

**Deloitte.**

OECD's Base Erosion and  
Profit Shifting (BEPS) initiative  
Full results of second annual  
multinational survey

May 2015



# OECD's BEPS initiative—full results of second annual multinational survey

In 2014, Deloitte conducted its first “OECD Base Erosion and Profit Shifting (BEPS) survey” to gauge the views of multinational companies regarding the increased media, political and activist group interests in “responsible tax” and BEPS, and the expected resulting impact on their organizations. Nearly 600 Deloitte member firm clients and contacts responded to that first survey.

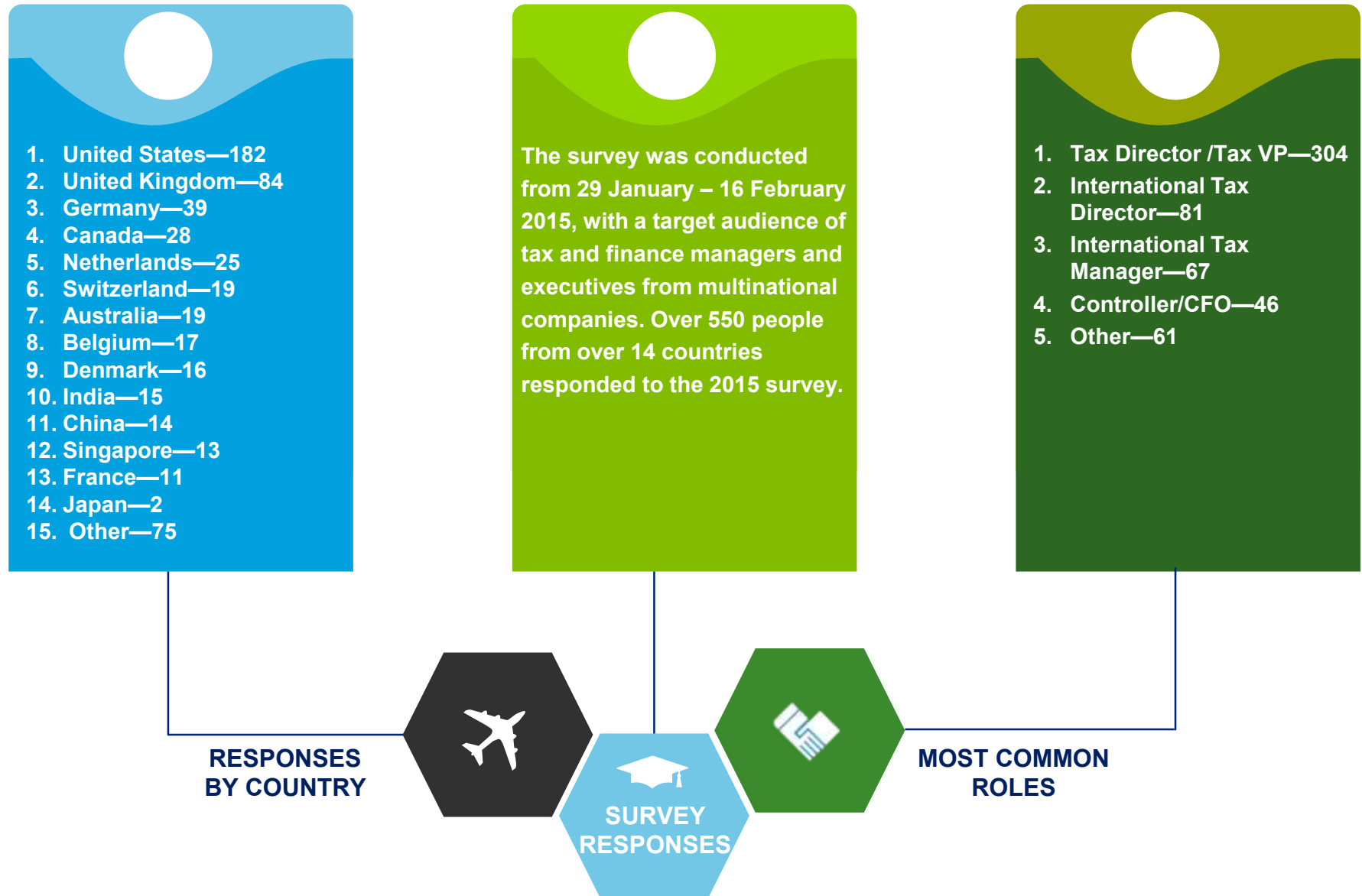
In early 2015, a follow-up survey was conducted to understand how clients' views on the tax landscape have evolved. Since last year's survey, the OECD released seven new deliverables in September 2014 along with several draft reports under its BEPS Action Plan. There has been a continued interest in tax by media organizations, NGOs, and politicians. Some countries have adopted unilateral legislative changes and/or aggressively pursued tax assessments, sometimes in the name of adherence to BEPS principles. Tax is increasingly recognized as a significant strategic business issue that can impact an organization's competitiveness and its brand. For multinationals, identifying risks and opportunities from these developments is critical and will require an assessment of impact, weighing of options, regular monitoring, and development of a strategic plan, including a communications strategy.

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# 2015 survey respondents

# 2015 survey respondents

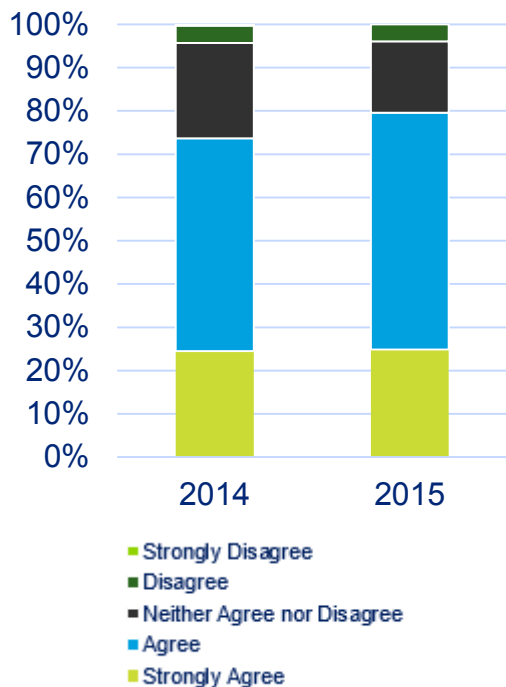


# Survey results—overall and by country

## Question 1

80% agree or strongly agree that their organization is concerned about the increased media, political and activist group interest in corporate taxation.

### Overall results

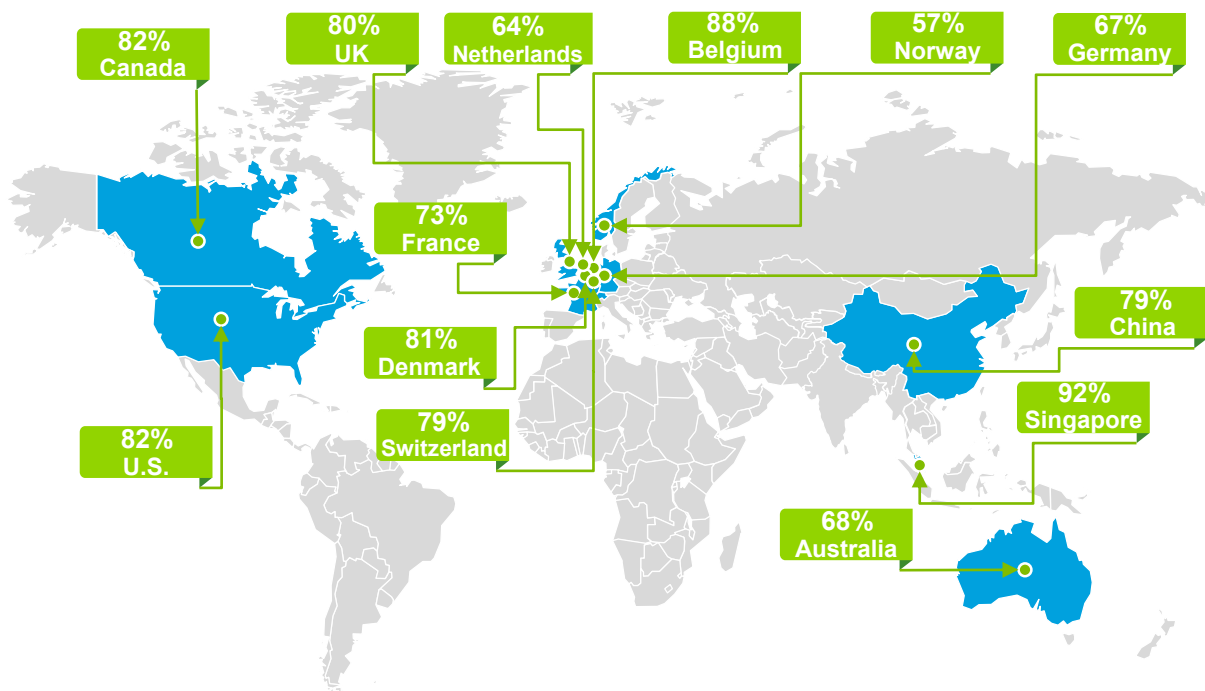


### Response trend

Agree/strongly agree responses remained high, up by 6 percentage points from 2014

