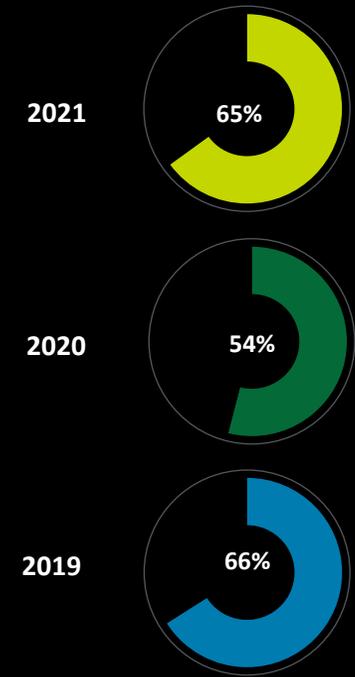
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses significantly increased by 11 percentage points compared to 2020.

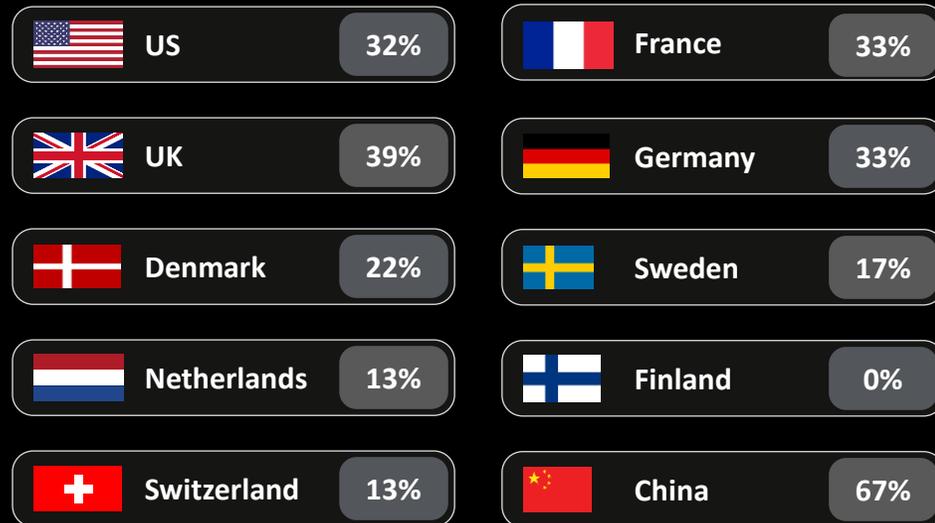
The overall trend is in line with the increasing digitalization of the economy. The highest increases are seen in Switzerland (from 10%), Germany (from 68%), the UK (from 52%), and the Netherlands (from 42%). Industry-wise, the highest level of increase is seen in consumer business (79%), followed by financial services (75%).

Question 14 (COVID-19 – new question)

30% agree or strongly agree that the tax authority in their ultimate parent company's jurisdiction has become more reliant on digital tools and technologies as a result of COVID-19 pandemic.

Country-specific agree/strongly agree results

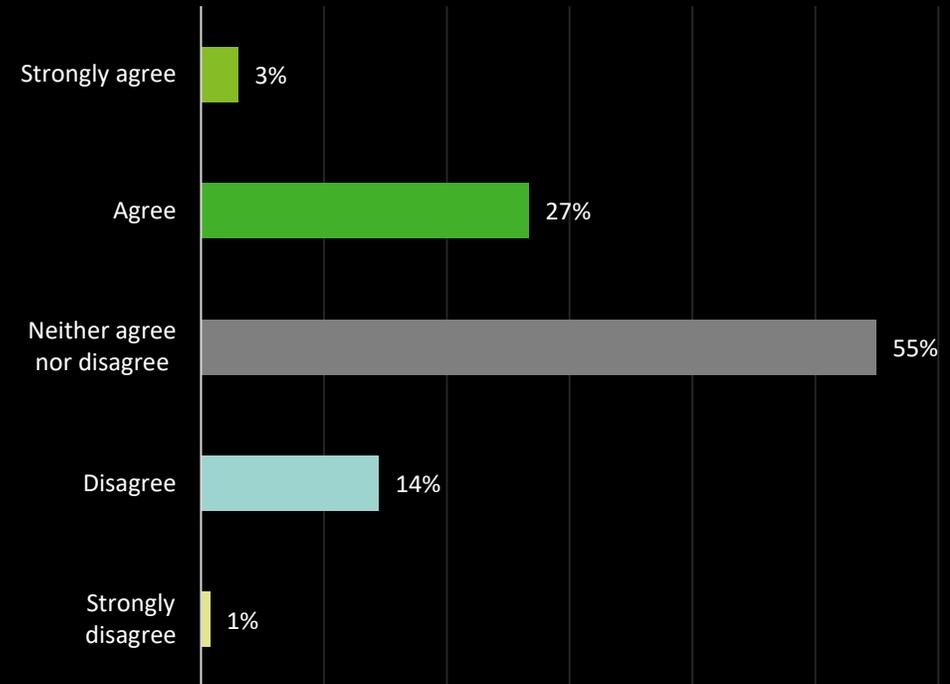
The tax authority in my ultimate parent company's jurisdiction has become more reliant on digital tools and technology as a result of the COVID-19 pandemic.



Top 10 countries by the number of responses

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

Overall results



COVID-19 seems to have a moderate impact on the tax authorities' reliance on digital technologies and tools. The trend is consistent across all the countries, with highest increase in reliance on technology shown by China (67%). However, the direction of travel of tax administrations, regardless of COVID-19, is towards an increased use of technology.

Question 15

39% are concerned about the lack of guidance from the tax authority about BEPS-related legislative changes.

Country-specific agree/strongly agree results

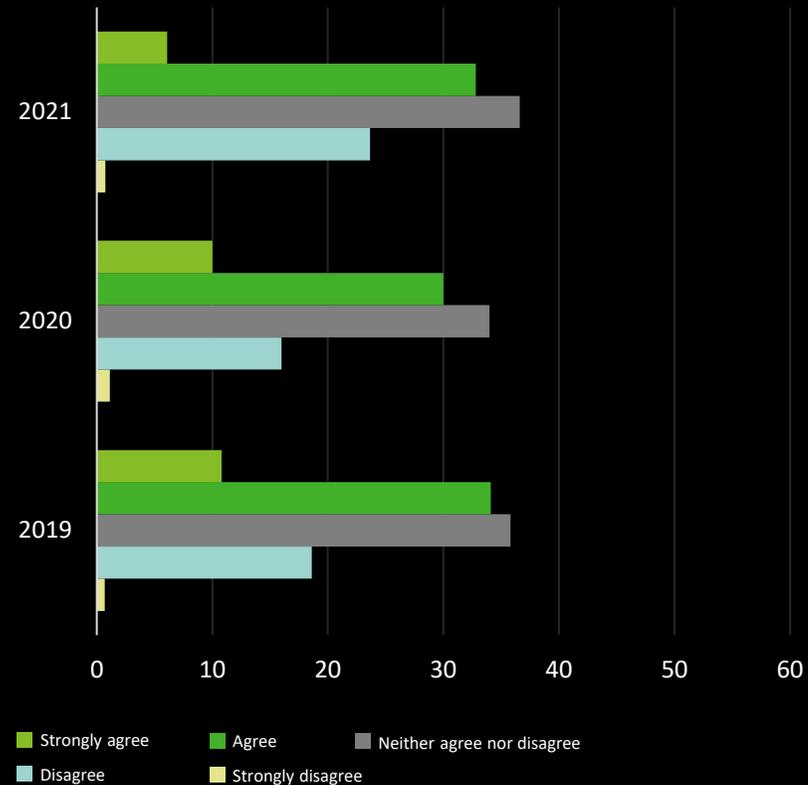
My group is concerned about lack of guidance from the tax authority in my group's parent company's country of residence about BEPS-related legislative changes



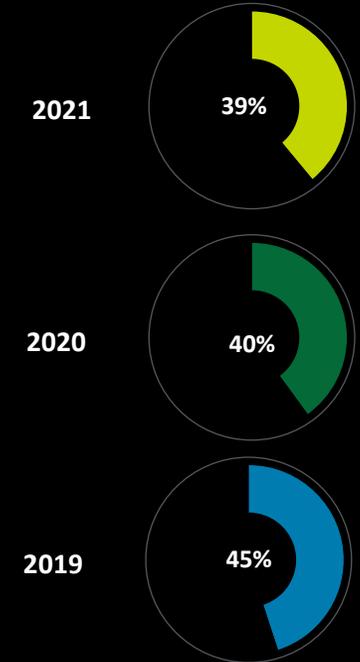
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses dropped by 1 percentage point compared to 2020.

The overall trend shows a marginal reduction of concern compared to 2019 and 2020. This could be due to tax authorities continuing to issue guidance. There is, however, a moderate increase in concern in Switzerland (from 15%), the UK (from 14%), the Netherlands (from 17%). Industry-wise, energy & resources is seen as the most concerned (82%).

Question 16

20% agree or strongly agree that, given the changing landscape, their group is obtaining more bilateral APAs.

Country-specific agree/strongly agree results

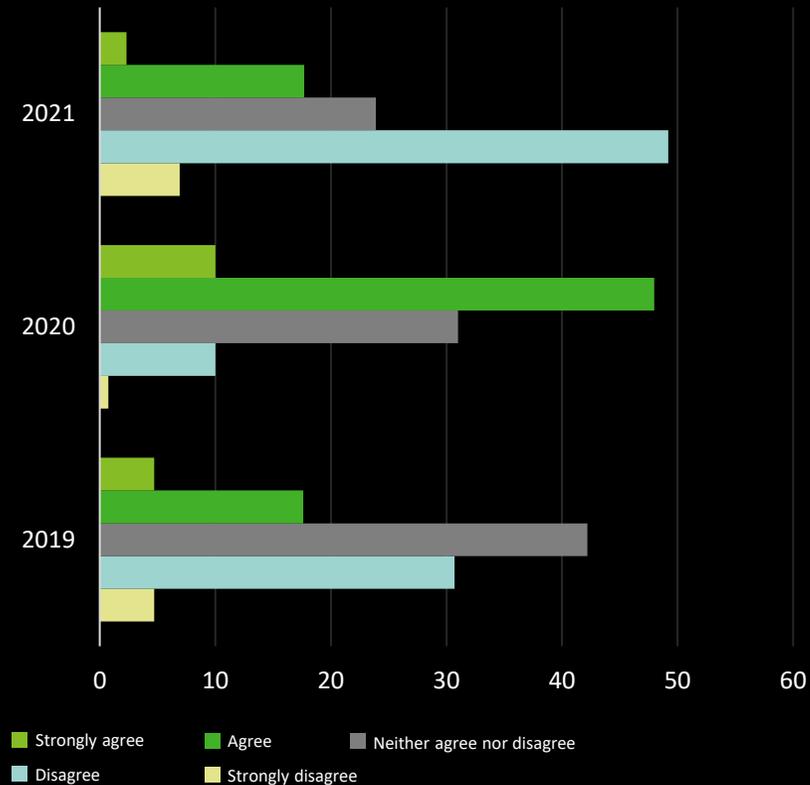
Given the changing landscape, my group is obtaining more bilateral APAs



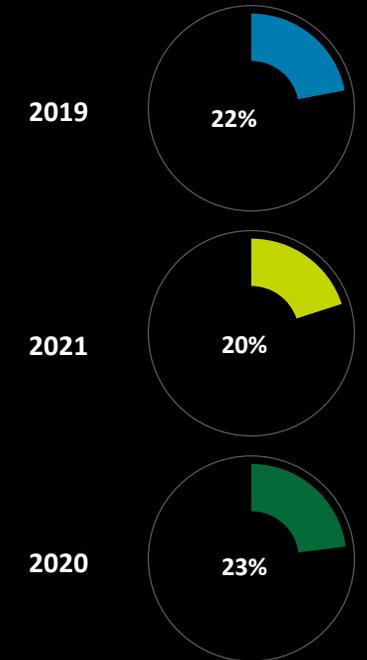
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree response dropped by 3 percentage points compared to 2020

Following a small increase in 2020, in 2021 there is again a reduction in the number of bilateral APAs and the trend remains low. There is a notable increase in Finland (from 17%), France (from 13%) and the US (from 15%), which is offset by drops in Switzerland (from 35%) and the Netherlands (from 33%). Industry-wise, energy & resources is above the average trend at 33%

Question 17

54% agree or strongly agree that their group has experienced instances of double taxation as a result of unilateral tax law changes.

