



Our Financial Contribution to Society

Deloitte's Tax Transparency Report

October 2023

Introduction

Message from Markus Weber



Taxes are key to a state's fiscal policy and macroeconomic stability and have a vital role in our society, providing a central source of revenue for governments. The importance of a state's capacity to respond promptly and its ability to allocate tax revenue in addressing various challenges, including financial and health crises, has been further reinforced by the events witnessed in recent years.

Taxes also serve as a significant means through which companies contribute to the economies and communities in which they operate, enabling governments to build a more resilient society. The tax debate has evolved over the last decade, leading to governments, consumers, and investors increasingly demanding a higher level of tax transparency.

Additionally, taxes play a crucial role in advancing the [UN Sustainable Development Goals](#) (SDGs) and facilitating the shift towards a fairer, more equitable and sustainable society. Tax is progressively being recognized as a powerful force to make a positive impact and a crucial factor in attaining sustainable growth.

Taxes also play a role within the environmental, social, and governance (ESG) framework. For instance, they can actively contribute to achieving environmental objectives through measures like carbon taxes, plastic taxes, incentives, grants, and carbon adjustment mechanisms. They can also aid the social agenda by incentivizing pay equity, living wages, and fair remuneration policies. Finally, effective tax governance ensures that an organization's tax strategy and decisions receive appropriate oversight, aligning them with the risk framework and overall business objectives. Part of good governance involves transparently communicating the tax strategy and contributions to stakeholders, enabling them to make informed comparisons.

We at Deloitte recognize the importance of tax and its role in supporting the global sustainability agenda.

To this end, we advocate for tax transparency, are committed to leading by example and forging the way for the industry and our clients, going beyond the Swiss regulatory requirements on tax transparency.

We are dedicated to supporting our clients in accelerating their journey to net-zero, as well as to complying with various tax transparency regulations, ultimately making an impact that matters. Accordingly, we have assisted clients with evaluating the tax implications of their decarbonization strategy, EU Carbon Border Adjustment Mechanism (CBAM) requirements, and assessing the impact of plastic taxes on their operations. Further, we continue to support our clients in meeting their tax transparency obligations deriving from global standards, tackling tax avoidance and tax evasion, such as the OECD Automatic Exchange of Information (AEI) and the OECD BEPS initiative (including Pillar 2).

Deloitte Global has also committed to science-based net-zero emissions with 2030 goals for our own operations, validated by the Science Based Targets initiative (SBTi). We are embedding sustainability into policies and practices throughout the organisation and measuring performance against our goals. Additionally, as of 2022, we have been redirecting the subsidies acquired through the CO2 levy redistribution to activities that further promote sustainability.

Finally, we are proud to publish our first Tax Transparency Report for our two Swiss entities, Deloitte AG and Deloitte Consulting AG (both companies hereinafter referred to as "Deloitte Switzerland"). The report aims to provide transparency on our tax position to our clients and stakeholders. This report describes our attitude as a taxpayer, both for Deloitte and its partners, our relationship with the Swiss tax authorities and our diverse tax contributions.

Markus Weber
Chief Operating Officer | Chief Tax Officer

Tax policy, risk management and governance

Deloitte Switzerland is part of the global Deloitte network and as such follows, aligns and reports with guidelines issued by Deloitte Global and Deloitte North South Europe (NSE). In this context, every Deloitte member firm's geography adheres to international and local tax rules. Deloitte's tax policy is rooted in compliance with relevant tax legislation, regulations, local practice and international tax standards. The principles that guide our tax policy are detailed below.



Commitment to compliance

We comply with the letter and the spirit of the law. To ensure we meet our obligations on a complete and timely basis, we have adopted processes to file all applicable tax returns or filings and to pay taxes due. Further, we comply in all material aspects with relevant tax laws, rules and regulations.



Responsible attitude towards our tax affairs

We have no wholly owned or controlled entities in the Deloitte Switzerland structure with an effective tax rate of 10% or less, and have no entity incorporated or established in any of the EU "blacklist/non-cooperative" jurisdictions. Further, we do not adopt positions on tax returns, filings, or otherwise, if those positions create a material risk or jeopardize our good standing with tax authorities. We continue to require the Deloitte partners to certify annually that their personal returns have been filed and taxes due paid on a timely basis.



Cross-border activities

With respect to cross-border employee remote working or telecommuting, we have effective processes and procedures in place to identify cross-border travel or working arrangements and have consulted with the local Deloitte Chief Tax Officer (CTxO) or the CTxO's designee as to our obligations in the country in respect of such travel or working arrangements. Additionally, we comply with the filings recommended by the local Deloitte member firm in respect of cross-border compliance, including any applicable VAT filings.



Supporting responsible taxpayer engagement

We make a significant contribution to the Swiss tax authorities each year. Further, we provide our clients with responsible tax solutions as they navigate business decisions and address compliance and transparency matters.



Approach and engagement with Swiss tax authorities

We engage with the Swiss tax authorities in good faith and on a timely basis. We provide tax authorities with the information required transparently and in a timely manner. As a member of economiesuisse, EXPERTsuisse, the Swiss Bankers Association (SBA), the Swiss-American and British-Swiss chambers of commerce, we collaborate closely with these organisations, contributing to advance the public tax discourse.