### Country-specific agree/strongly agree results

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

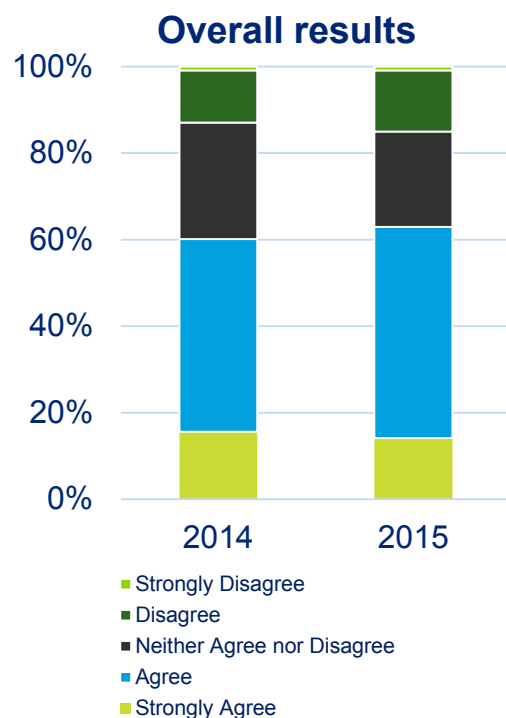


Note: Percentages refer to participants who selected "Agree" or "Strongly Agree" for key countries. Slides 27-29 indicate responses from perspective of respondent's role, industry, type of company and sector

Respondents from Canada and the United States, in particular, considered their organizations more concerned than last year.

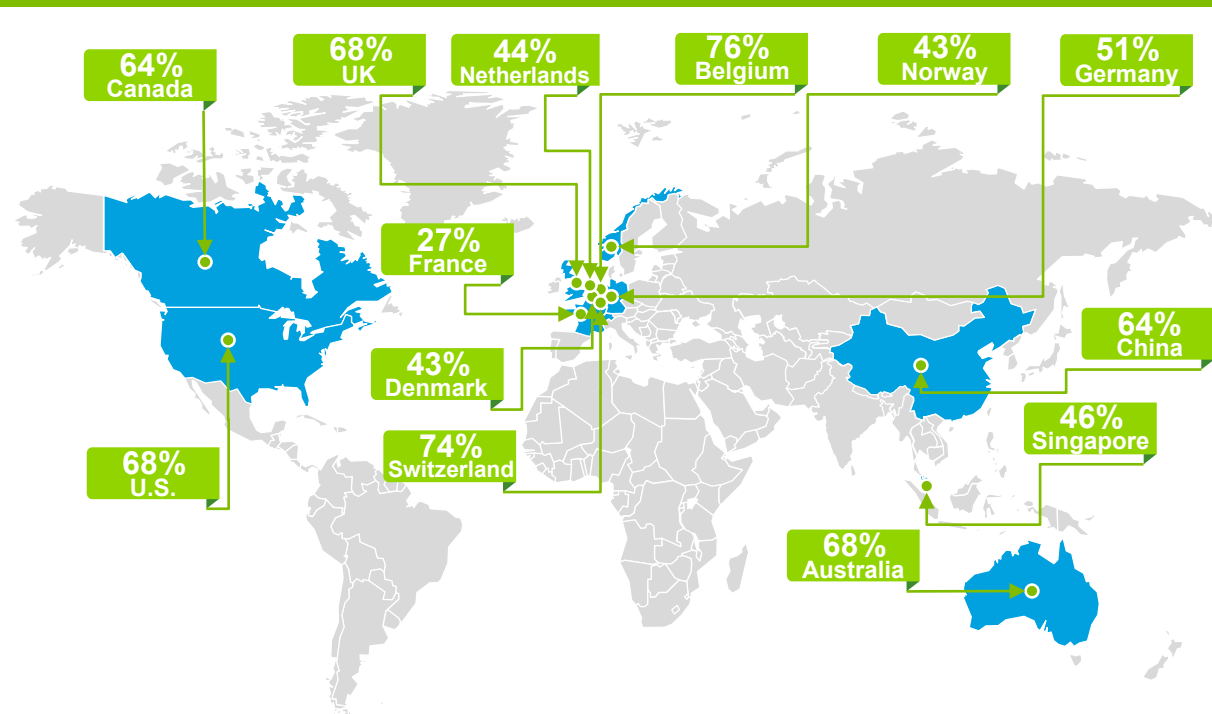
## Question 2

63% agree or strongly agree that the C-Suite and/or Board of Directors has inquired about the increased media and political activist group interest in tax.



## Country-specific agree/strongly agree results

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



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

### Response Trend

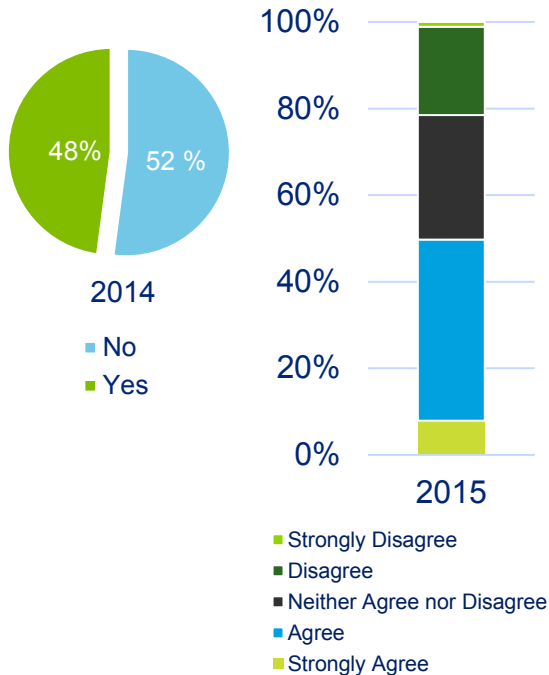
**Agree/Strongly Agree responses remained relatively high and increased by 3 percentage points from 2014.**

**These statistics are not surprising; tax is high on the agenda of many companies.**

### Question 3

50% agree or strongly agree that their organization has developed additional corporate policies and procedures in response to the increased scrutiny related to corporate taxation.

#### Overall results

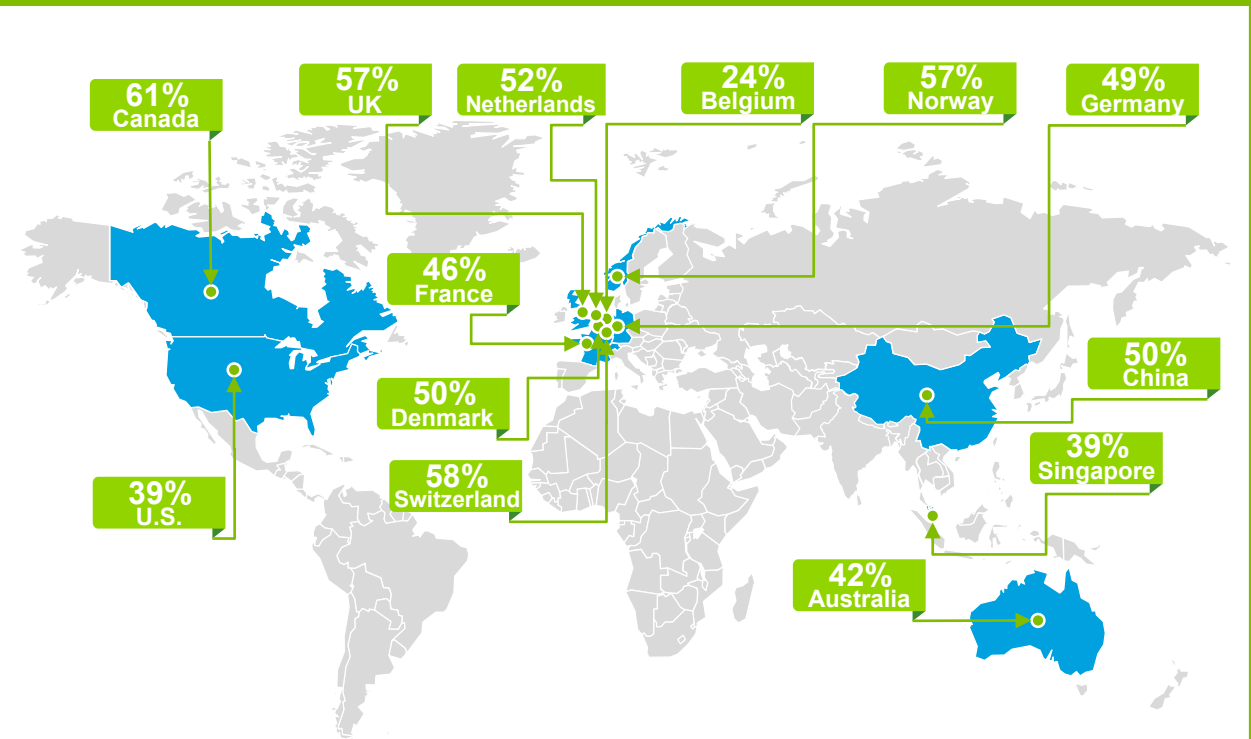


#### Response Trend

Agree/Strongly Agree increased slightly (by 2 percentage points) from 2014.