Country-specific agree/strongly agree results

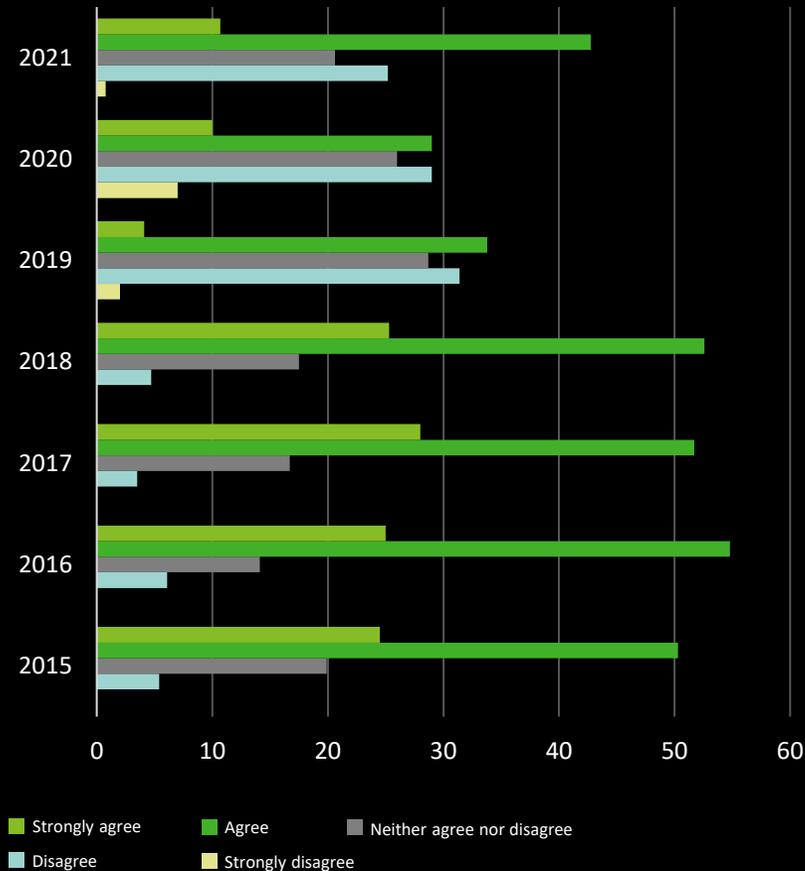
My group has experienced instances of double taxation as a result of unilateral tax law changes



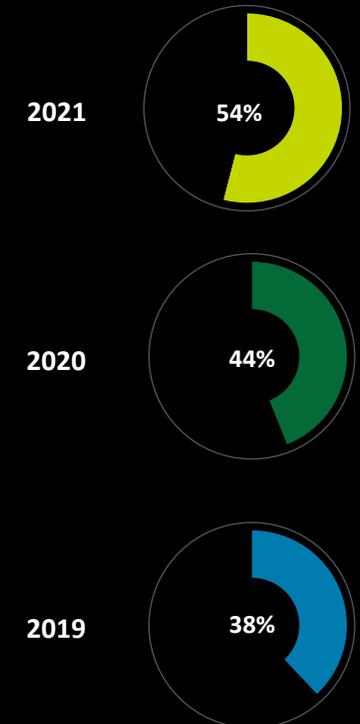
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses remained high and increased by 10 percentage points from 2020.

Among the top 10 countries with most respondents, in all except China and France, there is a high frequency of double taxation occurring. This is a significant increase from 2020 and 2019 results. Industry-wise, consumer business appears the most affected (100%) and retail the least affected (20%)

Question 18

30% agree or strongly agree that their group has experienced double taxation as a result of BEPS changes.

Country-specific agree/strongly agree results

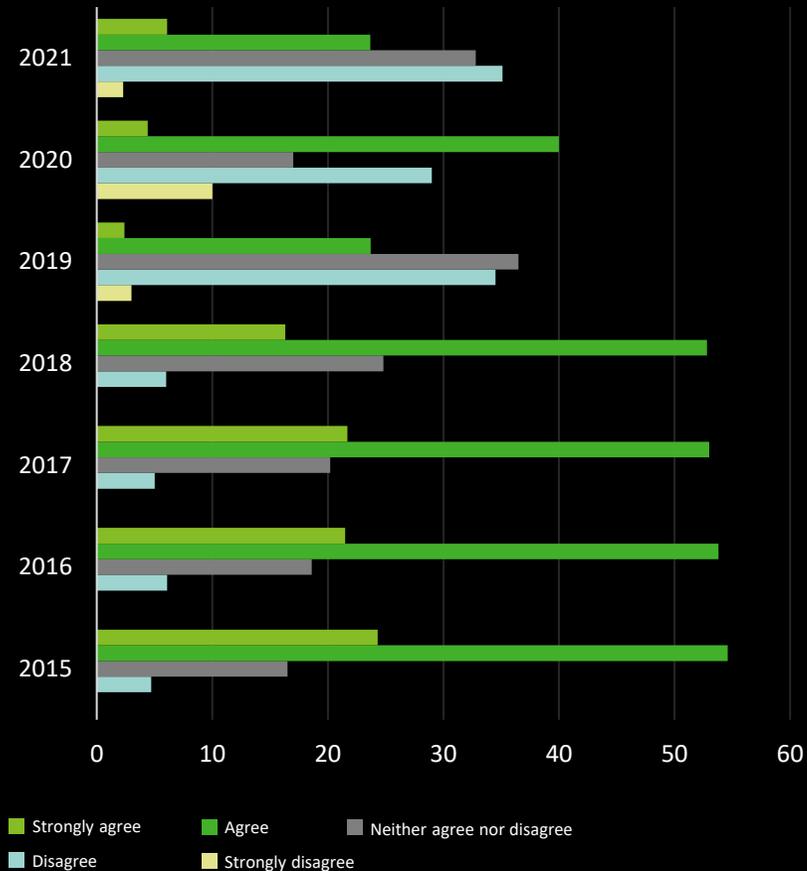
My group has experienced instances of double taxation from some of the BEPS changes



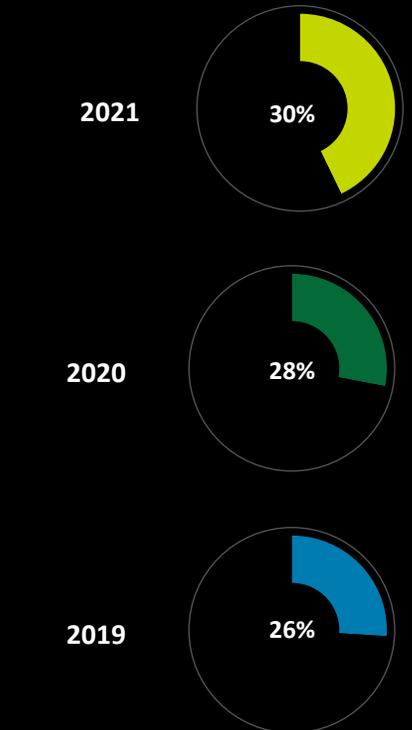
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses increased by 2 percentage points compared to 2020.

There is a small overall increase from 2020. There are notable decreases in Germany (from 36%), Switzerland (from 30%), Finland (from 50%) and increases in France (from 25%) and the UK (from 14%). Industry-wise, consumer business appears the most affected (37%), and energy & resources the least affected (0%).

Question 19

34% agree or strongly agree that their group has been involved in cross-border tax disputes as a result of uncoordinated implementation of BEPs measures.

Country-specific agree/strongly agree results

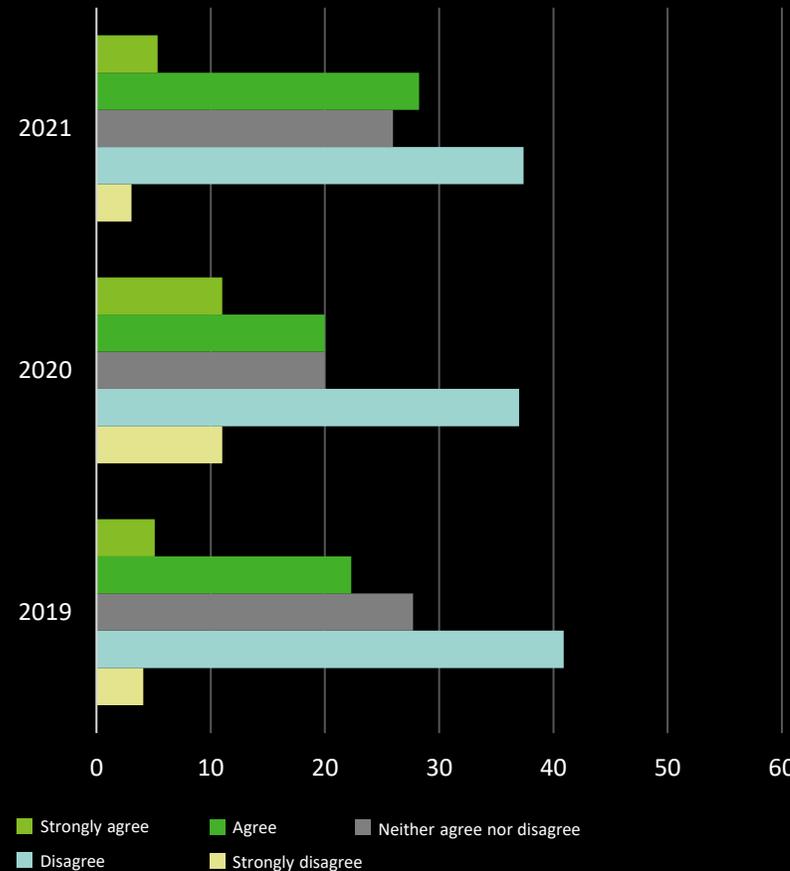
My group has been involved in cross-border tax disputes which resulted from countries' uncoordinated implementation of the BEPS measures



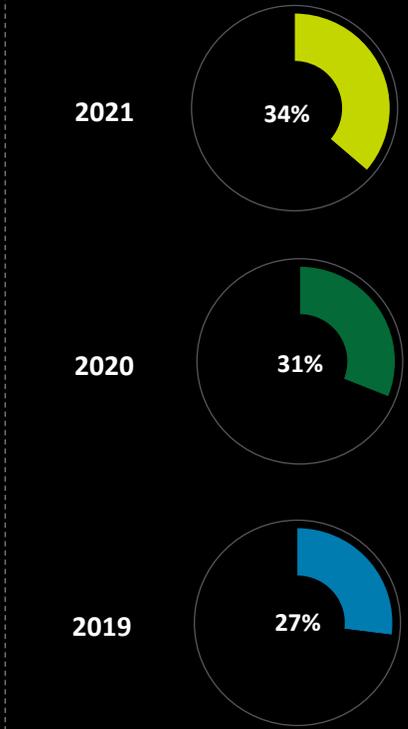
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses increased by 3 percentage points compared to 2020.

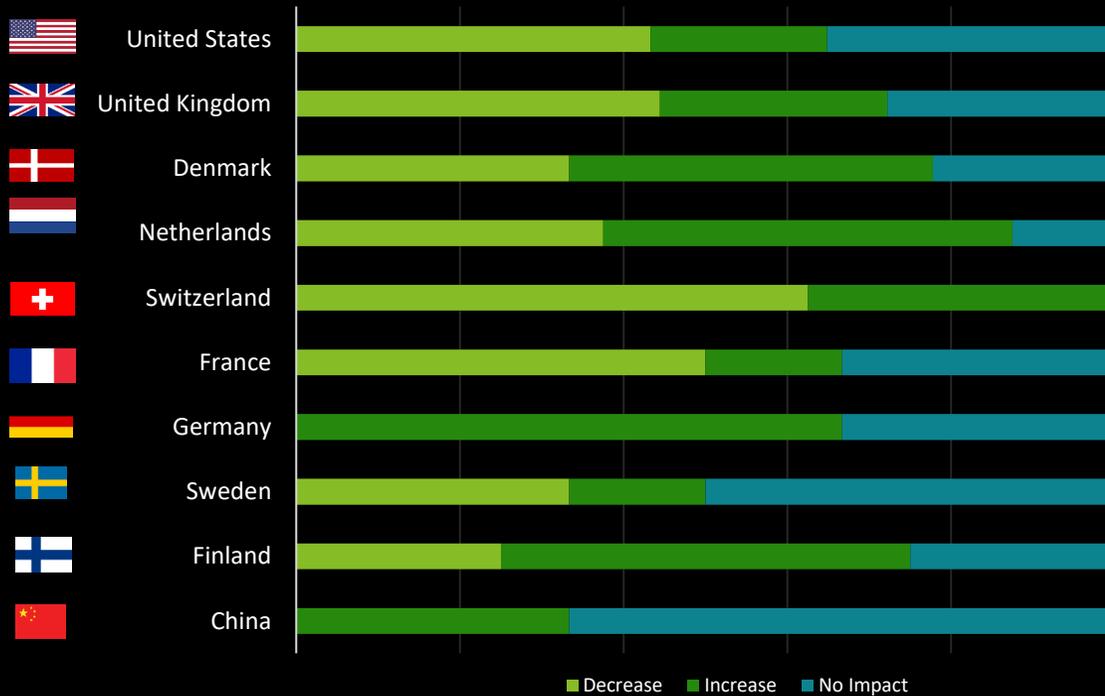
As anticipated, in places the number of disputes is slowly increasing as the BEPS measures become more embedded in local tax systems. There are increases in the Netherlands (from 8%), the US (from 30%) and the UK (from 24%) but decreases in Switzerland (from 50%) and Germany (from 36%). Industry-wise, consumer business seems the most affected (42%).