Tax policy ownership and oversight

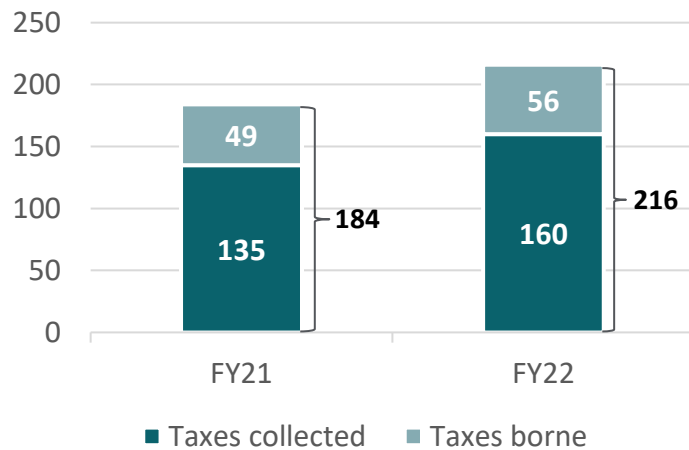
To ensure adequate oversight, we have appointed a CTxO responsible for our own tax compliance. On an annual basis, our CEO and our CTxO certify to the NSE member firm CTxO our compliance with Deloitte policies.

A comparison of taxes borne and taxes collected

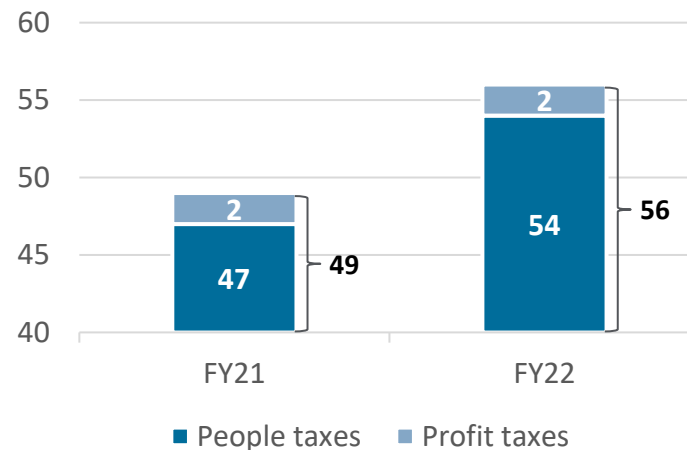
FY 2021 versus FY 2022

Our goal at Deloitte is to create value for both our clients and our people. The data outlined below illustrates that our most significant financial contribution pertains to taxes we incur in the areas of employment and social security. Additionally, for employees who are not Swiss citizens or C-permit holders, we manage the collection of employment taxes on behalf of the tax authorities. Deloitte's commitment to social responsibility extends beyond our core operations. In addition to the taxes shown below, Deloitte actively contributes to society through fair compensation packages. We estimate the additional federal, cantonal and communal tax contribution by Deloitte employees that are not taxed at source to be approximately **CHF 43 million for FY21 and CHF 47 million for FY22**.¹

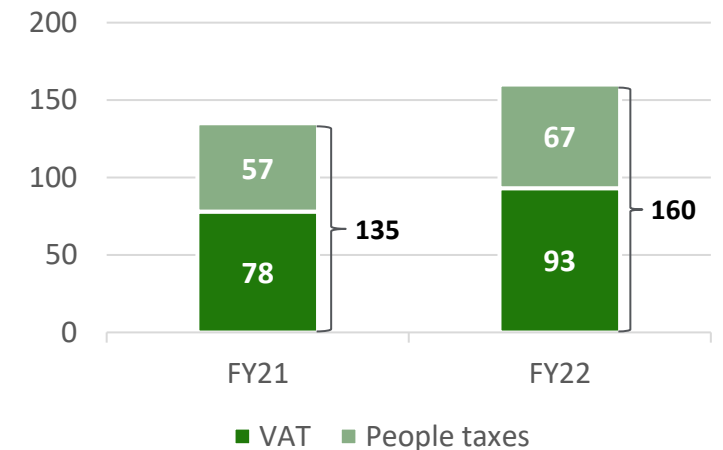
Total tax administered by Deloitte in Switzerland (CHF millions)



Taxes borne² by Deloitte in Switzerland (CHF millions)



Taxes collected by Deloitte in Switzerland on behalf of others (CHF millions)



- **Total tax administered** sum of taxes borne and taxes collected.
- **Taxes collected** refers to the total amount of taxes that a company collects from third parties on behalf of the government or tax authorities and remits to the appropriate authorities. These taxes do not impact Deloitte's financial results, however, Deloitte bears the administrative cost and risk of calculation error.
- **Taxes borne** refers to the taxes Deloitte is directly responsible for and which impact the after-tax profit, including corporate income taxes, other sales taxes, capital taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company.

- **People taxes borne** refers to taxes borne by Deloitte in relation to employment and social security contributions.
- **Profit taxes** refers to the taxes borne by Deloitte in Switzerland and levied at the federal, cantonal or communal level on profit. These include corporate income taxes.

- **VAT** refers to VAT charged on and collected by Deloitte on the sale of goods and services to their client and paid to the relevant tax authorities.
- **People taxes collected** refers to taxes collected by Deloitte in relation to employment and social security contributions, including withholding tax levied on income paid to certain Deloitte employees. These figures do not include the taxes that Deloitte's employees pay in Switzerland and other countries of domicile.

¹ In providing this tax estimation we have only considered income taxes (e.g., wealth tax is not included). Further, the numbers presented do not differentiate based on marital status, or religion nor do they consider any applicable tax deductions.

² In addition, Deloitte also bears capital tax and tax insurance premiums. These taxes amounted to approximately CHF 167k and 106K, respectively in FY21 and FY22.



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