#### Country-specific agree/strongly agree results

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

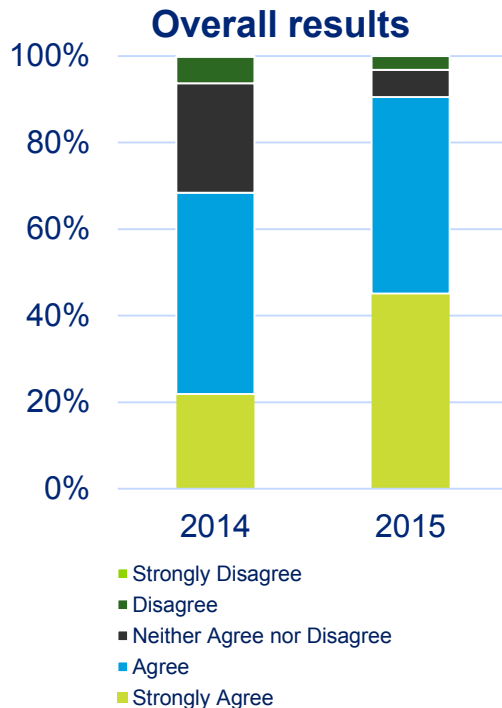


Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".

These percentages are a bit surprising as the level of concern about the scrutiny of taxation is quite high. One might have assumed that these percentages would be higher.

#### Question 4

91% 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.

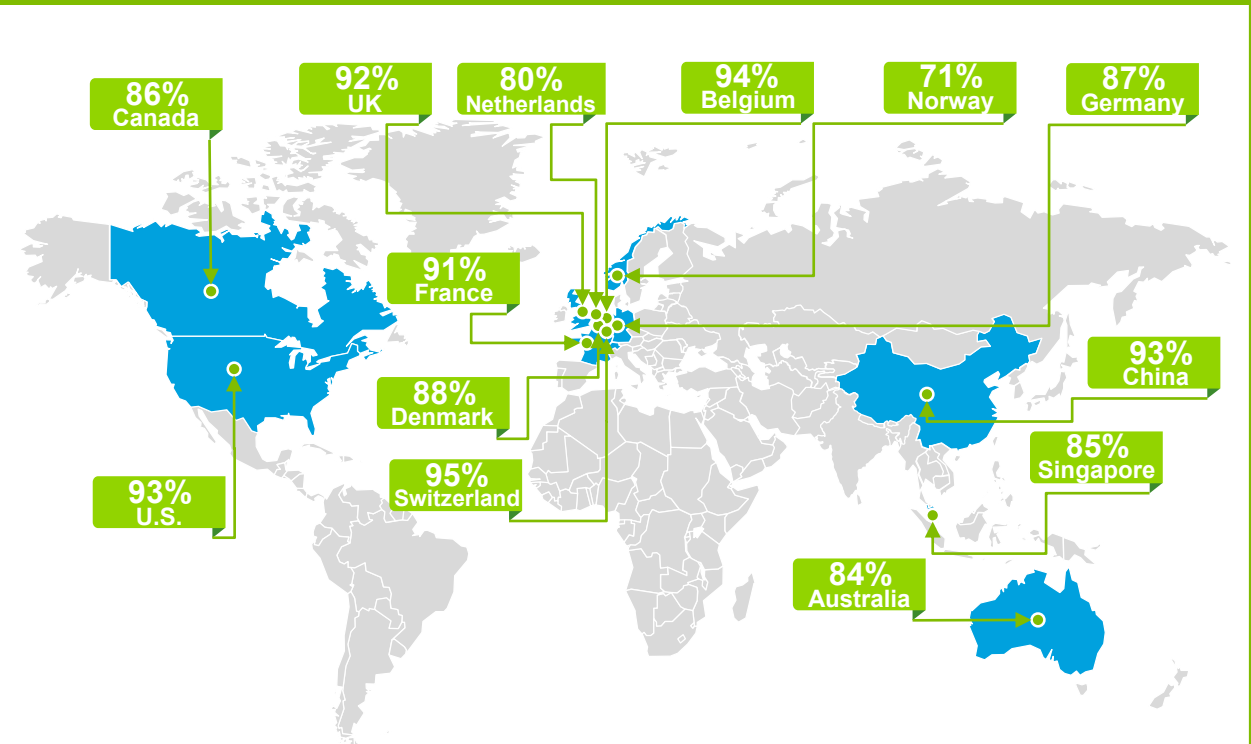


#### Response Trend

**Agree/Strongly Agree responses remained high, and increased significantly (by 22 percentage points) from 2014.**

#### Country-specific agree/strongly agree results

I believe that tax structures implemented today are under greater scrutiny by tax administrations now than they would have been a year ago.



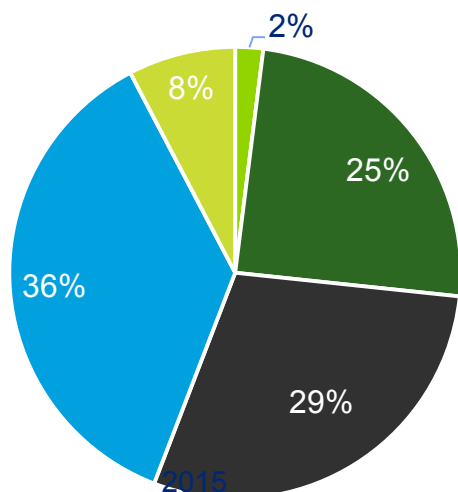
*Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".*

**This is an unsurprising result—tax authorities around the world are cooperating more closely and increasing their diligence regarding the audit of taxpayers.**

44% agree or strongly agree their business has changed the way they conduct tax planning for cross-border transactions as a result of proposed changes arising from the BEPS projects.

### Overall results

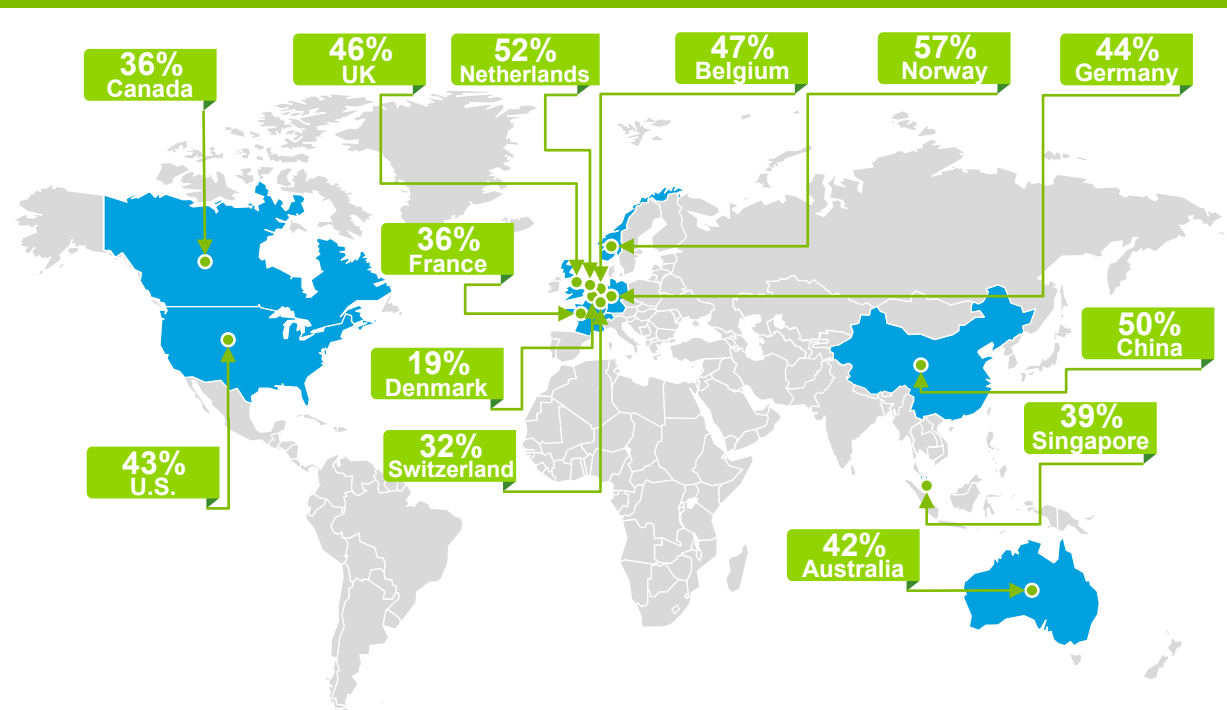
(new question not asked in 2014)



- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly Agree

### Country-specific agree/strongly agree results

My business has changed the way we conduct tax planning for cross-border transactions as a result of proposed changes from the BEPS project.