Question 20 (COVID-19 – new question)

38% expect COVID-19 to contribute to a decrease of global cooperation in the tax area

Country-specific results

I believe that the COVID-19 pandemic will contribute to an increase/decrease/no impact on global cooperation in the tax area

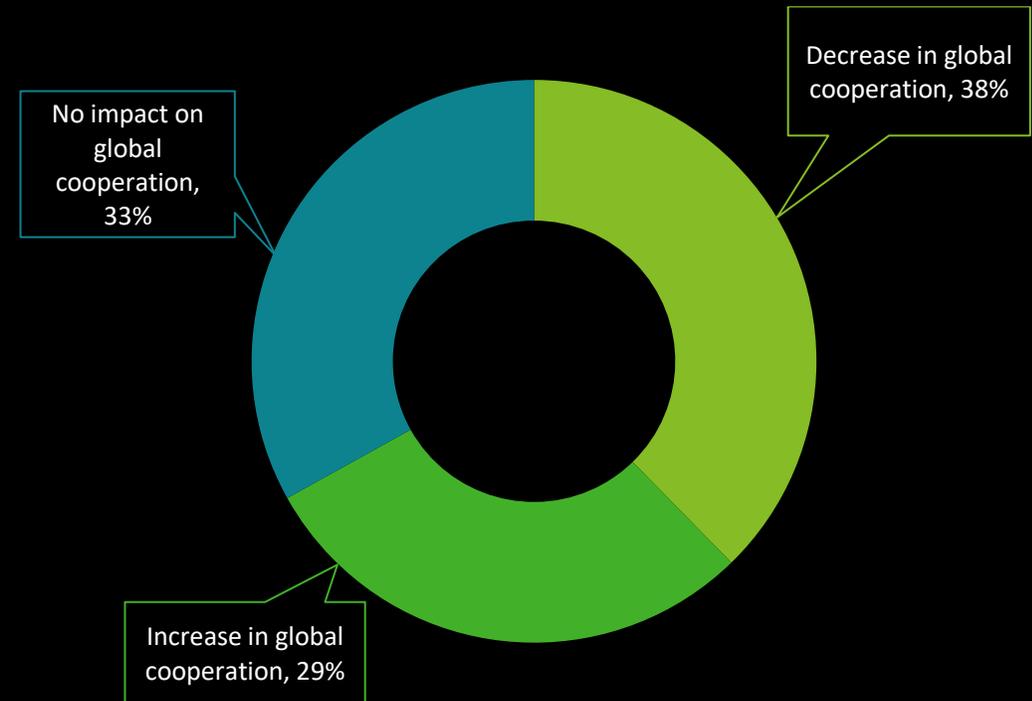


Top 10 countries by the number of responses

Level of concern and optimism varies among countries – Switzerland appears most pessimistic (63% expect a decrease in global cooperation) while 67% respondents from Germany say it will increase the global cooperation. Industry-wise, 50% of respondents from telecom/media/technology expect a decreased cooperation, whereas in manufacturing, 46% of respondents expect no impact on the global cooperation.

Overall results

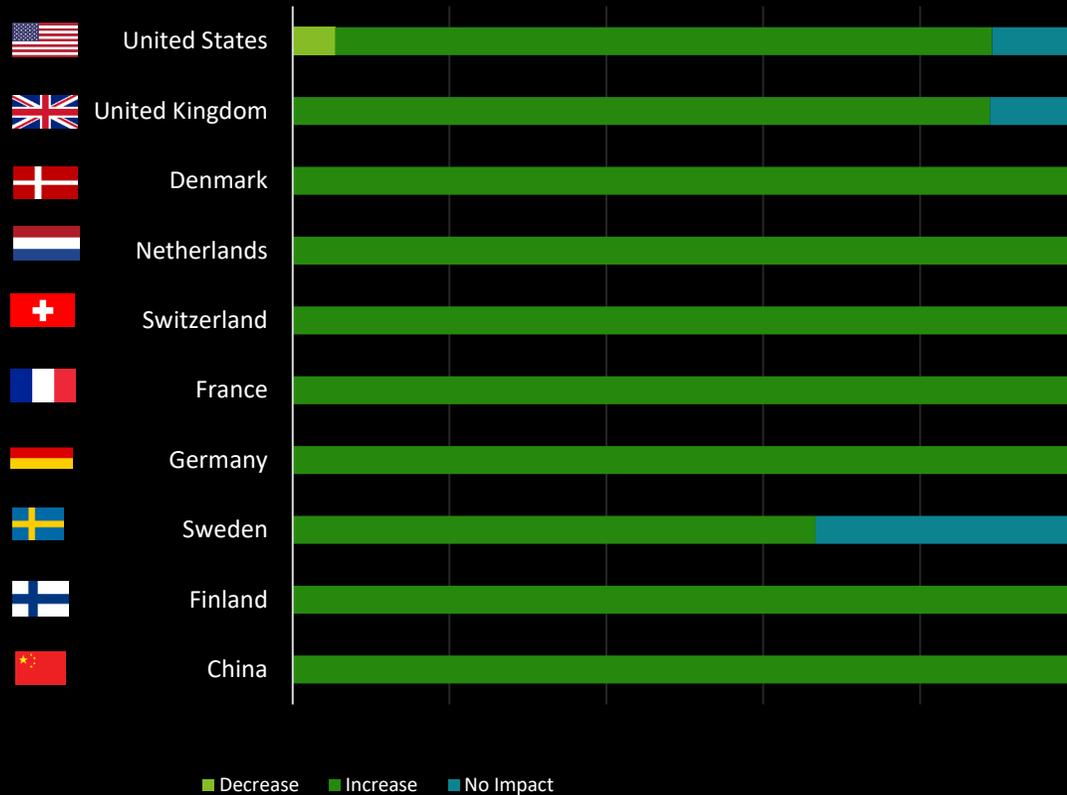
Respondents are divided on COVID impact on global cooperation in tax area



Question 21 (COVID 19 – new question)

90% of the respondents believe that more tax disputes may arise out of increased government deficits due to COVID-19.

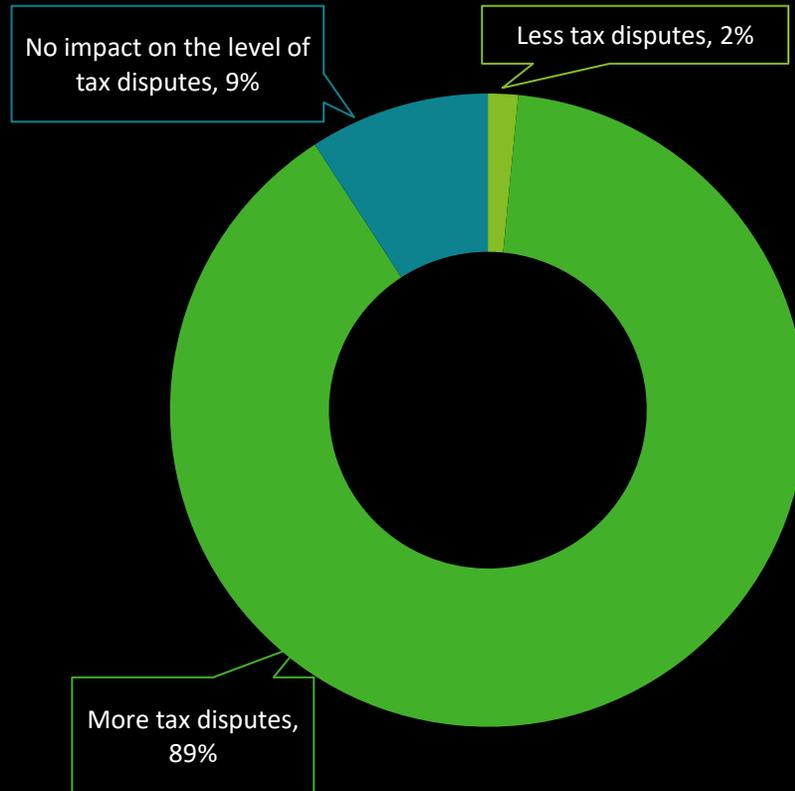
Country-specific results



Top 10 countries by the number of responses

Overall results

I believe that there is a risk of increased governments deficits stemming from the COVID-19 pandemic that may result in:



This is the highest level of agreement in the whole survey, which demonstrates the level of concern over increased tax disputes, across all the respondent countries and major industries. Industry-wise, financial services appear least pessimistic with 25% expecting no impact on the level of disputes. The level of concern shown here stresses the importance of the effective dispute resolution mechanism.

Question 22

25% agree or strongly agree that most tax administrations are interpreting the OECD Transfer Pricing Guidelines in a consistent manner.

Country-specific agree/strongly agree results

I believe that most tax administrations are interpreting the OECD Transfer Pricing Guidelines in a consistent manner

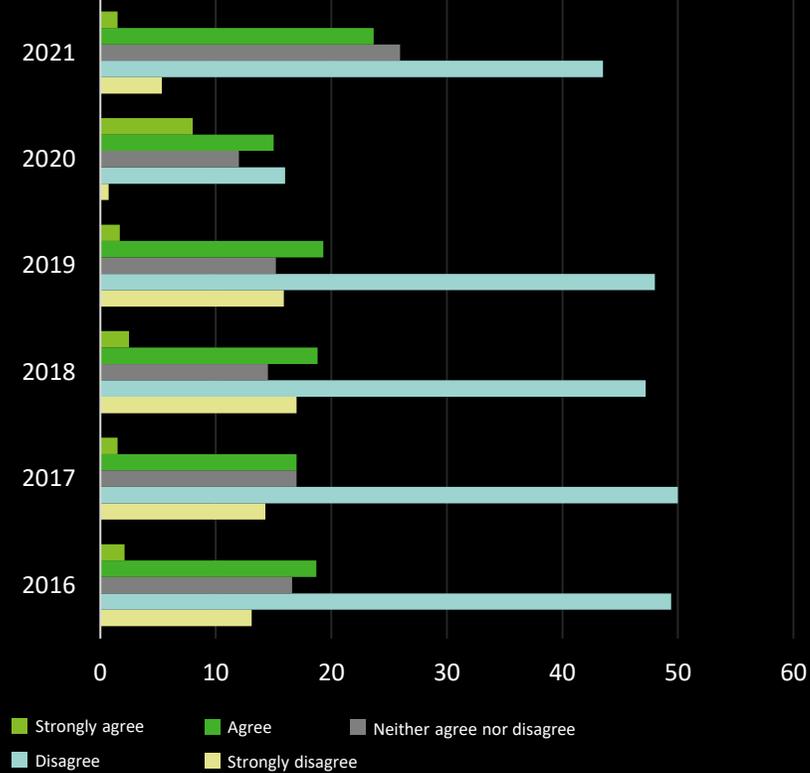


Top 10 countries by the number of responses

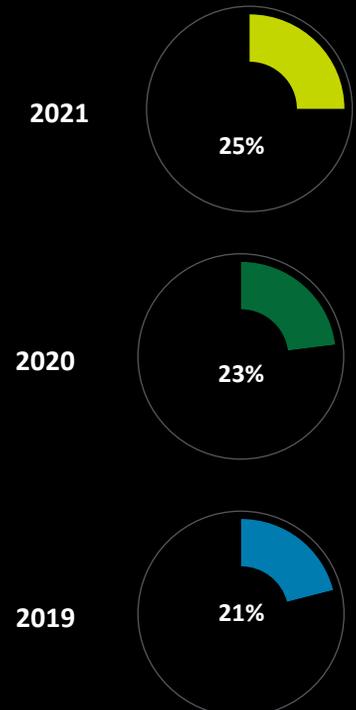
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

While on average there is a small increase from 2020, there are significant fluctuations on a country level. Germany is the most optimistic (increase from 36%), followed by the Netherlands (increase from 17%). In most respondent countries the level of confidence increased, however, there are notable drops in Finland (from 33%) and Switzerland (from 35%). Industry-wise, energy & resources and telecom/media/technology are least optimistic (9% and 14% respectively).

Overall results



Response Trend



Agree/strongly agree responses increased slightly by 2 percentage points compared to 2020.

Question 23 (new question)

40% agree or strongly agree to have experienced increased focus on DEMPE functions in transfer pricing audits since the inclusion of BEPS.

Country-specific agree/strongly agree results

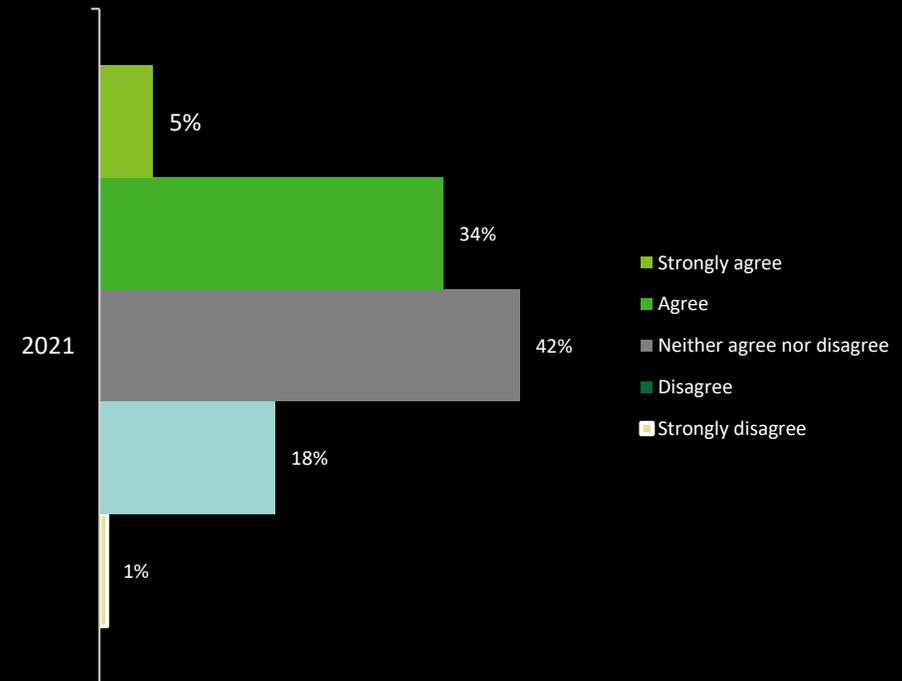
My group has experienced an increased focus on DEMPE (Development, Enhancement, Maintenance, Protection and Exploitation) functions in transfer pricing audits since the conclusion of BEPS.



