OECD’s BEPS initiative
Multinational survey results

September 2014
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A recent survey was conducted with a target audience of tax and finance managers and executives from multinational companies. More than 570 complete responses were received.

*Ten or fewer responses received from an additional 22 countries
In my country, there has been an increased media and political interest in tax.

Overall results:
- 53% Strongly Agree
- 40% Agree
- 5% Neither Agree nor Disagree
- 2% Disagree
- 2% Strongly Disagree

Country-specific results:
- Canada: 78.5%
- U.S.: 96.9%
- Belgium: 95%
- Norway: 100%
- Germany: 96.7%
- Australia: 94.4%
- Singapore: 63.2%
- China: 80%
- Denmark: 92.8%
- Netherlands: 93.3%
- France: 100%
- UK: 100%

Insight: These statistics are unsurprising given BEPS’ wide scope and the potential for change in the tax marketplace.
My organization is concerned about the increased media, political and activist group interest in tax

Overall results

- Strongly Agree: 22%
- Agree: 49%
- Neither Agree nor Disagree: 25%
- Disagree: 4%
- Strongly Disagree: 4%

Country-specific results

Overall, 74% of respondents indicate that their organization is concerned about the increased media, political and activist group interest in tax.

<table>
<thead>
<tr>
<th>Country</th>
<th>Concerned Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>65%</td>
</tr>
<tr>
<td>U.S.</td>
<td>73.6%</td>
</tr>
<tr>
<td>Canada</td>
<td>71.4%</td>
</tr>
<tr>
<td>U.K.</td>
<td>81.3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>93.3%</td>
</tr>
<tr>
<td>Belgium</td>
<td>65%</td>
</tr>
<tr>
<td>Canada</td>
<td>73.6%</td>
</tr>
<tr>
<td>U.S.</td>
<td>73.6%</td>
</tr>
<tr>
<td>Australia</td>
<td>83.3%</td>
</tr>
<tr>
<td>Singapore</td>
<td>63.1%</td>
</tr>
<tr>
<td>China</td>
<td>76.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>63.3%</td>
</tr>
<tr>
<td>Norway</td>
<td>58.3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>93.3%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>53.9%</td>
</tr>
<tr>
<td>France</td>
<td>92.3%</td>
</tr>
<tr>
<td>Denmark</td>
<td>78.6%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>53.9%</td>
</tr>
<tr>
<td>Singapore</td>
<td>63.1%</td>
</tr>
<tr>
<td>China</td>
<td>76.6%</td>
</tr>
<tr>
<td>Australia</td>
<td>83.3%</td>
</tr>
</tbody>
</table>

Insight: Respondents from France and the Netherlands considered their organizations more concerned than UK organizations, perhaps because in the UK media, political and activist group interest has been evident for relatively longer.
Greater scrutiny will be applied by tax authorities surrounding the level of substantive business operations conducted in global tax planning/structures as a result of the BEPS initiatives when these structures are audited in the future than today.

Overall results

- **Strongly Agree**: 33%
- **Agree**: 59%
- **Neither Agree nor Disagree**: 8%
- **Disagree**: 0%
- **Strongly Disagree**: 8%

**Country-specific results**

Overall, 92% of respondents expect increasingly robust international tax audits focused on the level of substantive business operations in their structures as a result of BEPS.

**Insight**: We agree that greater scrutiny will be applied to business operations globally as a result of the BEPS initiative and other political factors going forward.
In my view, the income tax compliance burden will substantially increase as a result of additional reporting from the OECD BEPS recommendations.

Overall results

- Strongly Agree: 38%
- Agree: 48%
- Neither Agree nor Disagree: 12%
- Disagree: 2%

Country-specific results

- Canada: 78.6%
- UK: 82.9%
- Netherlands: 80%
- Belgium: 95%
- Norway: 50%
- Germany: 90%
- U.S.: 88.2%
- France: 84.7%
- Denmark: 85.8%
- Switzerland: 84.6%
- China: 94.5%
- Singapore: 89.4%

Overall, 86% of respondents think the compliance burden will increase.