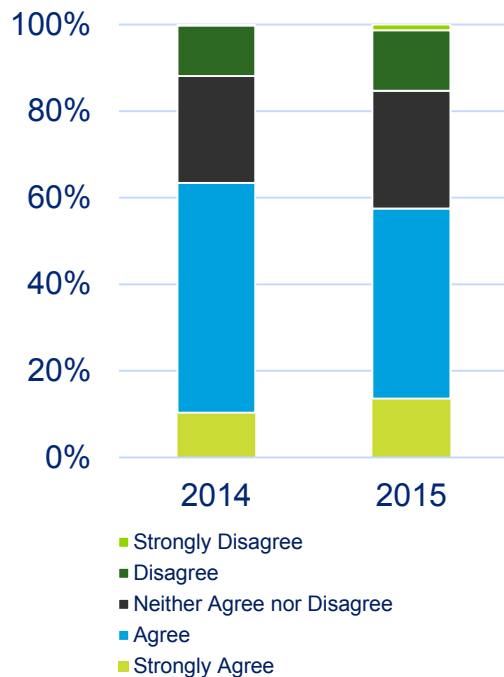
Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".

**44% of businesses have already changed the way they conduct their tax planning even though the majority of changes as a result of BEPS are yet to come into force.**

## Question 6

58% agree or strongly agree that tax planning has become a corporate responsibility issue in their organization, not just a legal issue.

### Overall results

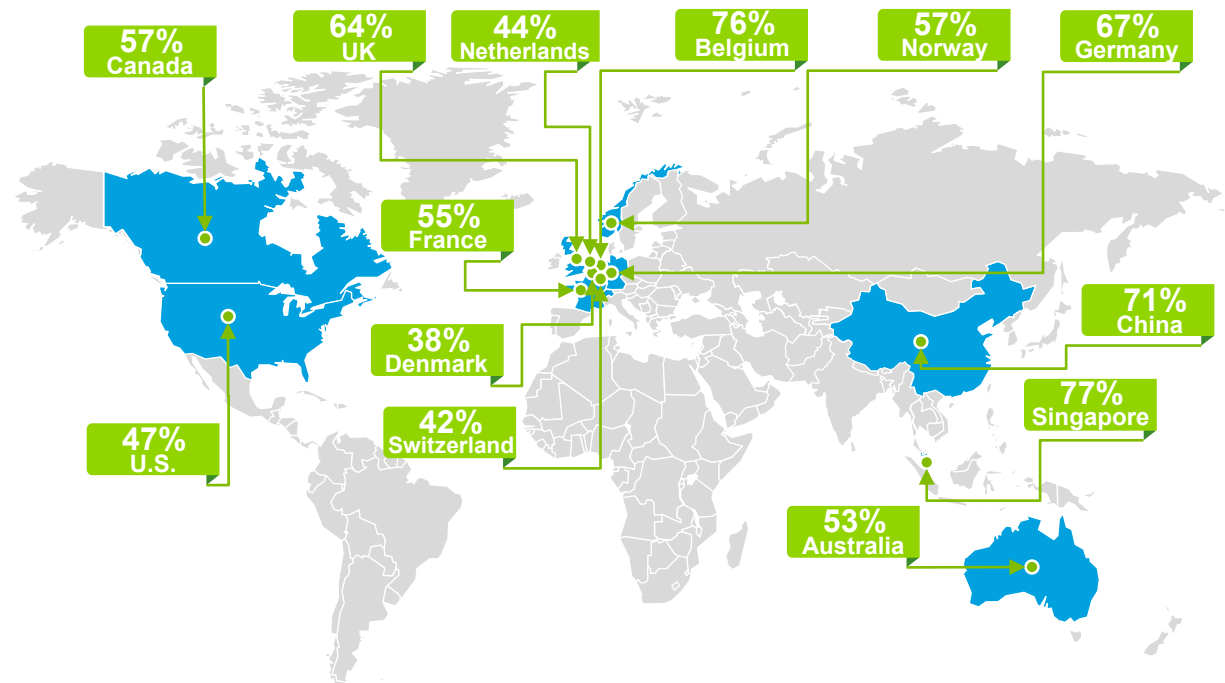


### Response Trend

Agree/Strongly Agree responses remained high, but decreased slightly (by 6 percentage points) from 2014.

### Country-specific agree/strongly results

In my organization, tax planning has become a corporate responsibility issue and not just a legal issue.



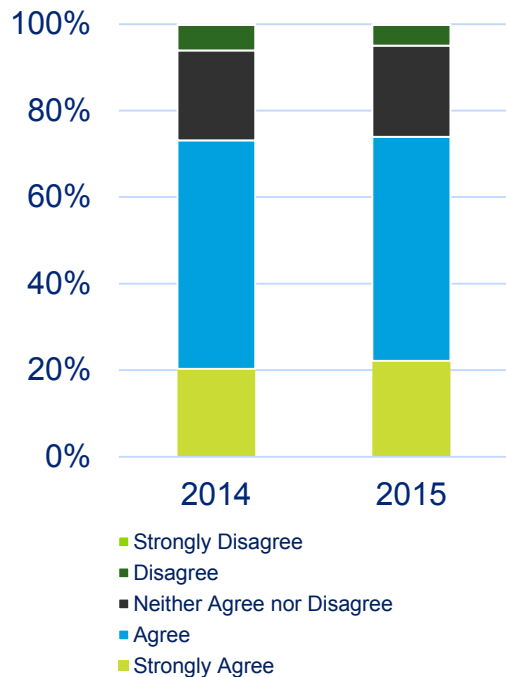
Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".

Similar to last year, the degree to which tax is viewed as a corporate responsibility issue varies significantly by country, this is similar to last year.

## Question 7

74% agree or strongly agree that reputational risks are of much greater concern when executing cross-border tax planning.

### Overall results

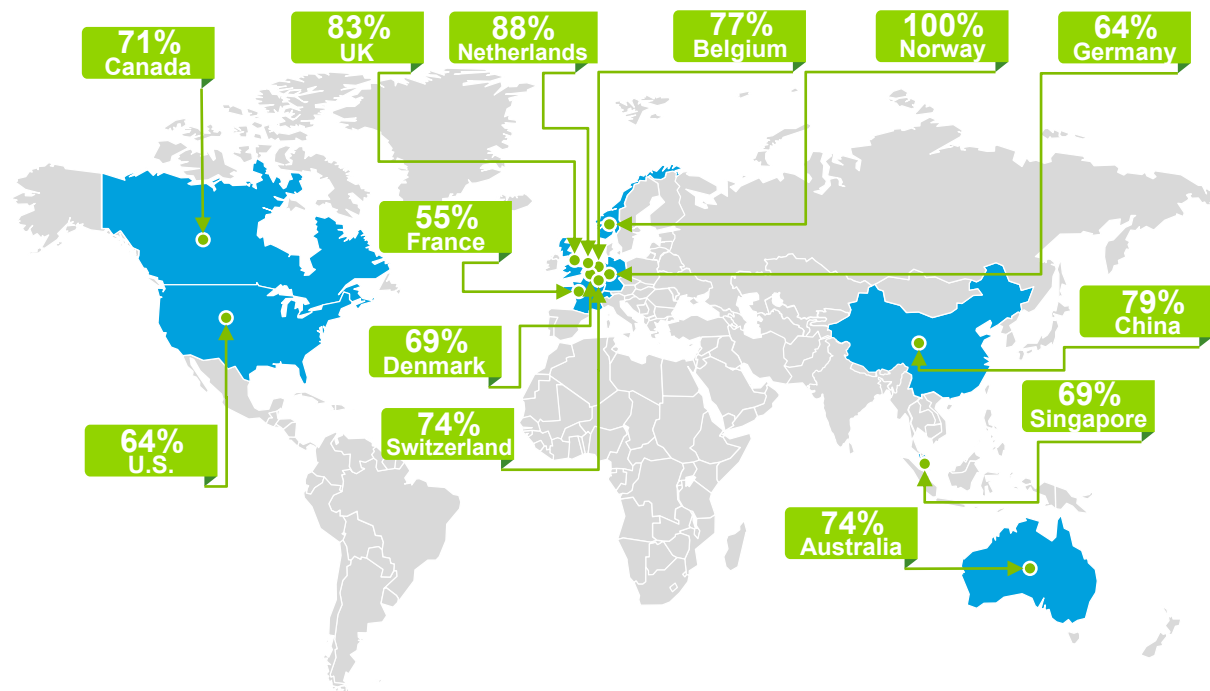


### Response Trend

Agree/Strongly Agree responses remained high, but increased only slightly (by 1 percentage point) from 2014.

### Country-specific agree/strongly agree results

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



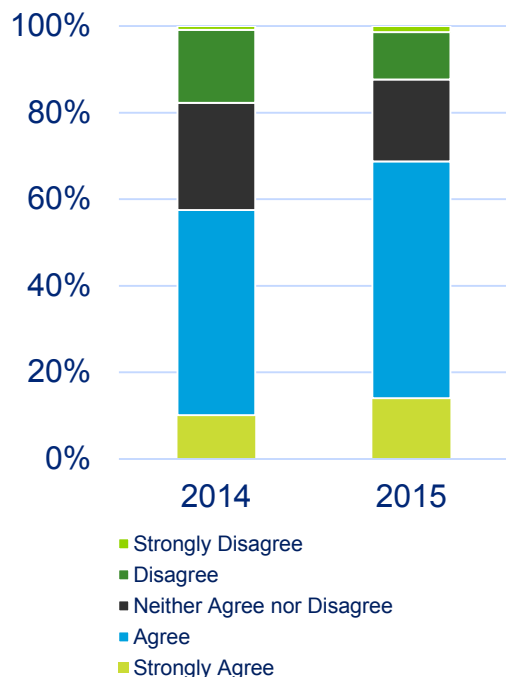
Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".