Top 10 countries by the number of responses

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

Overall results



The responses may reflect that there has already been a lot of focus in this area, resulting in the majority of respondents not seeing an increase. Consumer business appears to have the highest number of respondents who experienced an increased focus on DEMPE (52%).

Question 24 (COVID 19 question – new question)

39% of the total respondents agree or strongly agree that they have re-examined their transfer pricing policies as a result of COVID-19 pandemic.

Country-specific agree/strongly agree results

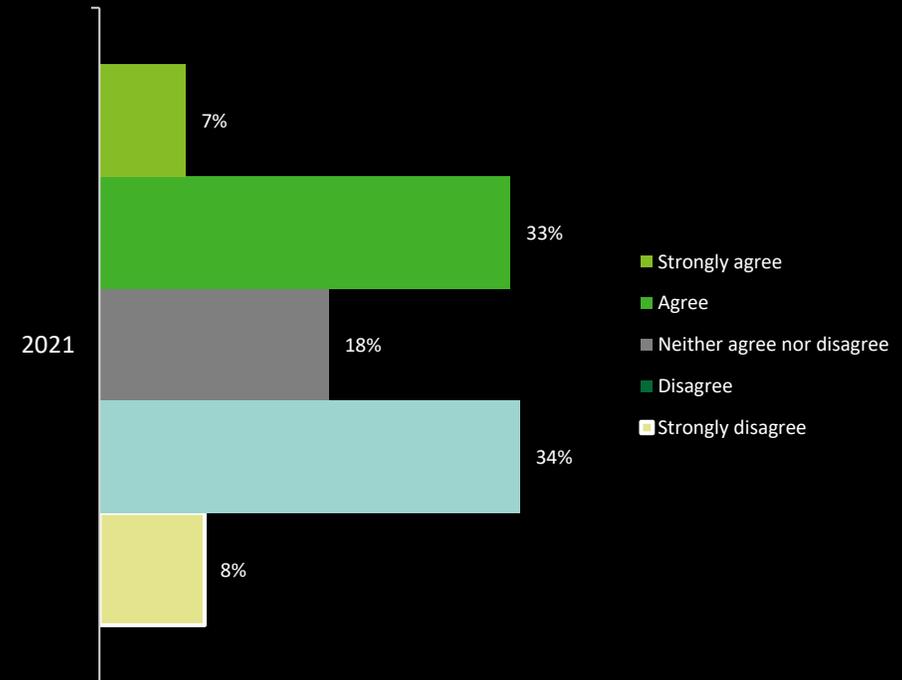
My group has re-examined its transfer pricing policies as a result of the COVID-19 pandemic.



Top 10 countries by the number of responses

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

Overall results



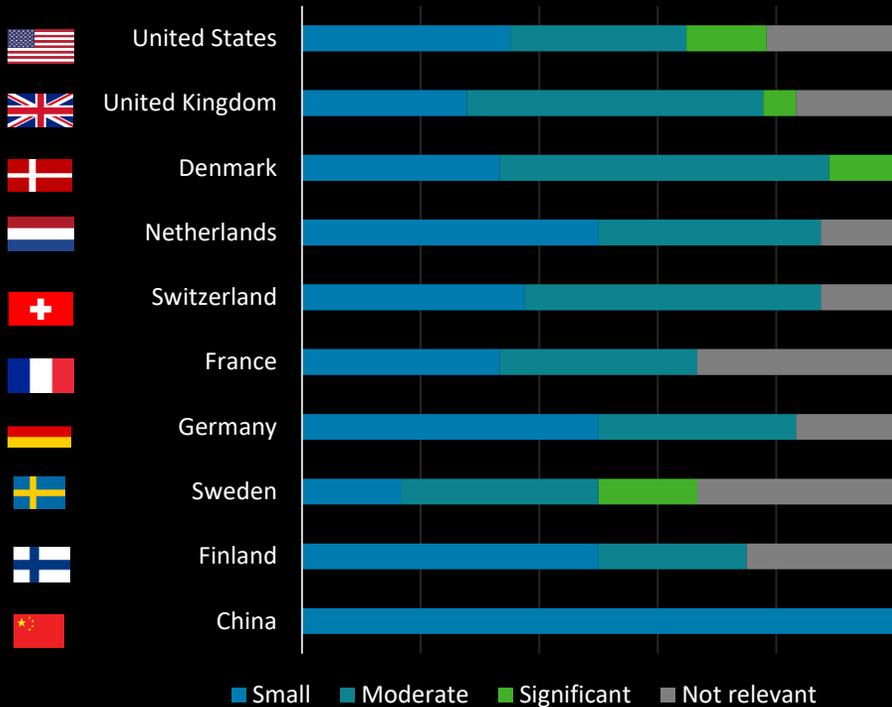
It is not surprising that a large number of multinationals are re-examining transfer pricing policies, in particular those that have been badly affected by the COVID-19 pandemic. Conversely, for those groups that have been largely unaffected, there has been no need to revisit policies.

Question 25 (COVID 19 question – New addition)

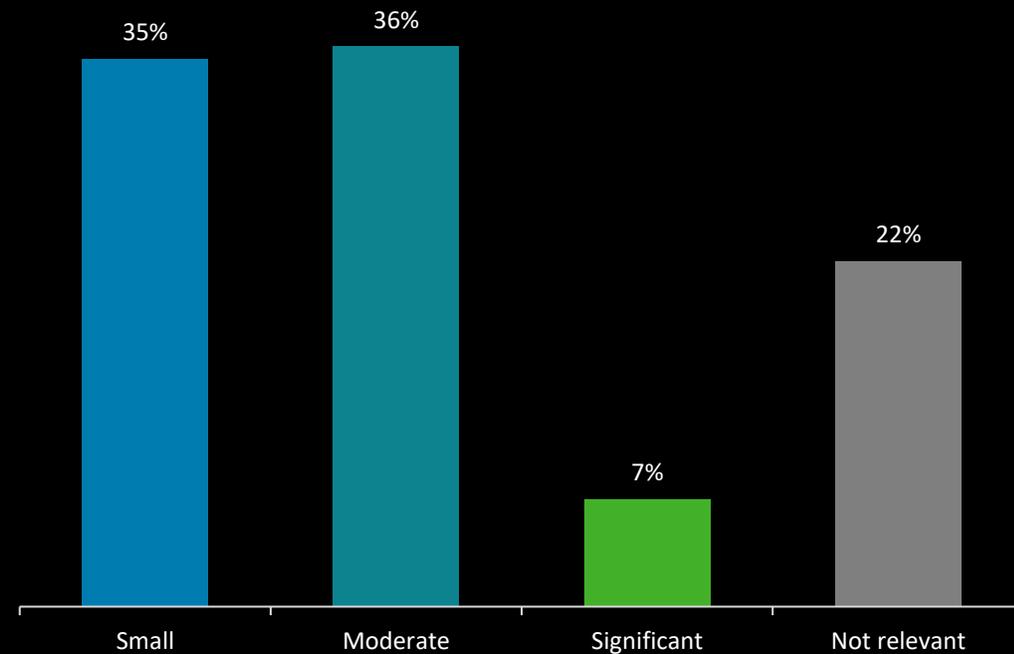
71% of the respondents expect the impact of permanent establishment issues related to remote working as a result of COVID-19 to be small or moderate.

Country-specific results

Do you expect the impact on your group, of permanent establishment issues related to more remote working as a result of COVID-19 to be:



Overall results



China is most optimistic; industry-wise telecom/technology/media and retail (43% and 40% respectively) are most optimistic, expecting a small impact. The guidance issued by the OECD on permanent establishments in light of COVID-19 may have contributed to the optimism.

Question 26

14% agree or strongly agree that their group has been impacted by European Commission's recent state aid decisions.

Country-specific agree/strongly agree results

My group has been impacted by the European Commission's recent State Aid decisions

 **US** 24%

 **UK** 11%

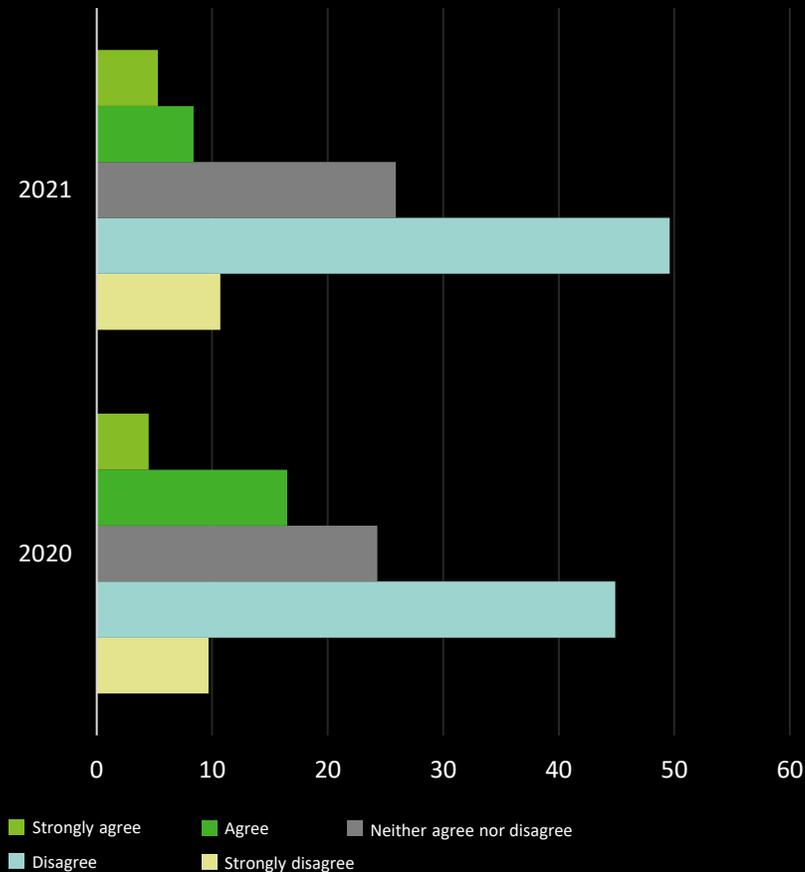
 **Denmark** 11%

 **China** 33%

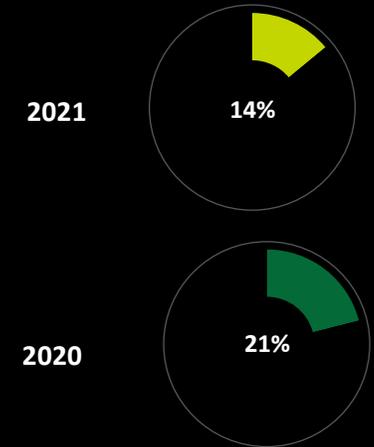
 **Germany** 17%

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

Overall results



Response Trend



Agree/strongly agree responses decreased by 7 percentage points compared to 2020.

There is a decrease from 2020, with the most impact of recent state aid decisions expected in China, the US and Germany. The relatively low percentages may reflect the fact that the direct impact is limited to the specific entities involved.

Question 27

49% anticipate higher withholding tax obligations as a result of treaty changes, whether under the multilateral instrument (MLI) or renegotiation of double tax treaties.

Country-specific agree/strongly agree results

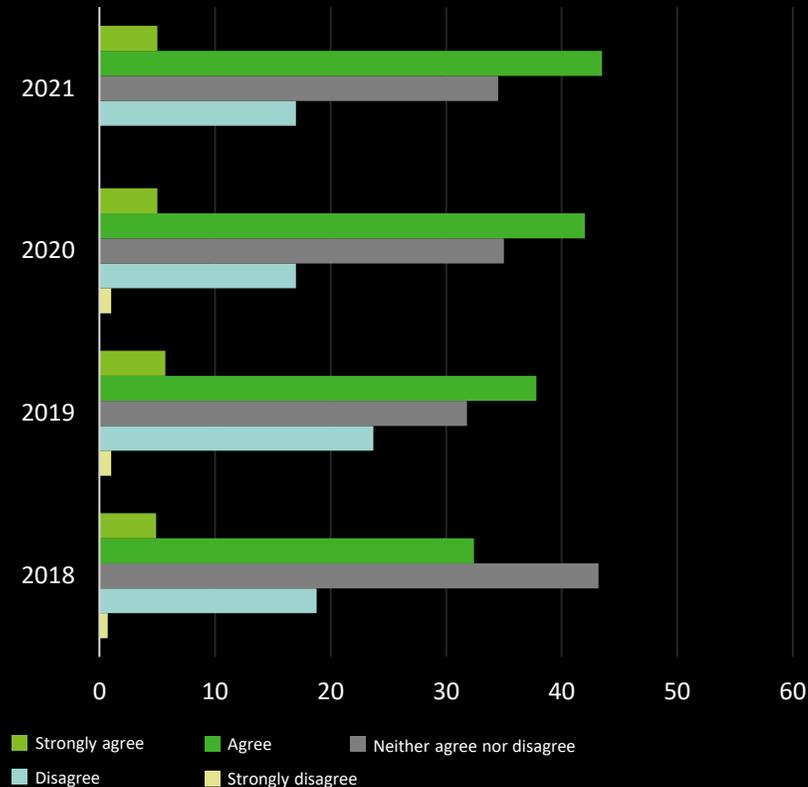
My group is anticipating higher withholding tax obligations as a result of treaty changes, whether under the multilateral instrument (MLI) or renegotiation of double tax treaties.