Insight: We agree with our clients that the income tax compliance burden will increase with the increased disclosure requirements coming out of BEPS, such as country-by-country reporting and TP reporting, etc.
My organization has assessed the potential impact of tax law changes related to BEPS

Overall results

- 47% Strongly Agree
- 25% Agree
- 17% Neither Agree nor Disagree
- 10% Disagree
- 1% Strongly Disagree

Country-specific results

Overall, only 57% of respondents said that their organizations have assessed the impact of BEPS.

Insight: This is surprising given the scale of changes expected to the global tax landscape. Some companies are perhaps waiting for enactment before undertaking significant projects. We recommend earlier assessment.
My organization has developed additional corporate policies and procedures in response to the increased scrutiny of corporate tax responsibilities

Overall results

- Yes: 48%
- No: 52%

Country-specific results

- Overall, only 48% of respondents have developed additional policies and procedures in response to the increased scrutiny of tax.

Insight: This shows an even split between proactive and reactive tax policies. We think that more corporate policies to address tax will become the norm.

Note: Information above includes only selected countries.
In my country, I am anticipating significant unilateral legislative change to protect the tax base that is not coordinated with what other countries are doing.

Overall results

- 43% Strongly Agree
- 30% Agree
- 16% Neither Agree nor Disagree
- 9% Disagree
- 2% Strongly Disagree

Country-specific results

Overall, 52% of respondents are anticipating significant unilateral changes in their countries.

- 60.7% Canada
- 28.1% UK
- 33.3% Netherlands
- 45% Belgium
- 50% Norway
- 60% Germany
- 64.3% Denmark
- 58.7% U.S.
- 46.2% Switzerland
- 46.7% China
- 31.6% Singapore
- 27.8% Australia

Insight: Unilateral change in the context of BEPS will undermine the effectiveness of this global initiative unless the actions are closely coordinated. Does this demonstrate some pessimism that BEPS will be effective?

Note: Information above includes only selected countries.
In my country, I am anticipating significant legislative and treaty changes as a result of the BEPS initiative

Overall results

- Strongly Agree: 1%
- Agree: 13%
- Neither Agree nor Disagree: 39%
- Disagree: 40%
- Strongly Disagree: 7%

Country-specific results

Overall, only 47% of respondents are expecting significant legislative and treaty change in their country as a result of BEPS.

- **Canada**: 57.1%
- **U.S.**: 46.9%
- **Netherlands**: 33.4%
- **Belgium**: 40%
- **Norway**: 41.7%
- **Germany**: 66.6%
- **China**: 40%
- **Singapore**: 31.6%
- **Australia**: 61.6%
- **Switzerland**: 61.6%
- **U.K.**: 84.6%
- **Denmark**: 57.1%
- **Netherlands**: 33.4%

Insight: We are confident that there will be change as a result of BEPS. It is surprising to us that the survey respondents did not think there would be more change.

Note: Information above includes only selected countries.
In my country, tax planning has become a corporate responsibility issue and not just a legal issue

Overall results

- Strongly Agree: 0%
- Agree: 12%
- Neither Agree nor Disagree: 10%
- Disagree: 25%
- Strongly Disagree: 53%

Country-specific results

- Overall, 63% of respondents agree tax is a corporate responsibility issue and not just a legal issue.

Note: Information above includes only selected countries

Insight: Not surprisingly, the degree to which tax is viewed as a corporate responsibility issue varies significantly by country.
In my country of residence, the tax authorities are becoming increasingly aggressive

Overall results

- Strongly Agree: 44%
- Agree: 28%
- Neither Agree nor Disagree: 19%
- Disagree: 8%
- Strongly Disagree: 1%

Overall, 63% of respondents agree that tax authorities in their country are being increasingly aggressive.