Given the continued media coverage of corporate international tax planning, this result is not surprising.

## Question 8

69% agree or strongly agree their organization has assessed the potential impact of changes related to BEPS.

### Overall results

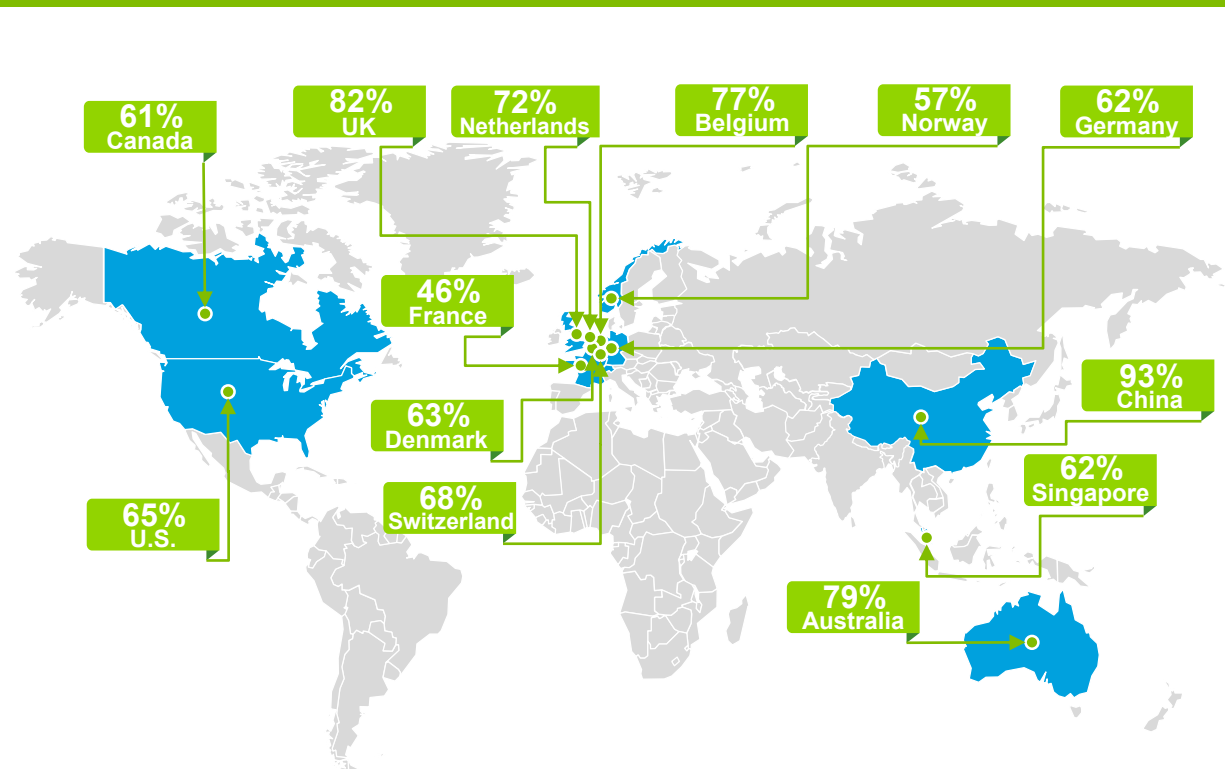


### Response Trend

**Agree/Strongly Agree responses remained high and increased significantly (by 11 percentage points) from 2014.**

### Country-specific agree/strongly agree results

My organization has assessed the potential impact of changes related to BEPS.



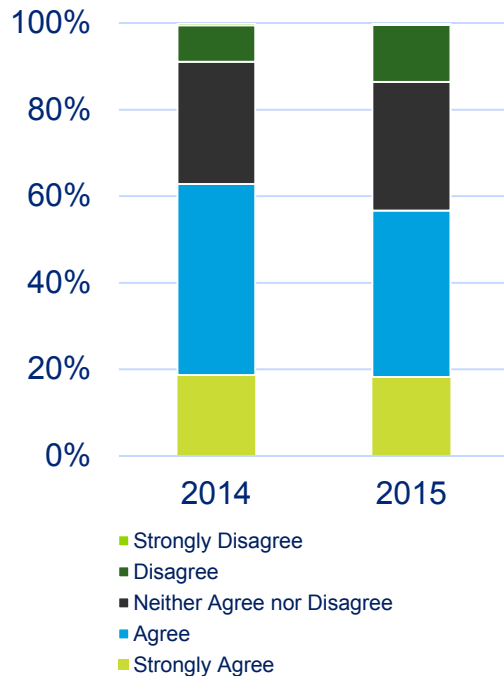
*Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".*

**The number of respondents who have now assessed the potential impact of the BEPS changes on their business has increased since last year. We expect this will continue to increase.**

## Question 9

57% agree or strongly agree that country tax authorities are becoming increasingly aggressive in tax examinations.

### Overall results

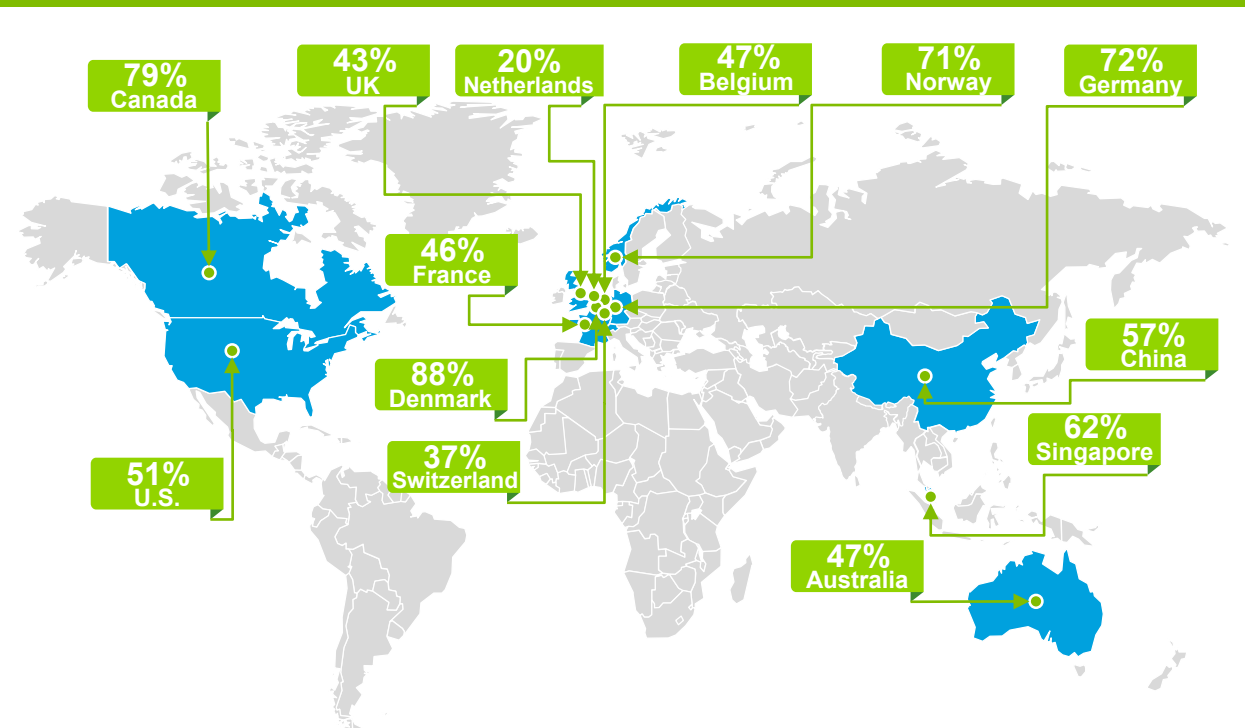


### Response Trend

**Agree/Strongly Agree responses remained high, but decreased slightly (by 6 percentage points) from 2014.**

### Country-specific agree/strongly agree results

In my country of residence, the tax authorities are becoming increasingly aggressive in tax examinations.



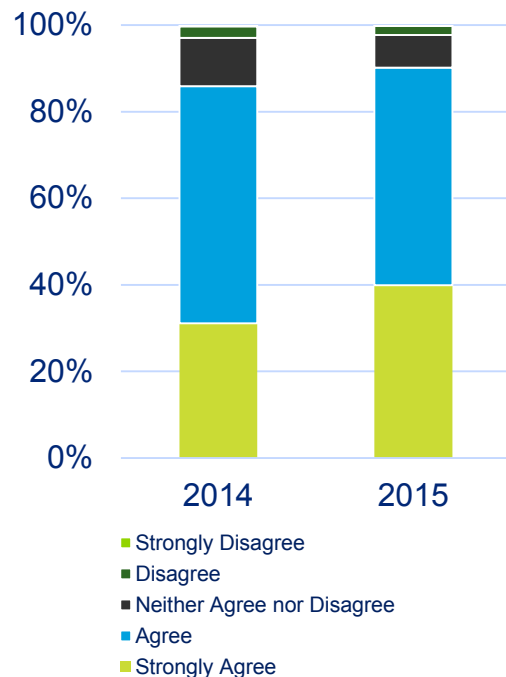
*Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".*

**The slight decrease in agreement to this statement may reflect the fact that the tax authorities have already set the bar very high in this area.**

## Question 10

90% agree or strongly agree that tax authorities will, irrespective of any actual changes, increase tax audit assessments globally as a result of the current BEPS debate.