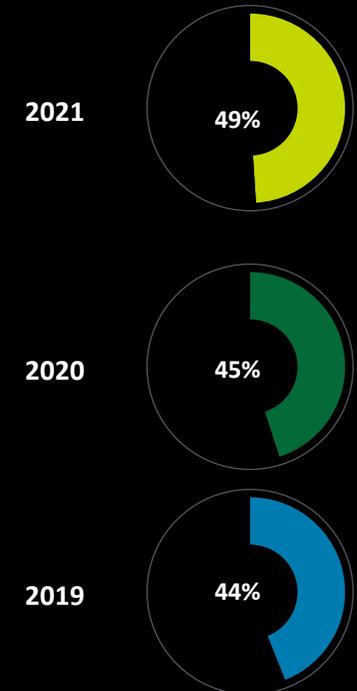
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses increased slightly by 4 percentage points compared to 2020.

There is a small overall increase in 2021, with a significant increase in Germany (from 57%), Switzerland (from 35%) where the MLI has recently entered into effect. The increase in the Netherlands (from 50%) could perhaps be triggered by recent tax treaty negotiations that resulted or will result in higher withholding tax (WHT). Finland, where the MLI has already been in force for a few years, is the only respondent country where the expectation of higher WHTs has dropped significantly (from 50%). Industry-wise, energy & resources lead at 82%.

Question 28

22% of the respondents are planning to restructure their holding companies as a result of the principal purpose test (PPT).

Country-specific agree/strongly agree results

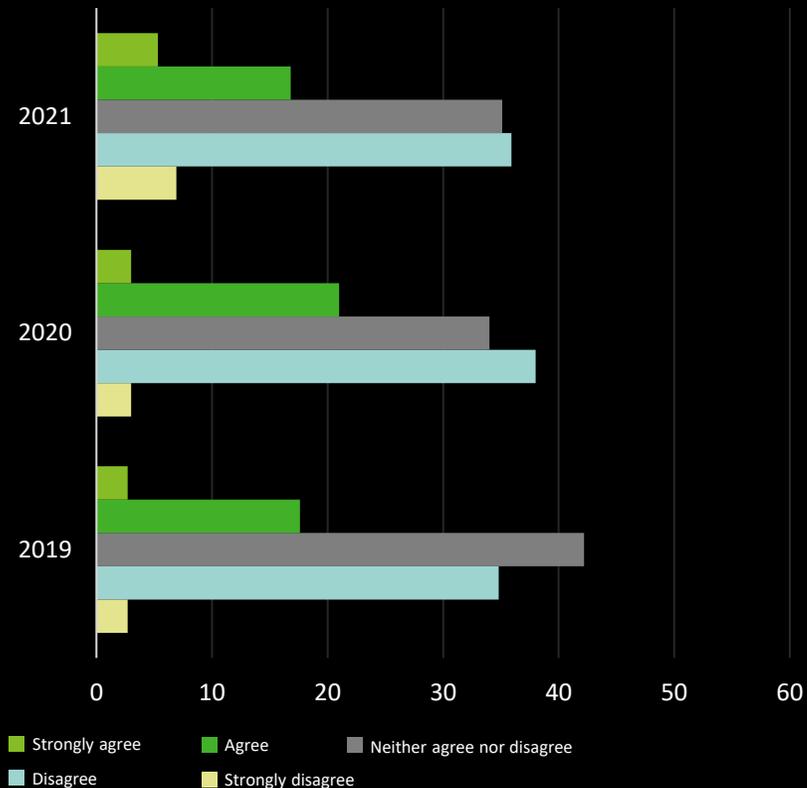
As a result of the principal purpose test (PPT) in the MLI my group is planning to restructure holding companies



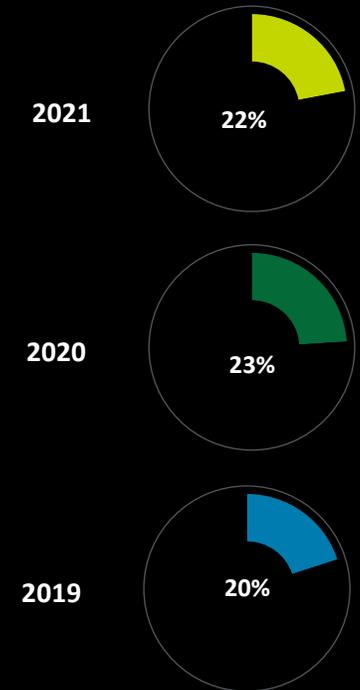
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses decreased slightly by 1 percentage point compared to 2020.

Overall, the intention to restructure holding companies remains low, with several 'top 10' respondent countries not planning to restructure. In Finland, the expectation has dropped significantly (from 67%). The low response may be caused by the restructuring that already happened in the previous years, prior to the implementation of the PPT. On the contrary, the increase in France (from 0%) could be due to released guidance and/or stricter approach of tax authorities on the application of the PPT. Industry-wise, retail leads at 40%.

Question 29

47% are concerned about the lack of guidance from the tax authorities around the world about the PPT.

Country-specific agree/strongly agree results

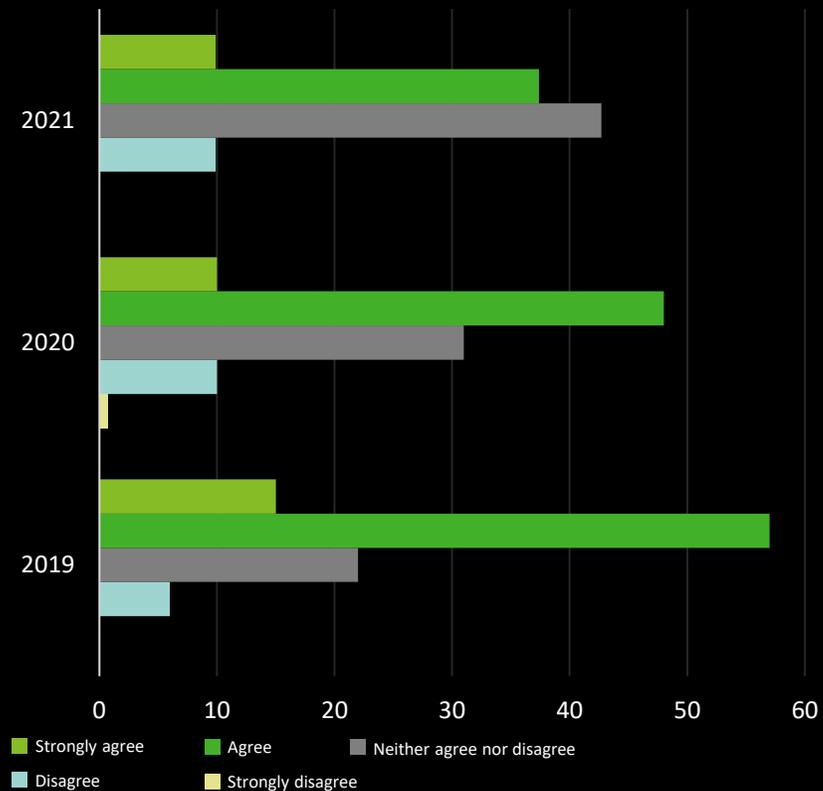
My group is concerned about lack of guidance from the tax authorities around the world about the PPT.



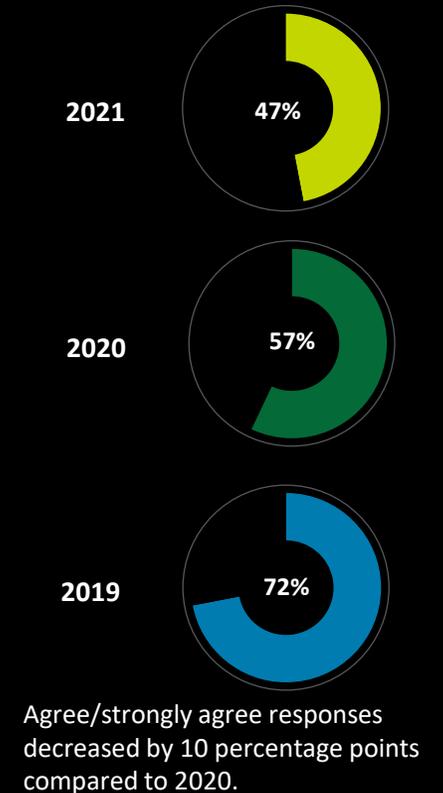
Top 10 countries by the number of responses

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

Overall results



Response Trend



There is reduced concern about lack of guidance across the globe compared to 2019 and 2020, this may be because more guidance has been issued by the tax authorities since the last survey. The level of concern and dynamic of change varies across the respondent countries, there is a decrease in France (from 25%), Finland (from 50%) and the US (from 67%) but an increase in the UK (from 38%). Industry-wise, energy & resources seem the most concerned at 73%.

Question 30

41% agree or strongly agree that their group will be affected if the revenue-based digital services taxes continue to be introduced in the country where their users are located.

Country-specific agree/strongly agree results

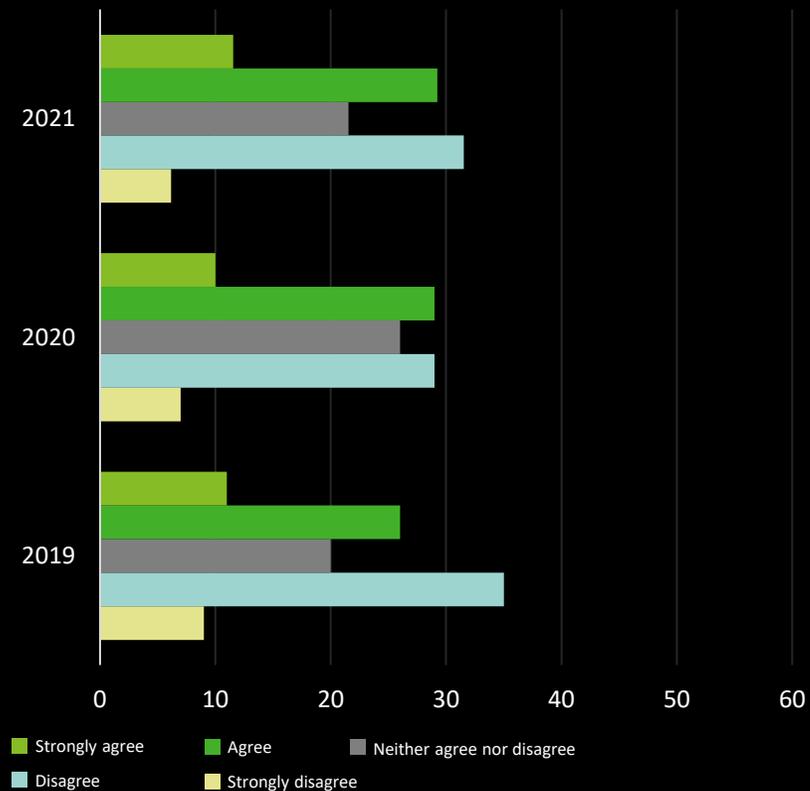
My group will be affected if revenue-based digital services taxes continue to be introduced in the country where our users/customers are located.



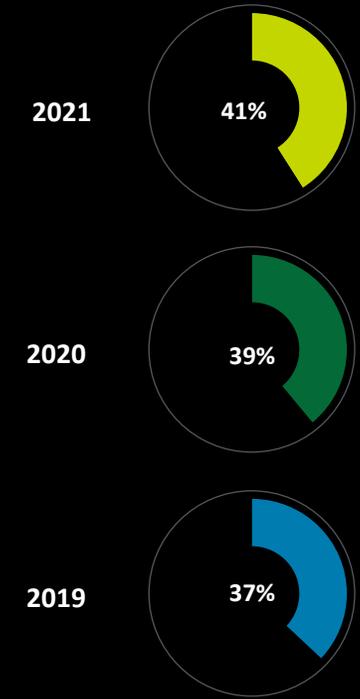
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses remained broadly consistent with 2020 at 41%, up by 2 percentage points

The trend of slowly increasing concern continues. Industry-wise, as expected, telecom/media/technology leads at 79% while only 9% of energy & resources respondents expect to be affected.

Question 31

46% are hopeful that there will be global consensus on taxation of digital economy through OECD's Pillar 1/Pillar 2 project.

Country-specific agree/strongly agree results

I expect that in the future there will be global consensus on taxation of the digital economy through the OECD's Pillar 1/Pillar 2 project that will lead to changes in the international tax framework.

