

**Deloitte.**

OECD's Base Erosion and Profit Shifting (BEPS) initiative  
and the "Global Tax Reset"  
Summary results 2016

May 2016

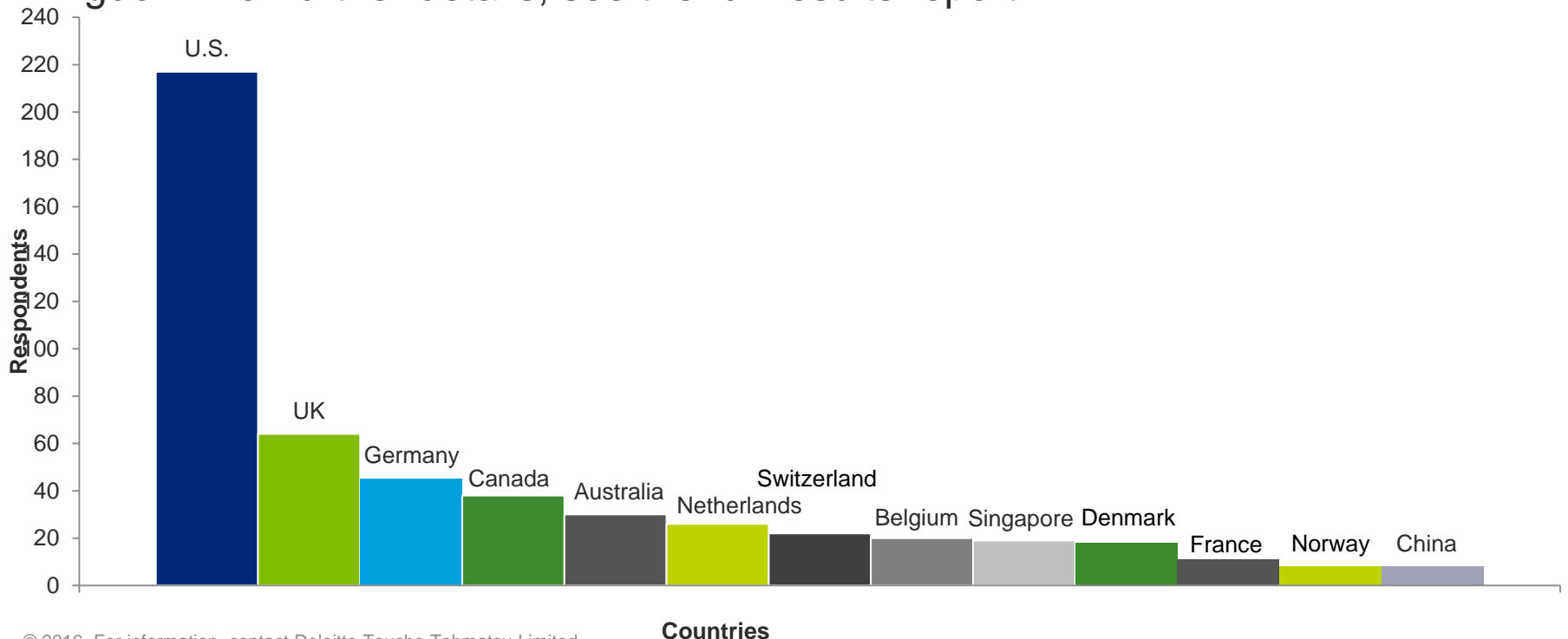


# OECD's BEPS initiative—third annual survey

## Overview of the 2016 survey

The purpose of Deloitte's 2016 survey was to gauge clients and contacts' views of the impact of BEPS on their organizations given the increased scrutiny with respect to "responsible tax". This survey was conducted after the final OECD BEPS recommendations were announced in October 2015.

Over 600 people from over 14 countries responded to the 2016 survey, including 217 respondents from the United States and 64 responses from the United Kingdom. For further details, see the full results report.



# OECD's BEPS initiative—third annual survey

## Key findings

### Corporate policies and procedures

**53%** of respondents agree or strongly agree that their organization has developed additional corporate policies and procedures in response to the increased scrutiny related to taxation of corporations.

The 2015 result to the same question was **50%**

### Cross-border transactions

**55%** of respondents agree or strongly agree that their business has changed the way they conduct tax planning for cross-border transactions as a result of proposed changes arising from the BEPS project.

The 2015 result to the same question was **44%**

### Tax authority scrutiny

**92%** of respondents agree or strongly agree that tax structures implemented today are under greater scrutiny by tax administrations now than they would have been a year ago.

The 2015 response to the same question was **91%**

### Assessment of the impact of BEPS

**79%** of respondents agree or strongly agree that their organization has assessed the potential impact of changes related to BEPS.

The 2015 response to the same question was **69%**

# OECD's BEPS initiative—third annual survey

## Key findings

### Double taxation

**80%** of respondents agree or strongly agree that double taxation will occur as a result of unilateral tax law changes.

The 2015 result to the same question was **75%**

### Legislative and treaty changes

**92%** of respondents agree or strongly agree that the BEPS initiative will result in significant legislative and treaty changes in many countries.

The 2015 result to the same question was **87%**

### Transfer pricing requirements

**Only 21%** of respondents agree or strongly agree that most tax administrations will interpret the proposed changes to the Transfer Pricing Guidelines in a consistent manner.

### Additional resources

**26%** of respondents said that their organization is planning on securing additional resources/headcount for their Tax Group wholly or partly as a result of the anticipated changes arising due to the BEPS initiative.

The 2015 response to the same question was **18%**

# OECD's BEPS initiative—third annual survey

## Comments on main hurdles

Organizations have varying views on what the main hurdles to achieving cooperation between countries in implementing the OECD's BEPS recommendations will be:

➤ “Each major country will apply a self-interest approach, and often adopts a different type of tax regime. Bilateral measures will be difficult to negotiate, and therefore likely that there will be significant unilateral action that will undermine the BEPS initiatives.”

➤ “Even assuming that the rules are similar (big assumption), the attitude of [tax authority] auditors executing the rules will be a big determination on how much pain taxpayers face. BEPS recommendations and media coverage start from the assumption that most taxpayers are not abiding by the rules, which will only embolden the auditors to be more aggressive.”

➤ “How the governments will interpret the recommendations and be applied in a consistent manner where it will not result in any form of double taxation to the taxpayer.”

# OECD's BEPS initiative—third annual survey

## Significant areas of change for businesses

Respondents had varying answers as to what the most significant areas of change would be for their business. Highlights of the feedback included:

“Transfer pricing documentation and compliance burden.”

“Transfer pricing related issues and managing challenges around Permanent Establishment.”

“Provision of cross-border services, with increases in personnel and activities in different locations to support the taxable profit allocations.”

“Business will not substantially change, but corporate tax compliance burden will increase as a result of OECD's BEPS recommendations.”

“Hybrids, Interest Deductibility, TP documentation and CbyC Reporting.”

# OECD's BEPS initiative—third annual survey

## Responses to the final BEPS reports

When asked what surprised them the most, organizations had different reactions to the final BEPS reports:

“The fact that they actually completed the work according to their timeline.”

“That they were actually published when they said they would be! There clearly is a lot more to come but the OECD have delivered something.”

“Blatant disregard for double taxation prevention.”

“The very few areas of clear agreement between the countries—only 4 minimum standards.”



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 225,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) 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 entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2016. For information, contact Deloitte Touche Tohmatsu Limited.