### Overall results

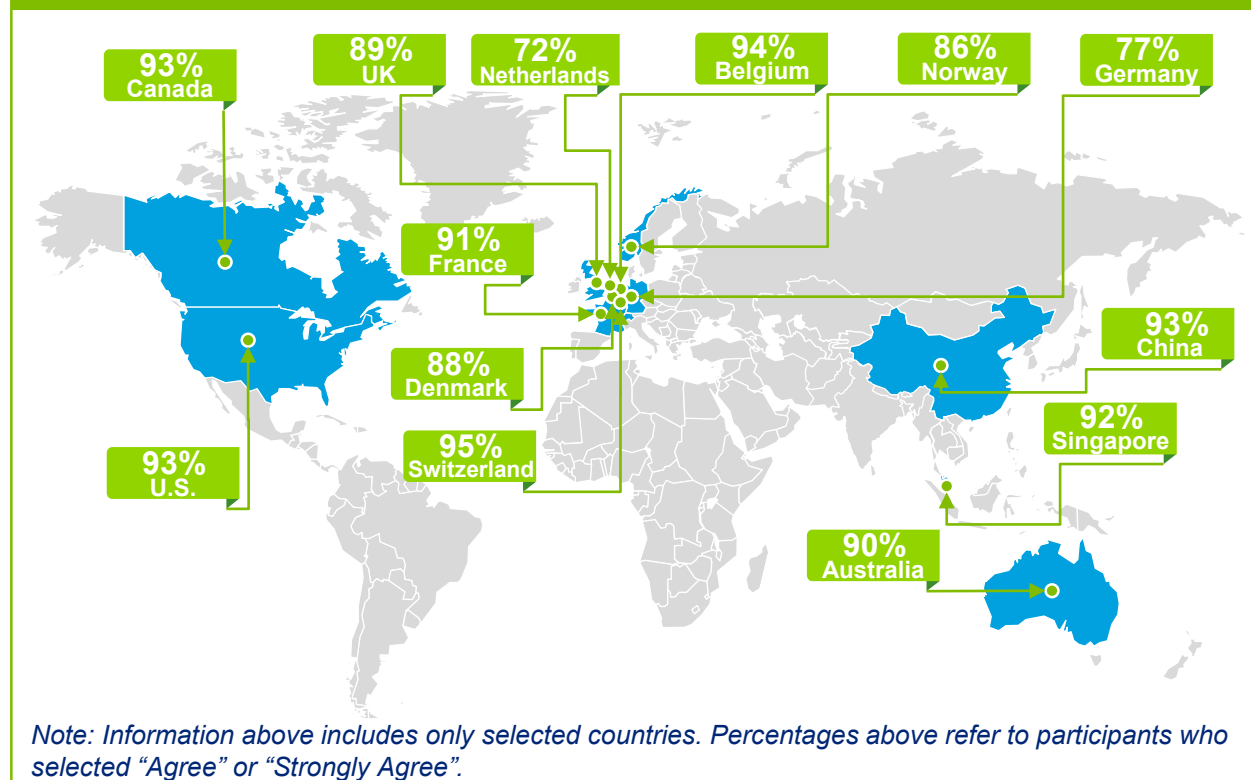


### Response Trend

**Agree/Strongly Agree responses remained high, and increased slightly (by 4 percentage points) from 2014.**

### Country-specific agree/strongly agree results

Irrespective of changes I believe that tax authorities will increase tax audit assessments globally as a result of the current BEPS debate.

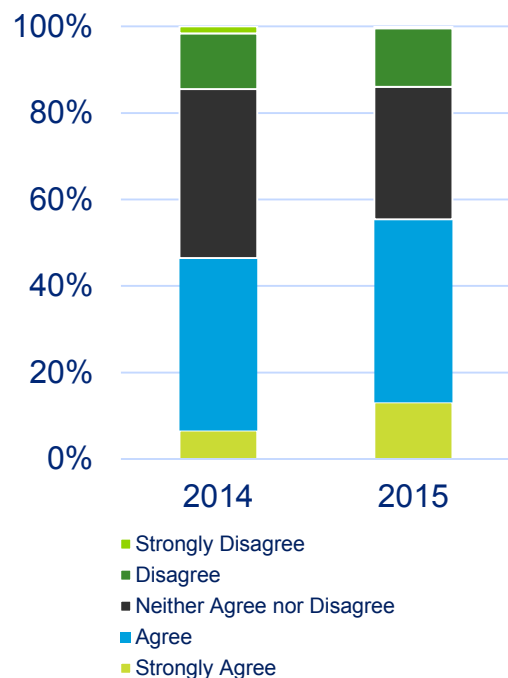


**This is consistent with the fact that we are seeing some jurisdictions already assessing taxpayers as if the objectives of BEPS had already been enacted.**

## Question 11

56% agree or strongly agree they are anticipating significant legislative and treaty changes in their country as a result of the BEPS initiative.

### Overall results

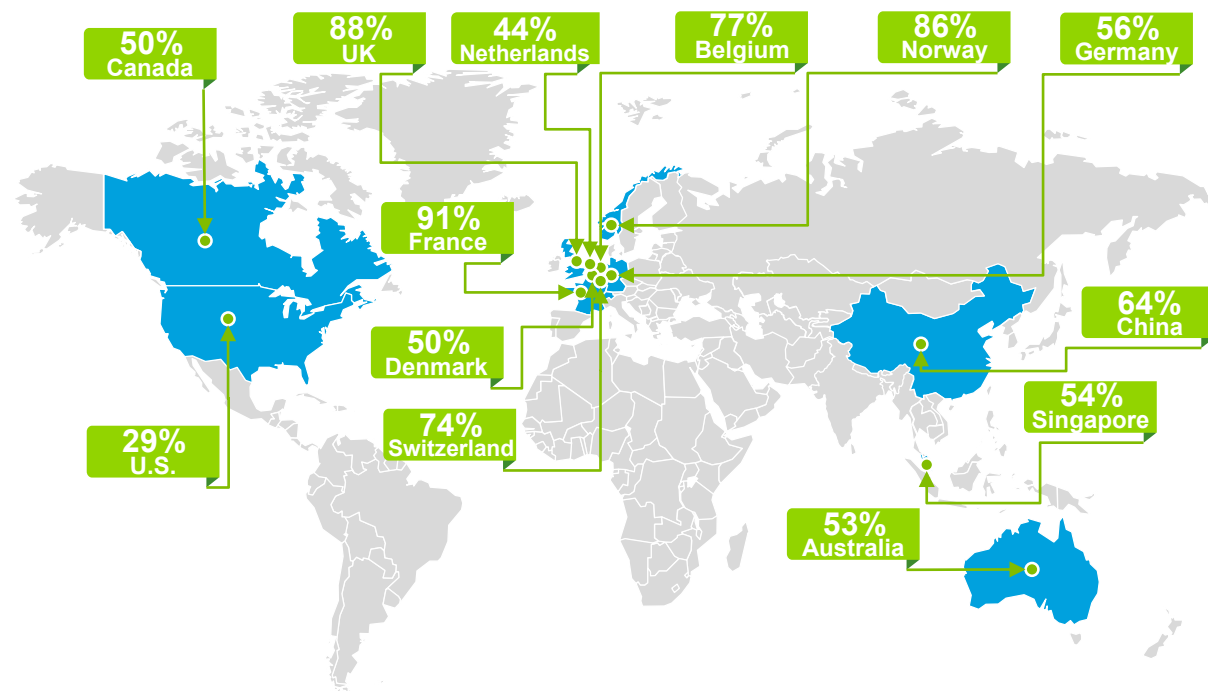


### Response Trend

**Agree/Strongly Agree responses increased by 9 percentage points from 2014.**

### Country-specific agree/strongly agree results

In my country, I am anticipating significant legislative and treaty changes as a result of the BEPS initiative.