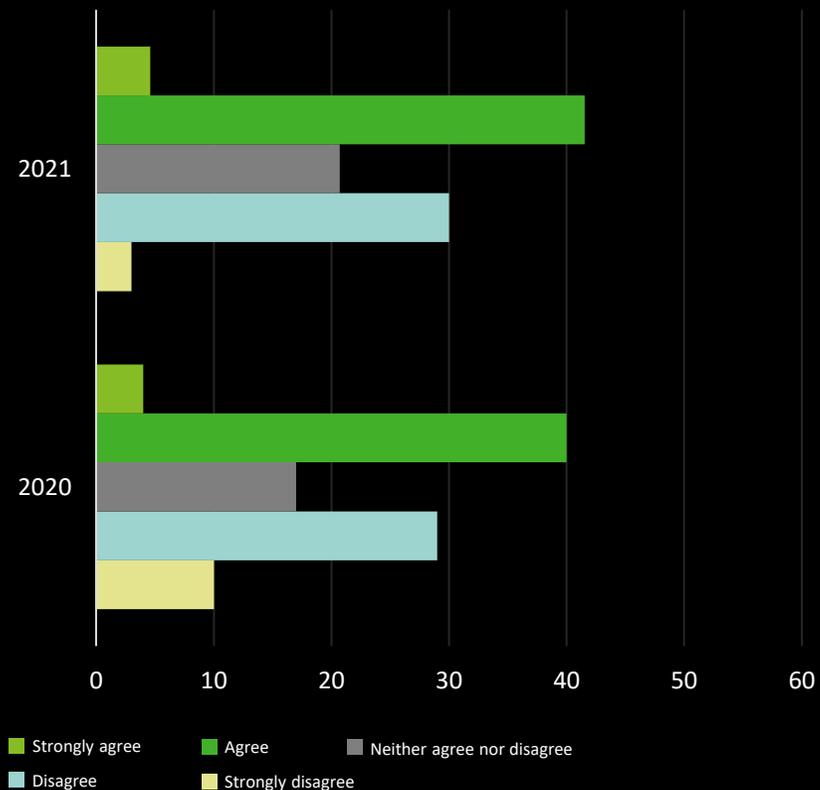


Top 10 countries by the number of responses

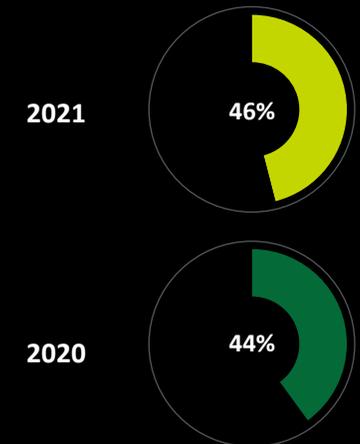
Note: Information above includes only selected countries. Percentages above refer to participants who selected "agree" or "strongly agree".

Since the beginning of the year the Inclusive Framework has issued a statement outlining a relatively high level agreed upon direction of travel for Pillar 1 / Pillar 2 which was subsequently endorsed by the G20 Finance Ministers. Given this momentum the level of optimism may have increased since the beginning of the year.

Overall results



Response Trend



Agree/strongly agree responses remained consistent with 2020, up by 2 percentage points

Question 32

41% agree or strongly agree that their group has been actively engaged in OECD's Pillar 1/Pillar 2 project consultation

Country-specific agree/strongly agree results

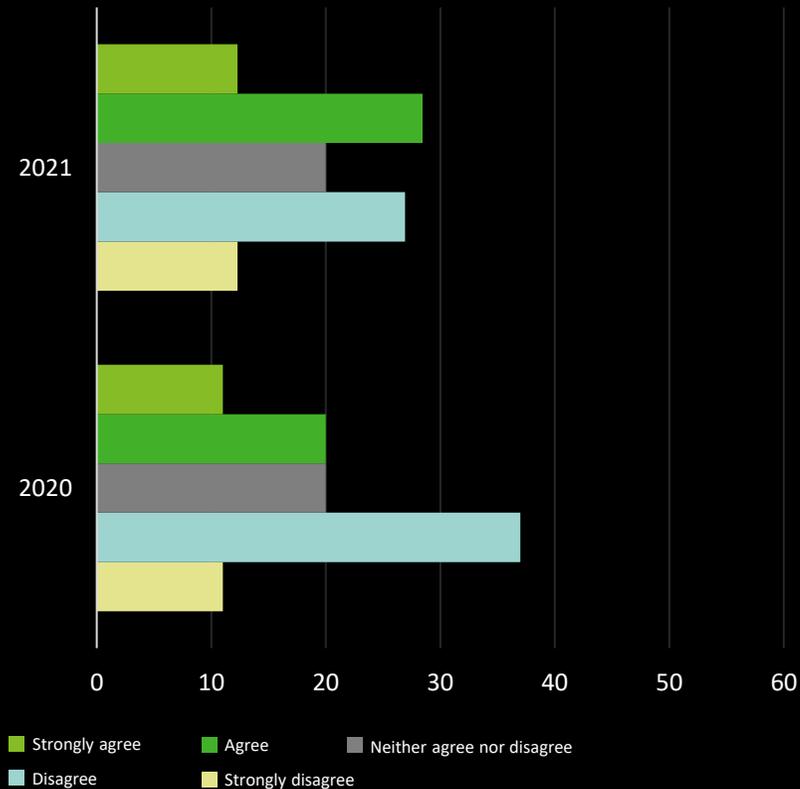
My group has been actively engaged in the OECD's Pillar1/Pillar 2 project consultation either directly or through other channels.



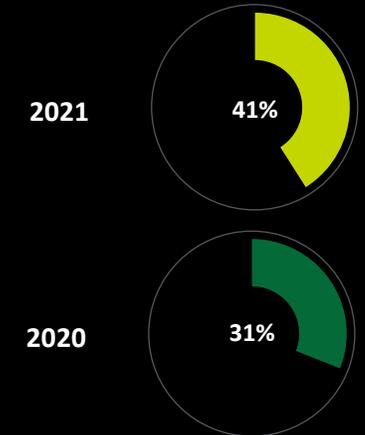
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses increased by 10 percentage points compared to 2020

Results are consistent with 2020, however country-wise, the results vary with an increase seen in the US (from 24%) and Finland (from 50%) whereas a decrease is seen in Germany (from 32%) and France (from 63%).

Question 33

62% are concerned about the possible increase in corporate taxes as an outcome of the OECD Pillar 1/Pillar 2 project.

Country-specific agree/strongly agree results

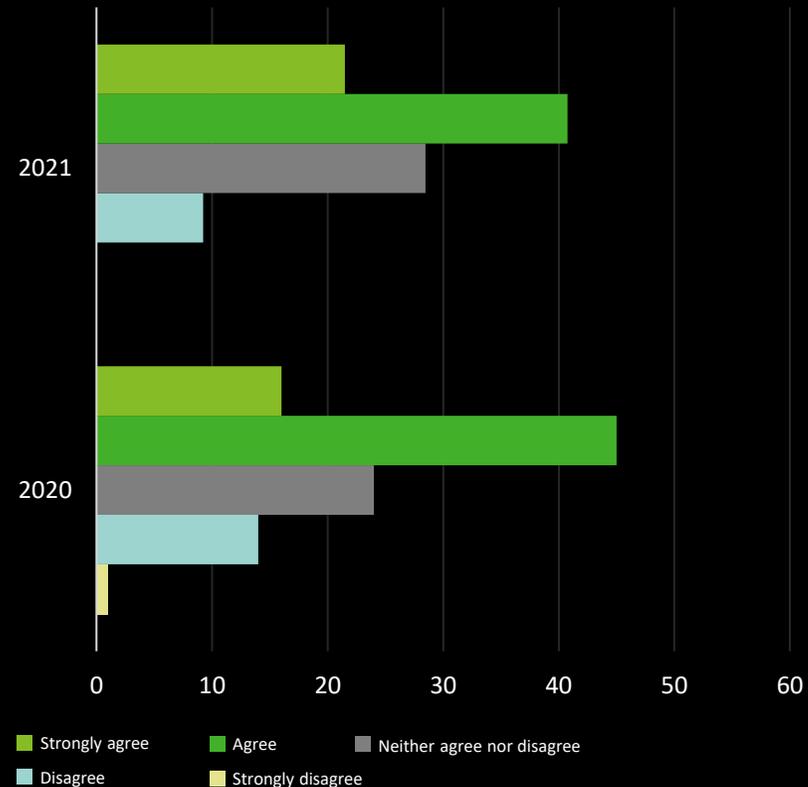
My group is concerned that a possible outcome of the OECD's Pillar 1/Pillar 2 project will be an increase in my group's corporate taxes.



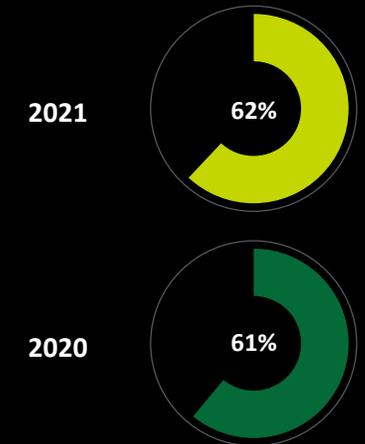
Top 10 countries by the number of responses

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

Overall results



Response Trend



Agree/strongly agree responses are at the same level as in 2020, with a slight increase of 1 percentage points in 2021

This result is not surprising. The impact of Pillar 1 / Pillar 2 will vary by company, however, the proposed minimum tax in Pillar 2, in particular, would result in an increased tax liability for many companies. The level of concern is in line with 2020.

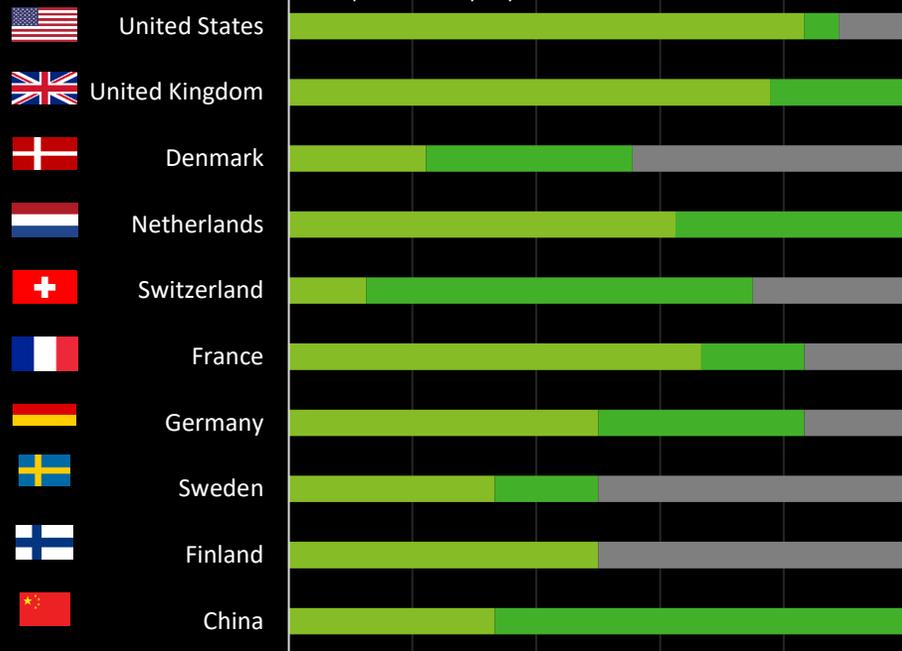
Question 34 (new question)

57% anticipate an increase in the corporate income tax liability post US elections.

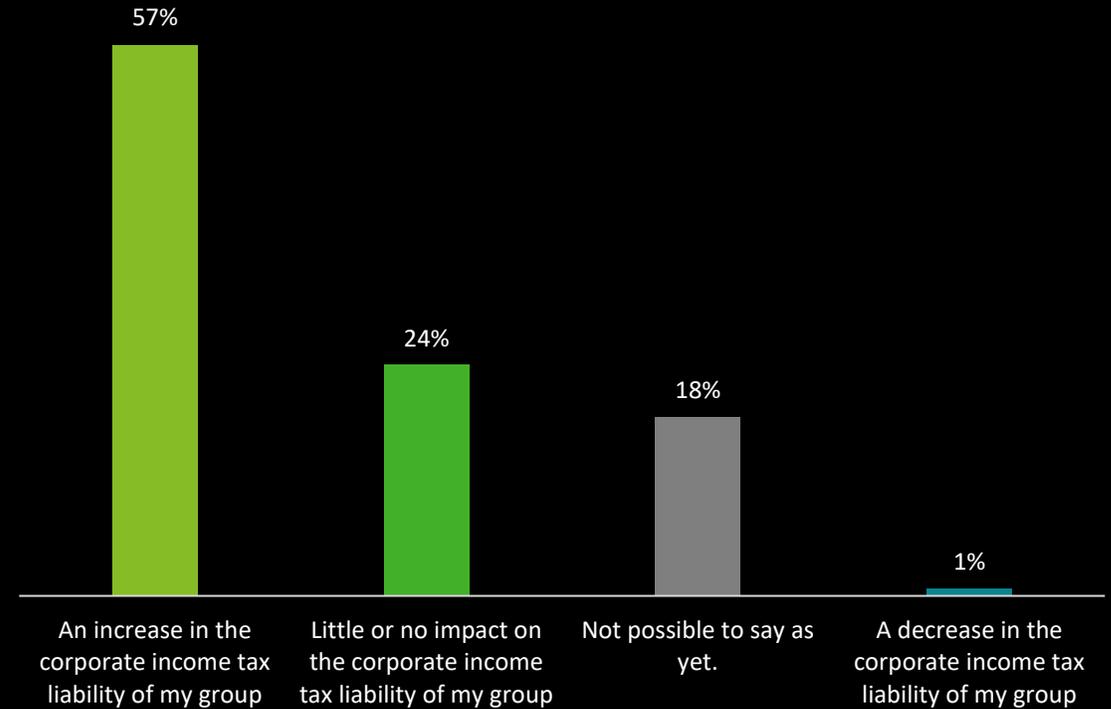
Country-specific results

I expect that the outcome of the US election will result in:

- A decrease in the corporate income tax liability of my group
- An increase in the corporate income tax liability of my group
- Little or no impact on the corporate income tax liability of my group
- Not possible to say as yet.