Country-specific results

- Canada: 85.7%
- U.S.: 60.1%
- Belgium: 75%
- Norway: 83.3%
- Germany: 73.3%
- France: 84.6%
- Denmark: 85.8%
- Switzerland: 53.9%
- Singapore: 42.1%
- Australia: 72.3%
- U.K.: 36%

Note: Information above includes only selected countries

Insight: Overall the trend is towards more “aggressive” tax authorities.
Additional survey responses – risk and scrutiny

The C-Suite and/or Board of Directors of my organization have inquired about the increased media and political activist group interest in tax

- Strongly Agree: 1%
- Agree: 12%
- Neither Agree nor Disagree: 16%
- Disagree: 27%
- Strongly Disagree: 44%

The tax strategies implemented are under greater scrutiny now than they would have been a year ago

- Strongly Agree: 6%
- Agree: 22%
- Neither Agree nor Disagree: 25%
- Disagree: 47%

Reputational risks are of much greater concern when executing cross-border tax planning

- Strongly Agree: 0%
- Agree: 6%
- Neither Agree nor Disagree: 21%
- Disagree: 20%
- Strongly Disagree: 53%
Irrespective of tax law changes, I believe that tax authorities will aggressively increase tax audit assessments globally as a result of the current BEPS debate.

I believe that double taxation will occur as a result of unilateral tax law changes in anticipation of the OECD BEPS guidance.

In my view, globally, the BEPS initiative will result in significant legislative and treaty changes in many countries.
My organization is concerned about the increased media, political and activist group interest in tax

<table>
<thead>
<tr>
<th>Does role make a difference?</th>
<th>Does industry sector make a difference?</th>
</tr>
</thead>
<tbody>
<tr>
<td>53.1% Controller/CFO</td>
<td>80% Telecom/Media/Technology</td>
</tr>
<tr>
<td>76.6% Tax Director/Tax VP</td>
<td>75% Consumer Business</td>
</tr>
<tr>
<td>73.6% Overall</td>
<td>76.9% Health Care &amp; Life Sciences</td>
</tr>
<tr>
<td></td>
<td>73.9% Financial Services</td>
</tr>
<tr>
<td></td>
<td>66.1% Manufacturing &amp; Engineering</td>
</tr>
<tr>
<td></td>
<td>82.9% Energy &amp; Resources</td>
</tr>
</tbody>
</table>

As you would expect, the tax department is showing more concern regarding external interest in tax than the other financial executives. Industry-wise, consumer focused sectors and the energy & resources sector are particularly concerned about reputational risk.

Note: See page 5 for results by country
My organization is concerned about the increased media, political and activist group interest in tax

<table>
<thead>
<tr>
<th>Sector</th>
<th>Public versus private</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>71.1%</strong> Business-to-business (B to B)</td>
<td>76%</td>
<td>73.6%</td>
</tr>
<tr>
<td><strong>73.8%</strong> Business-to-consumer (B to C)</td>
<td>67.3%</td>
<td></td>
</tr>
<tr>
<td><strong>73.6%</strong> Overall</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reputational risk is of concern whether public or private. Not surprisingly, tax governance is higher on the agenda in public companies.

The B to C sector is often regarded as being particularly concerned about reputational risk but responses show that the B to B sector is almost equally concerned.

Note: See page 5 for results by country
Frequent comments from survey participants

What are your main concerns, if any, about “Responsible Tax” and the BEPS initiative?

1. “Potential for double taxation where countries do not align their taxation regimes”

2. “Increased costs for administration and compliance”

3. “Creating more uncertainty in the international tax arena”

4. “Increased tax audits in many locations”

Note: The comments listed are representative of the most commonly stated responses
Short answer common responses

What do you think will be the main hurdles, if any, to achieving cooperation between countries in implementing the OECD’s BEPS recommendations?

<table>
<thead>
<tr>
<th></th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>“Different objectives/agendas among the countries”</td>
</tr>
<tr>
<td>02</td>
<td>“Each country will try to protect its’ tax base versus other countries”</td>
</tr>
<tr>
<td>03</td>
<td>“Different skill levels of countries to implement something that is bound to be complex”</td>
</tr>
<tr>
<td>04</td>
<td>“U.S. may not agree with the conclusions of the BEPS process if it damages U.S. interests”</td>
</tr>
</tbody>
</table>

Note: The comments listed are representative of the most commonly stated responses