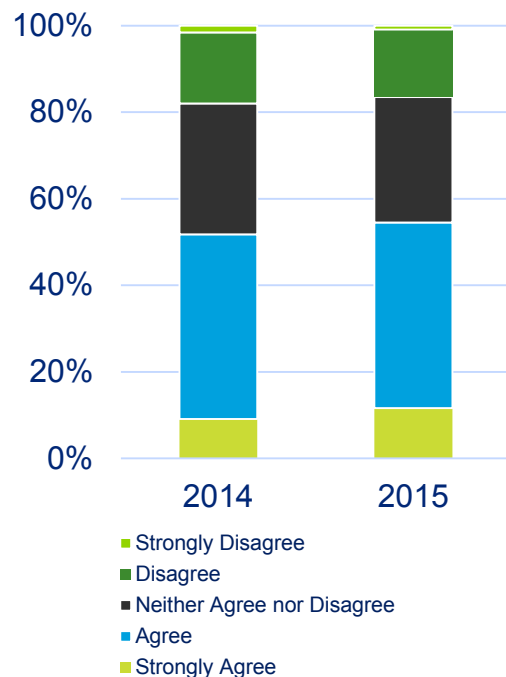
*Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".*

**As the BEPS projects advance, the increase in the percentages compared to last year can be expected. The low U.S. percentage is not surprising given the political climate in the U.S.**

## Question 12

55% agree or strongly agree there will be significant unilateral legislative change in their country to protect the tax base that is not coordinated with what other countries are doing.

### Overall results

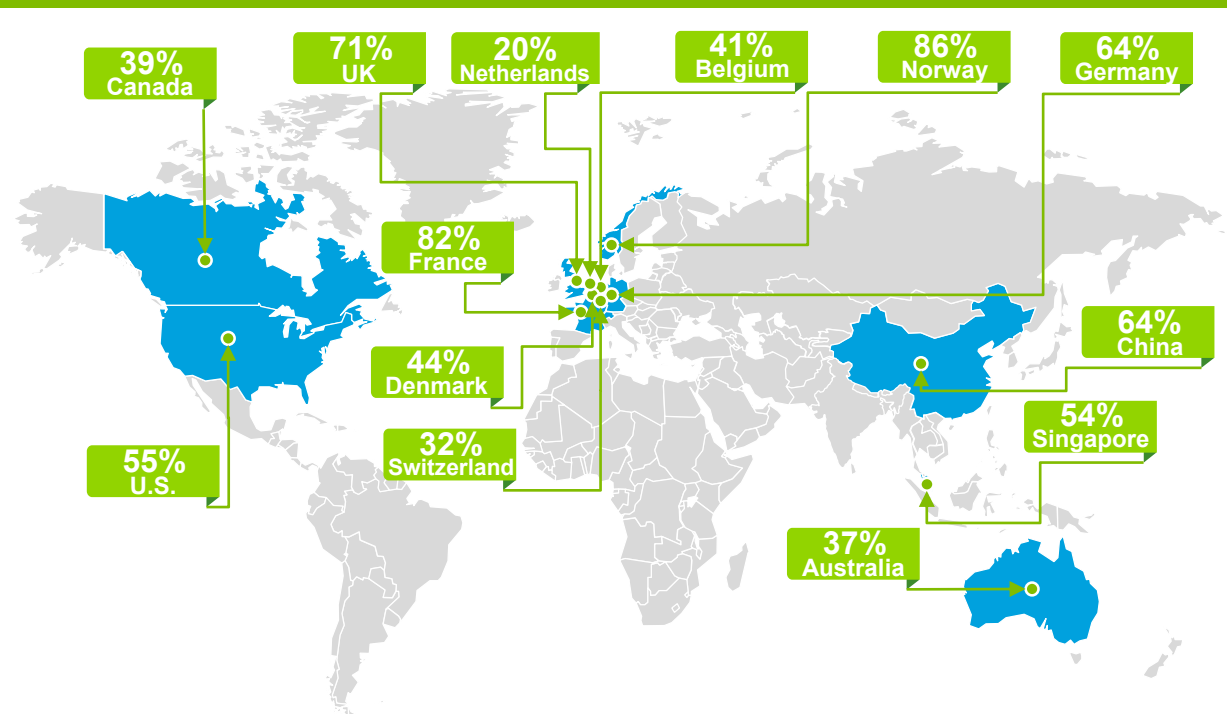


### Response Trend

Agree/Strongly Agree responses increased slightly (by 3 percentage points) from 2014.

### Country-specific agree/strongly agree results

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.



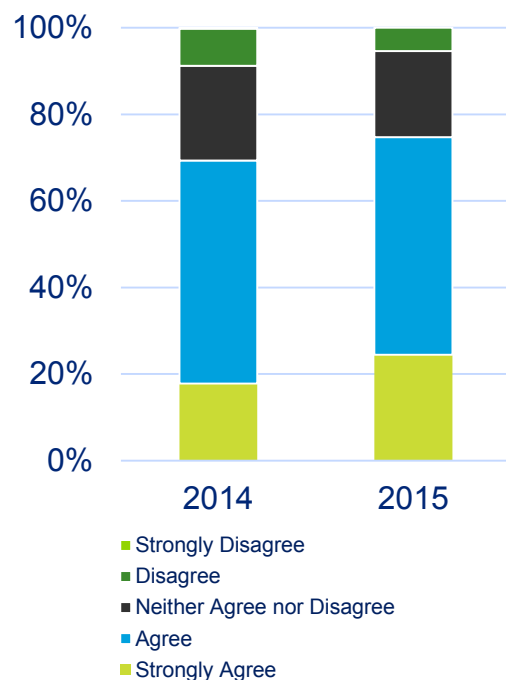
Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".

Unilateral legislative changes will undermine the effectiveness of this global initiative unless the changes are ultimately aligned with the final BEPS recommendations.

## Question 13

75% agree or strongly agree that double taxation will occur as a result of unilateral tax law changes in anticipation of the OECD BEPS recommendations.

### Overall results

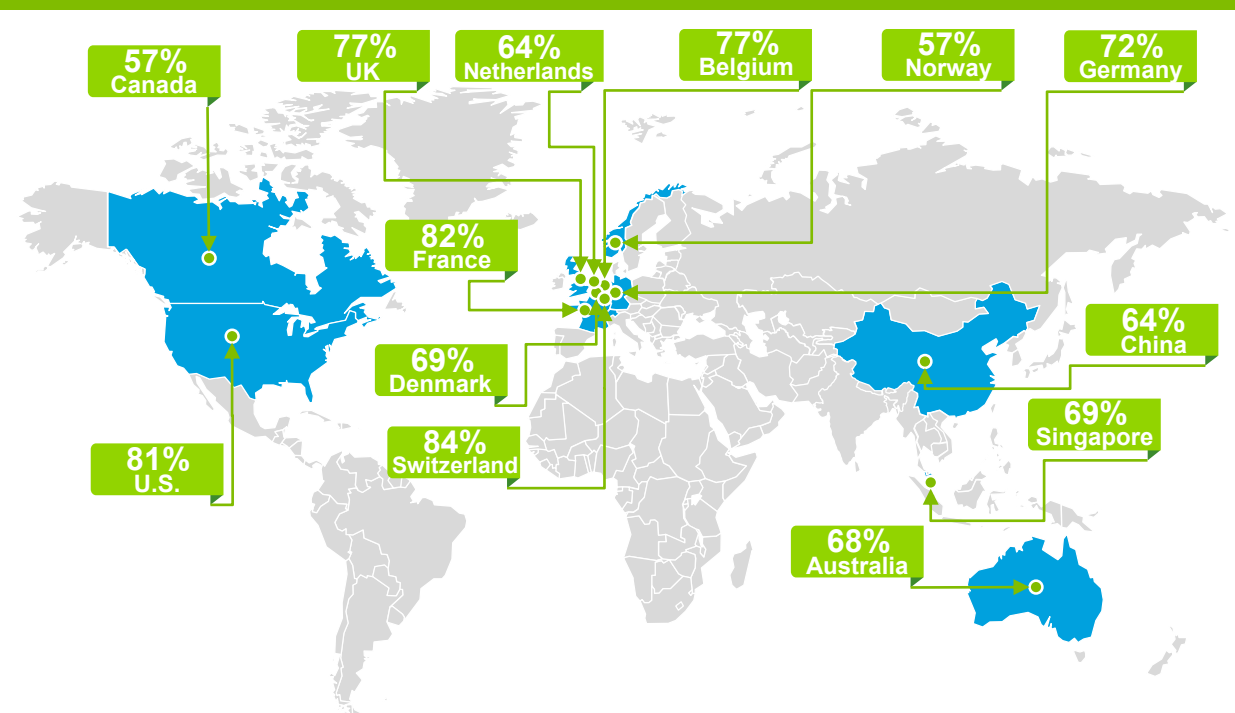


### Response Trend

**Agree/Strongly Agree responses remained high and increased by 5 percentage points from 2014.**

### Country-specific agree/strongly agree results

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



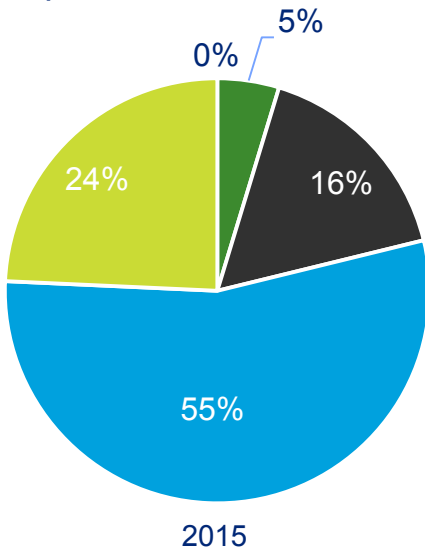
*Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".*

**This is unsurprising as unilateral tax law changes that are not coordinated with what other countries are doing can create the possibility of double taxation.**

## Question 14

79% agree or strongly agree that double taxation will arise from some of the BEPS changes.