Overall results



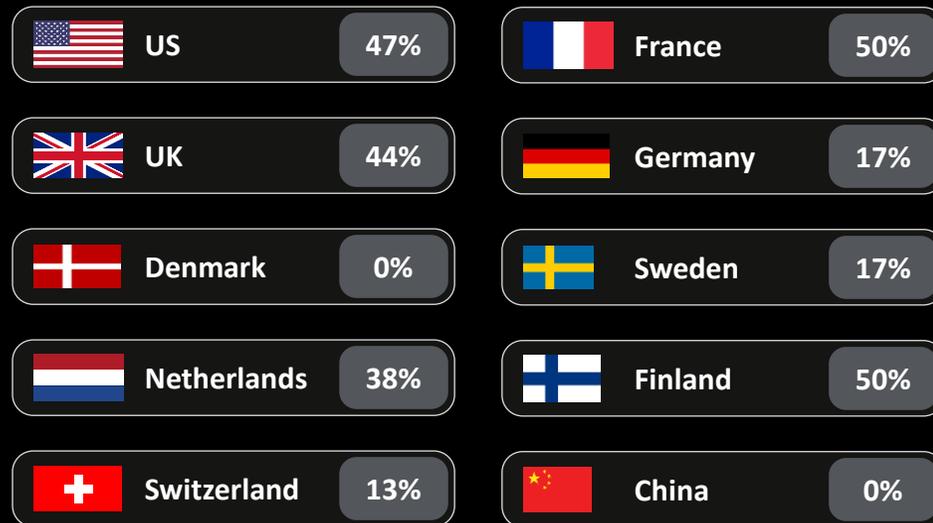
The UK respondents appear to be the most concerned about the potential liability increases following the US election. This is not surprising given the level of the US inbound investment in the UK. Industry-wise, manufacturing appears the most concerned with 57% respondents expecting tax liability increases.

Question 35 (new question)

30% of the respondents agree or strongly agree that their group anticipates structural or operational changes due to tax reforms which are likely to be implemented as a result of US elections.

Country-specific agree/strongly agree results

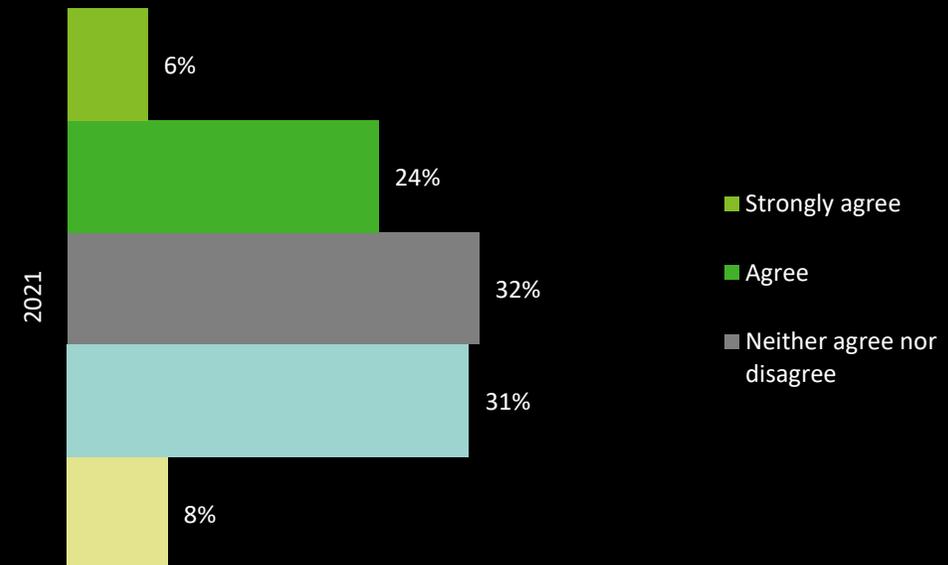
My group anticipates structural and/or operational changes due to tax reforms which are likely to be implemented as a result of the US election.



Top 10 countries by the number of responses

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

Overall results



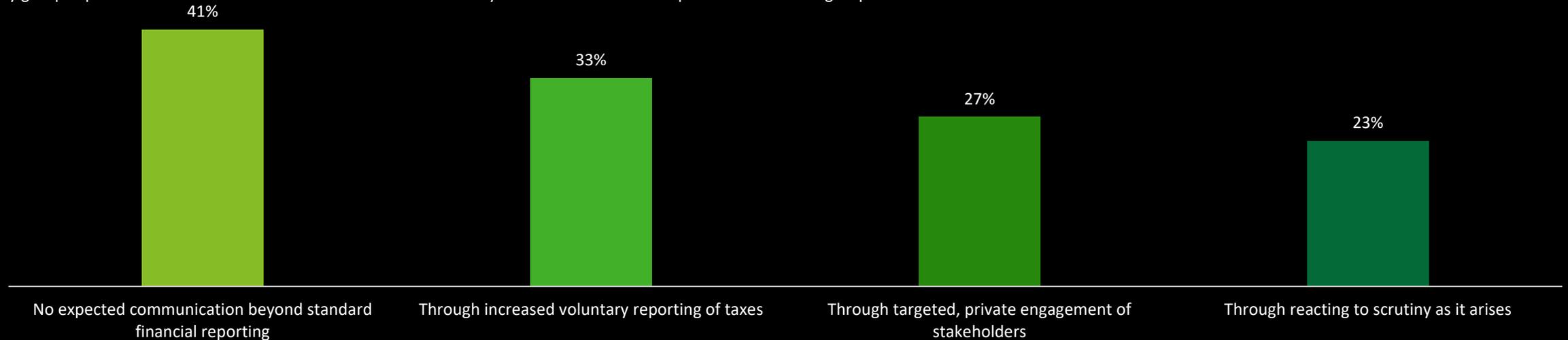
It is worth noting the strong US, UK and French expectations that US tax changes will be impactful.

Question 36 (new question)

33% of respondents expect to increase their level of voluntary tax transparency over the next year

Overall results

My group expects to communicate with stakeholders over the next year in relation to the tax performance of the group



Note: The total exceeds 100% as some respondents have chosen several responses. These have been disaggregated to show responses for each individual response option.

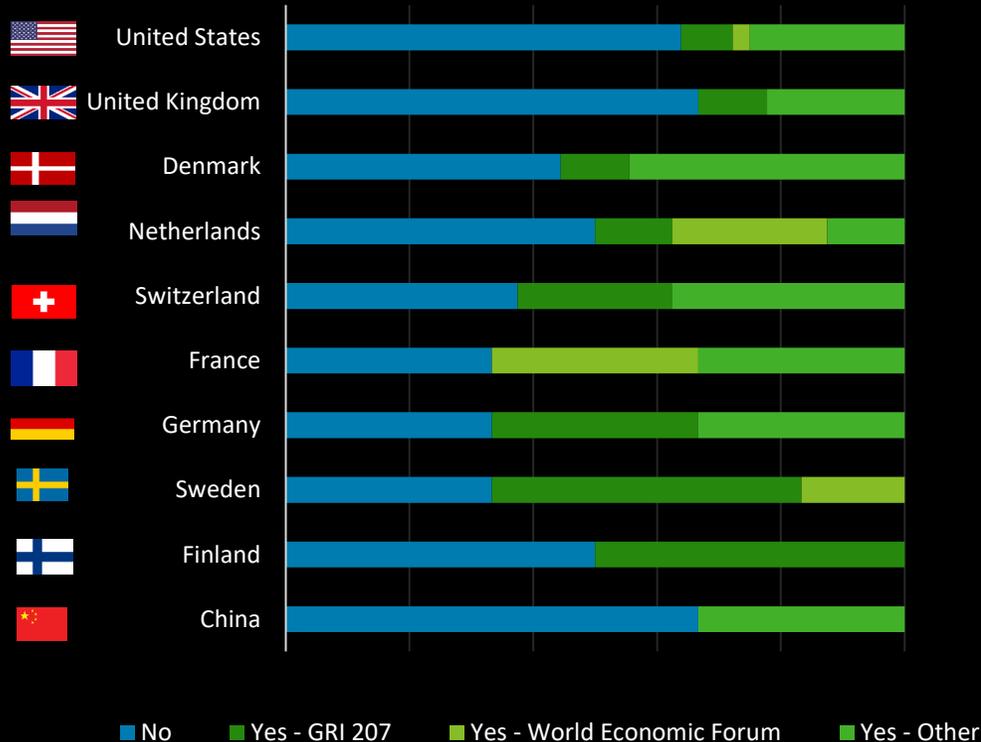
It appears that over 40% of the respondents intend to limit their reporting to what is required by the established financial standards (80% of the respondents from the retail industry, 57% from manufacturing and 55% from energy & resources do not plan to go above standard financial reporting). A third of respondents expect to increase their level of voluntary tax transparency over the next year, which may be partly linked to certain groups' existing commitments to report under Global Reporting Initiative (GRI) standards given the full introduction of GRI 207 from 1 January 2021.

Question 37 (new question)

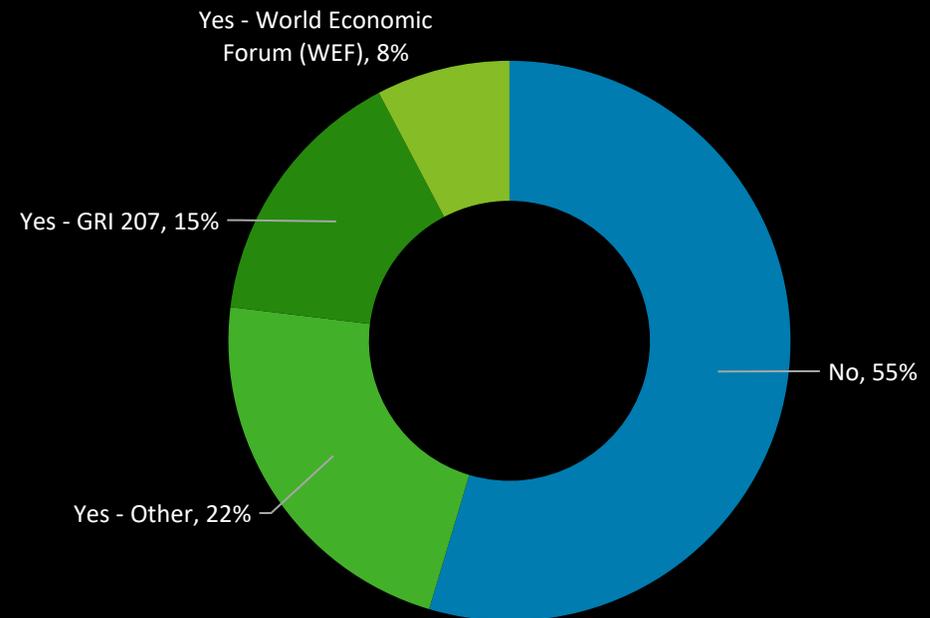
45% intend to align their groups' external communication in relation to their tax performance with transparency standards.

Country-specific results

My group expects to align its external communication in relation to its tax performance with a transparency standard:



Overall results



While more than half of the respondents do not intend to report under tax transparency standards, 45% intend to do so, with GRI 207 being the most popular (15%). Finland, Sweden and Germany seem to have the highest number of GRI 207 adopters, while WEF is most popular in France. Industry-wise, 90% of retail respondents do not plan to align to any tax transparency standard (in line with the previous question), 33% of consumer business respondents plan to adopt a different transparency standard, and GRI 207 is most popular in financial services and energy & resources (25% and 27%) which, as regulated sectors, have long been subject to enhanced tax transparency regulations in certain jurisdictions.

Multinationals views on media and political interest

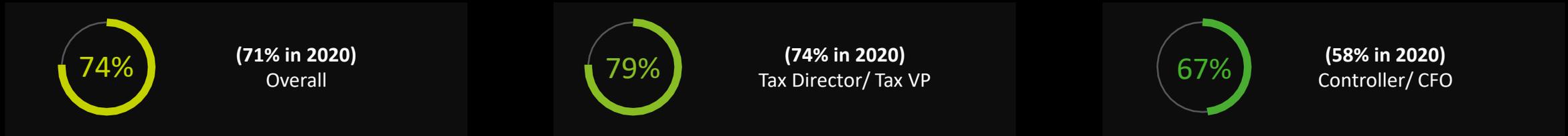
Additional analysis of respondents to Question 1

Respondents' details for question 1:

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

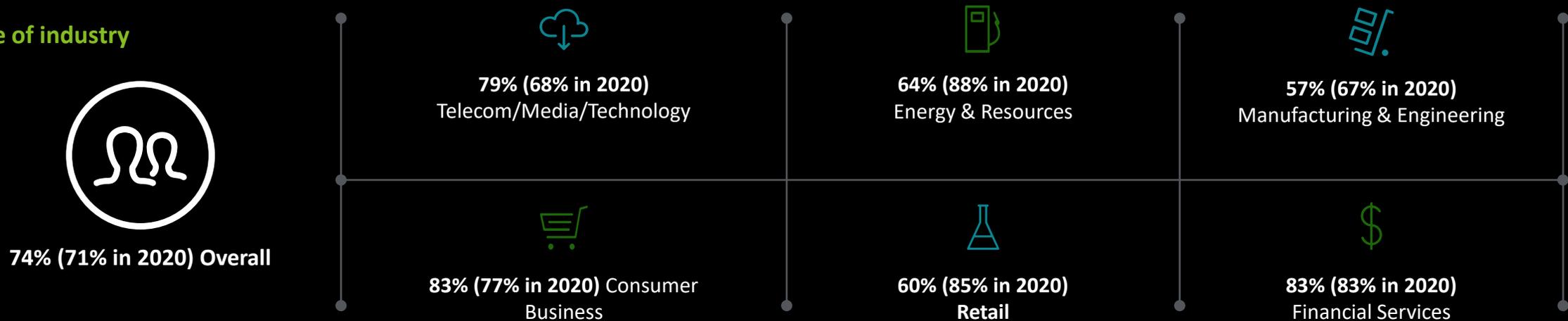
Strongly agree or agree

By role in the organization



The overall level of concern remains approximately the same compared to prior year, and tax directors/ tax VPs continue to be more concerned than CFOs/ Controllers

By type of industry



While overall level of concern remains approximately the same compared to prior year, there is a notable increase in telecom/media/technology. Consumer business and financial services show an above average level of concern.

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

Listed vs. Not listed

Overall (71% in 2020)



74%

Listed (74% in 2020)



77%

Not Listed (63% in 2020)



63%

While private companies maintained the same level of concern as in 2020, there is a small increase for public companies compared to the prior year.

By transaction focus



70%

(69% in 2020)
Business-to-business (B2B)



85%

(78% in 2020) Business-to-consumer (B2C)



74%

(71% in 2020)
Overall

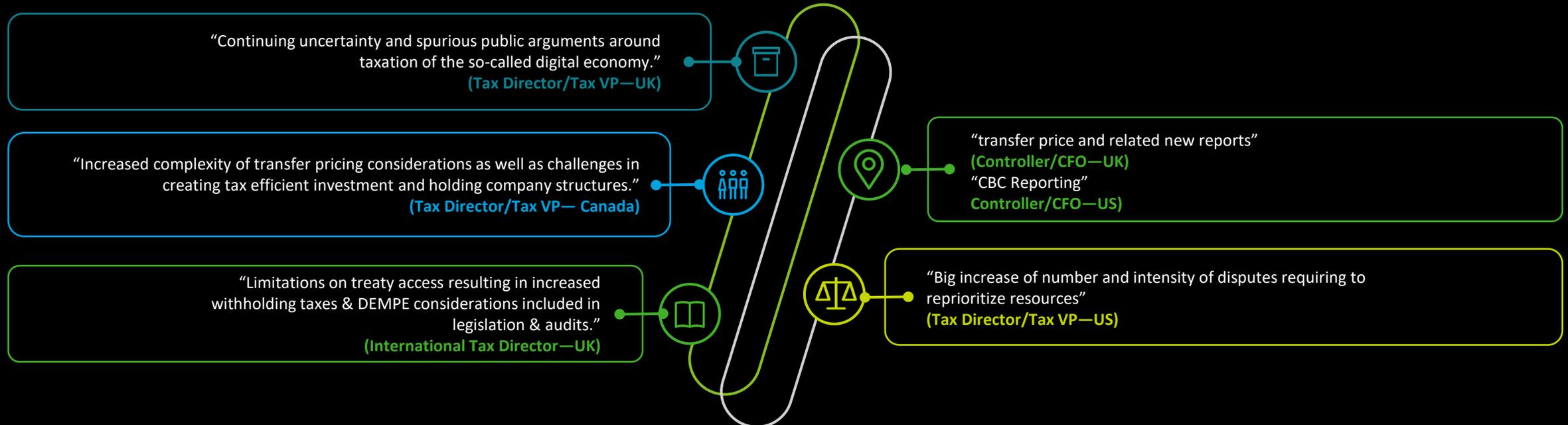
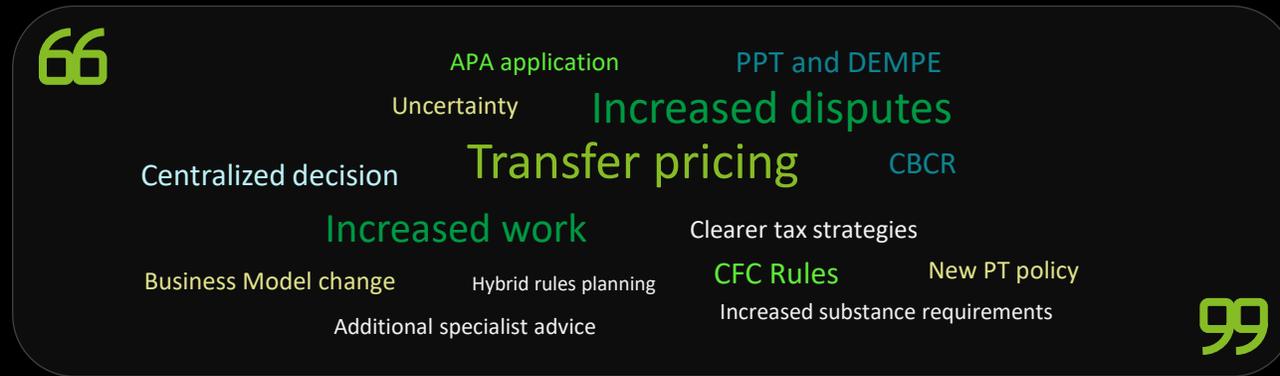
Level of concern remains similar to 2020, with a slight increase in B2C.

Open questions

Selected participant responses

Question 38: What have been the most significant areas of change for your group's tax function/tax affairs resulting from the BEPS project so far?

Representative responses



Note: 92 respondents answered question 38. The comments listed are representative of the most commonly stated responses.

Question 39: What was the impact, if any, of the EU Mandatory Disclosure Regime on your group?

Representative responses

“Administrative burden—and great uncertainty as to understanding and interpretation of the rules. Especially lack of coordination between countries.” **(Tax Director/Tax VP—Denmark)**



“Much more focus on transfer pricing, managing cross border functions, documentation requirements” **(Tax Director/Tax VP—Netherlands)**



“An incredible amount of additional work due to lack of consistency and reporting of immaterial transactions.” **(Tax Director/Tax VP—US)**



“Increased processes to identify items and reliance on advisors to proactively identify items, causing an increase in cost.” **(International Tax Manager—US)**



Note: 95 respondents answered question 39. The comments listed are representative of the most commonly stated responses.

Question 40: What are your thoughts about the OECD Pillar 1/Pillar 2 project?

Representative responses

“Come to an agreement to avoid unilateral actions; simplify calculations and make consistent from country to country to avoid tax disputes.”

(Tax Director/Tax VP—US)

“It is imperative that there is a global framework for digital taxation, to avoid a scenario where tax jurisdictions each take their own individual/ separate approach to the topic..”

(International Tax Manager—Switzerland)

“Ambitious and overly-complex; hopefully something more modest will be agreed that allows the US to come on board”

(Tax Director/Tax VP—UK)



“Impactful in case it is implemented → Like BEPS it is anticipated to change the world of tax people (not going to work). More technical work to be done and thus more tax people needed for analysis and explain to "normal" people.”

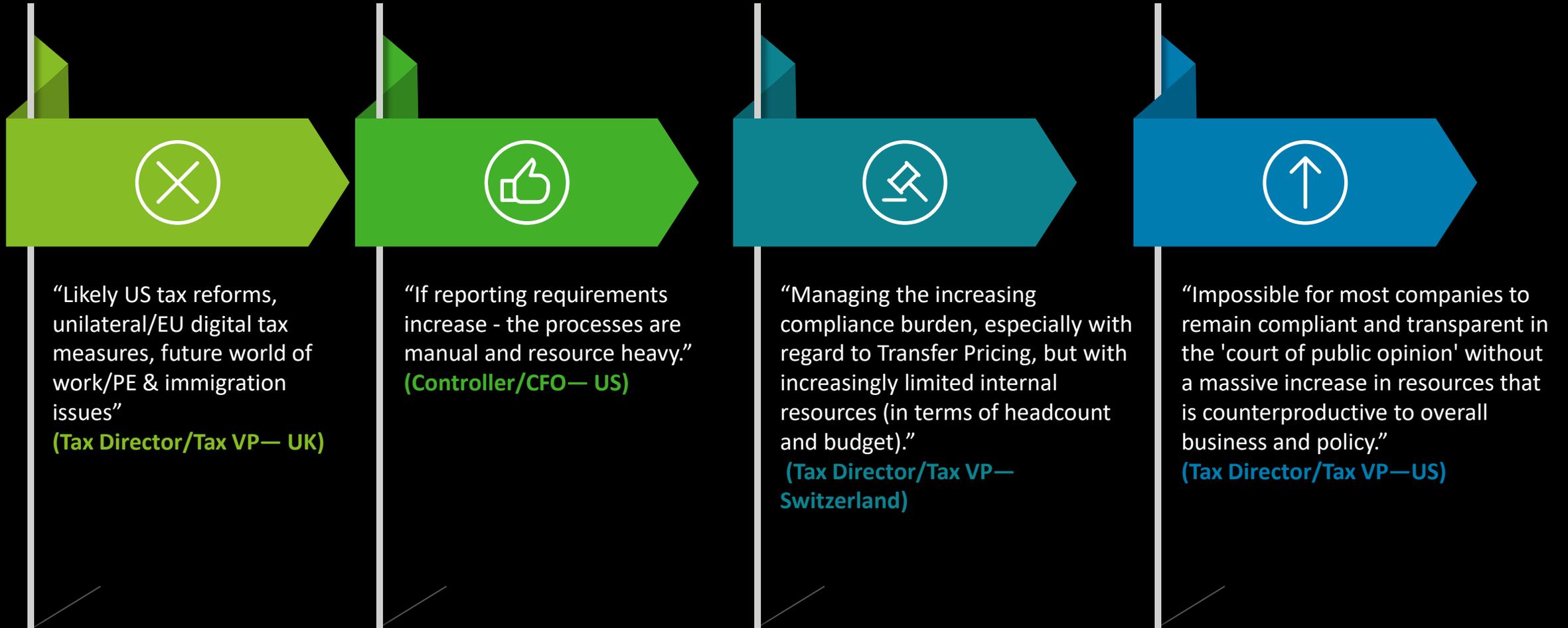
(International Tax Director—Netherlands)

“Good effort but wait to see the adoption & enforcement at country level.” **(Controller/CFO—Germany)**

Note: 93 respondents answered question 40. The comments listed are representative of the most commonly stated responses.

Question 41: What are your stay-awake issues arising from the volume of change in tax regimes around the world (as a result of BEPS, COVID-19, and other tax reform initiatives)?

Representative responses



Note: 87 respondents answered question 41. The comments listed are representative of the most commonly stated responses.

Question 42: How has the tax performance of your group been most affected by the COVID-19 pandemic?

Representative responses

"Increased volume of work and slightly less efficiency with people working from home (harder/more effort to stay connected with the business)"

(Tax Director/Tax VP—UK)



"Less collaboration on tax planning; many efficiency improvements related to digital signatures and electronic storage of information."

(Tax Director/Tax VP—US)



"There was an immediate requirement to focus on cash taxes and tax cashflow, which distracted attention from other tax areas"

(Tax Director/Tax VP—Switzerland)



"Performance wise not so much apart from the fact we are working remotely (in Europe but not the US) and that the US relief measures created a significant benefit for us"

(International Tax Manager—UK)



Note: 88 respondents answered question 42. The comments listed are representative of the most commonly stated responses.

Question 43: Do you foresee the increased discussion and disclosures regarding environmental, social and corporate governance (ESG) matters impacting your group's tax function?

Representative responses

"Already do, but likely to increase as we move towards common standards."

International Tax Director, Australia

"Not in the near term. We will do additional ESG disclosures, but not in tax"

(Tax Director/Tax VP—US)

"Absolutely a strong increase in pressure on these subjects"

(Controller/CFO—UK)

"Yes, I think that these matters go hand-in-hand with many similar issues in the tax landscape"

(Tax Director/Tax VP—Switzerland)

"Yes: an increased focus on transparency. More questions from external stakeholders. Increased focus on the sustainability of certain structures/presence in certain countries"

(International Tax Director—Saudi Arabia)

Note: 92 respondents answered question 43. 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 (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. 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 global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 330,000 people make an impact that matters at www.deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) 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 representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.

© 2021. For information, contact Deloitte Global.