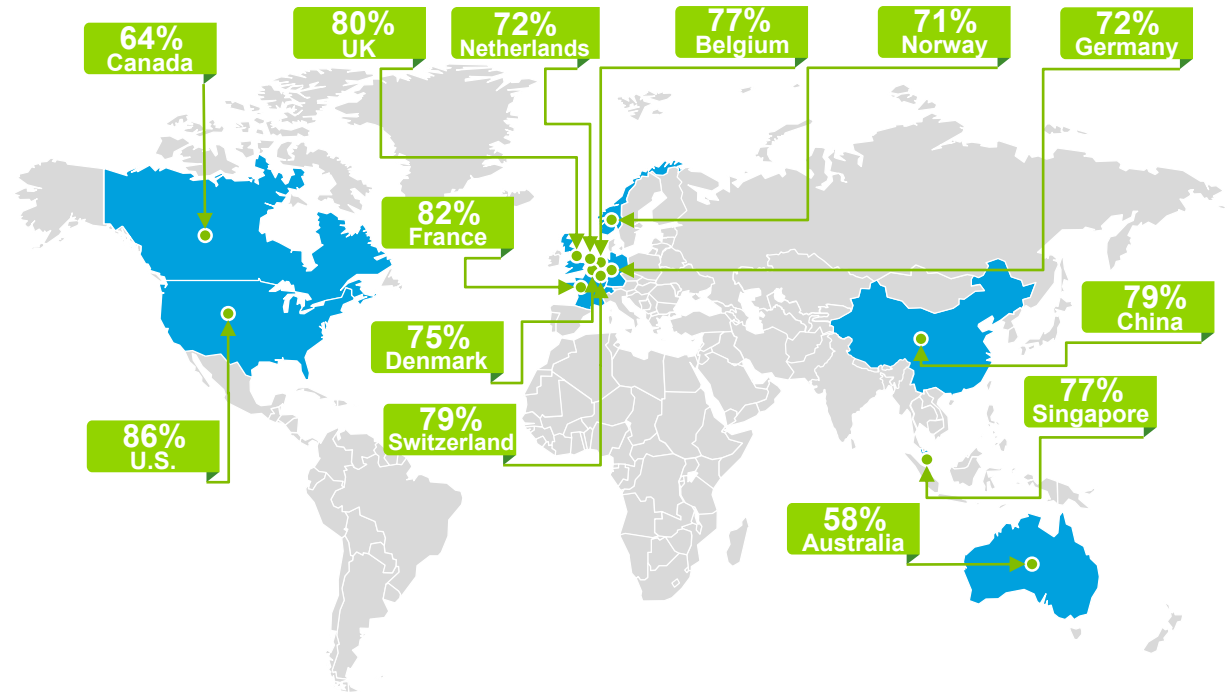
**Overall results**  
(new question not asked in 2014)



- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly Agree

## Country-specific agree/strongly agree results

I believe that double taxation will arise from some of the BEPS changes.



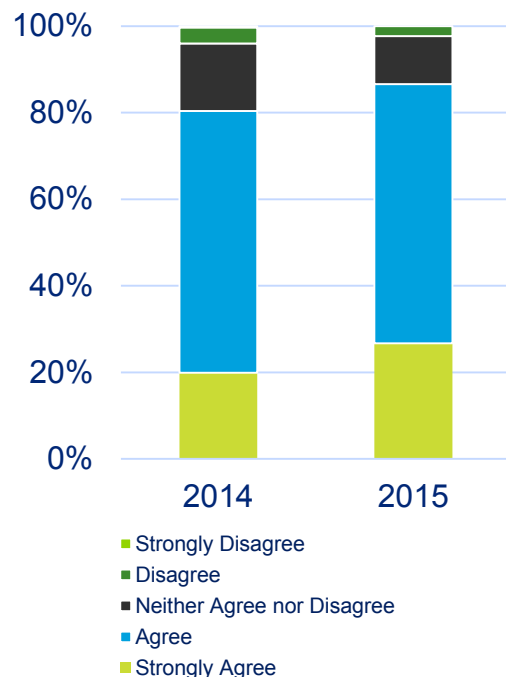
*Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".*

**This result could reflect the concern that jurisdictions may implement the final BEPS recommendations in their own way and not always in a manner coordinated with other jurisdictions.**

## Question 15

87% agree or strongly agree the BEPS initiative will result in significant legislative and treaty changes in many countries.

### Overall results

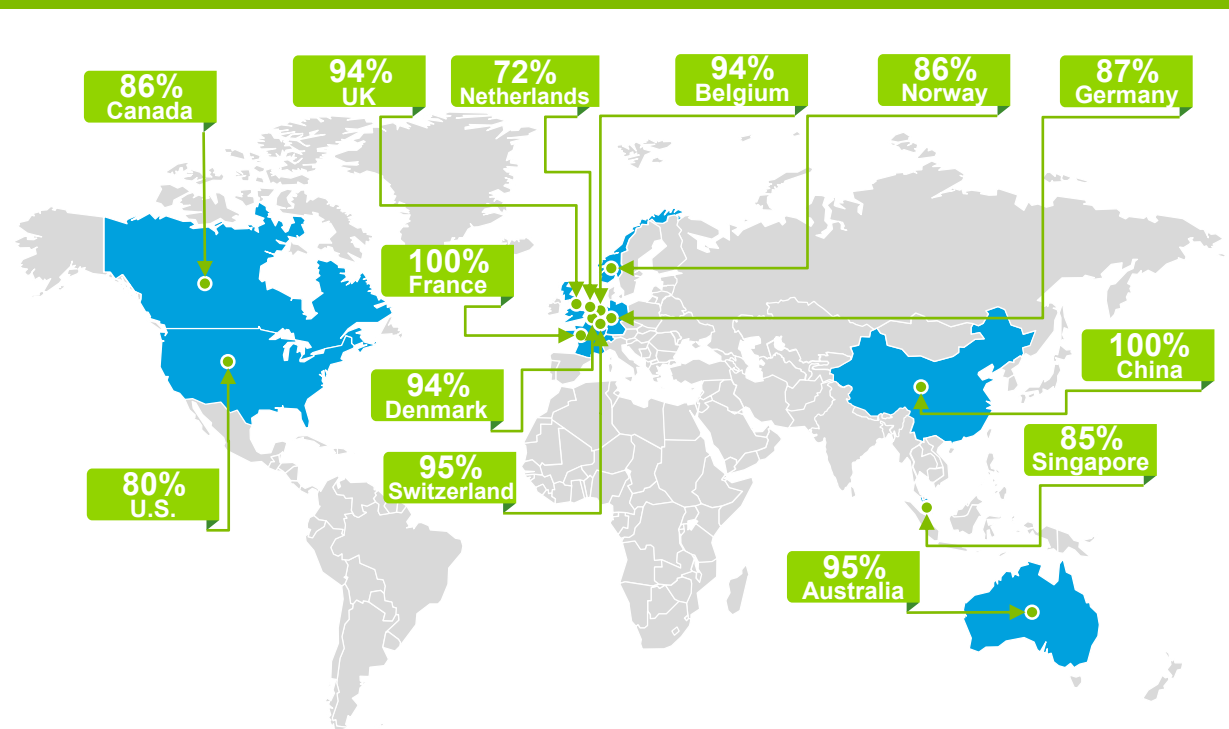


### Response Trend

**Agree/Strongly Agree responses remained high (increased by 6 percentage points) from 2014.**

### Country-specific agree/strongly agree results

In my view, globally, the BEPS initiative will result in significant legislative and treaty changes in many countries.

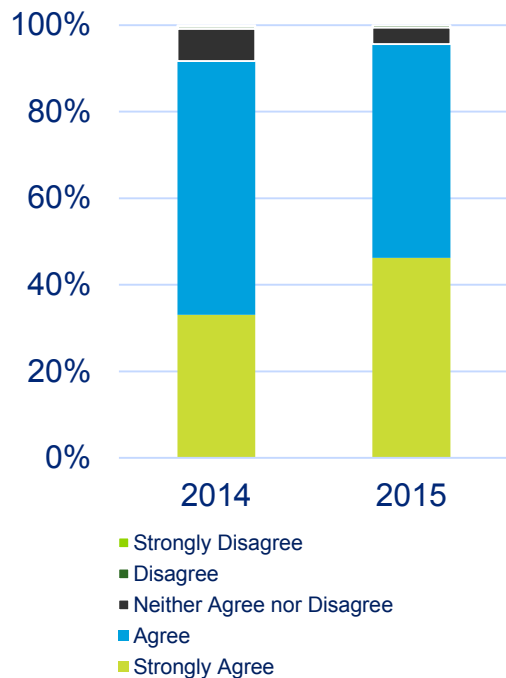


*Note: Information above includes only selected countries. Percentages above refer to participants who selected "Agree" or "Strongly Agree".*

**This high percentage is not surprising and accurately reflects the current landscape.**

96% agree or strongly agree that in future tax authorities will apply greater scrutiny around the level of substantive business operations conducted in low tax countries as a result BEPS initiatives.

### Overall results

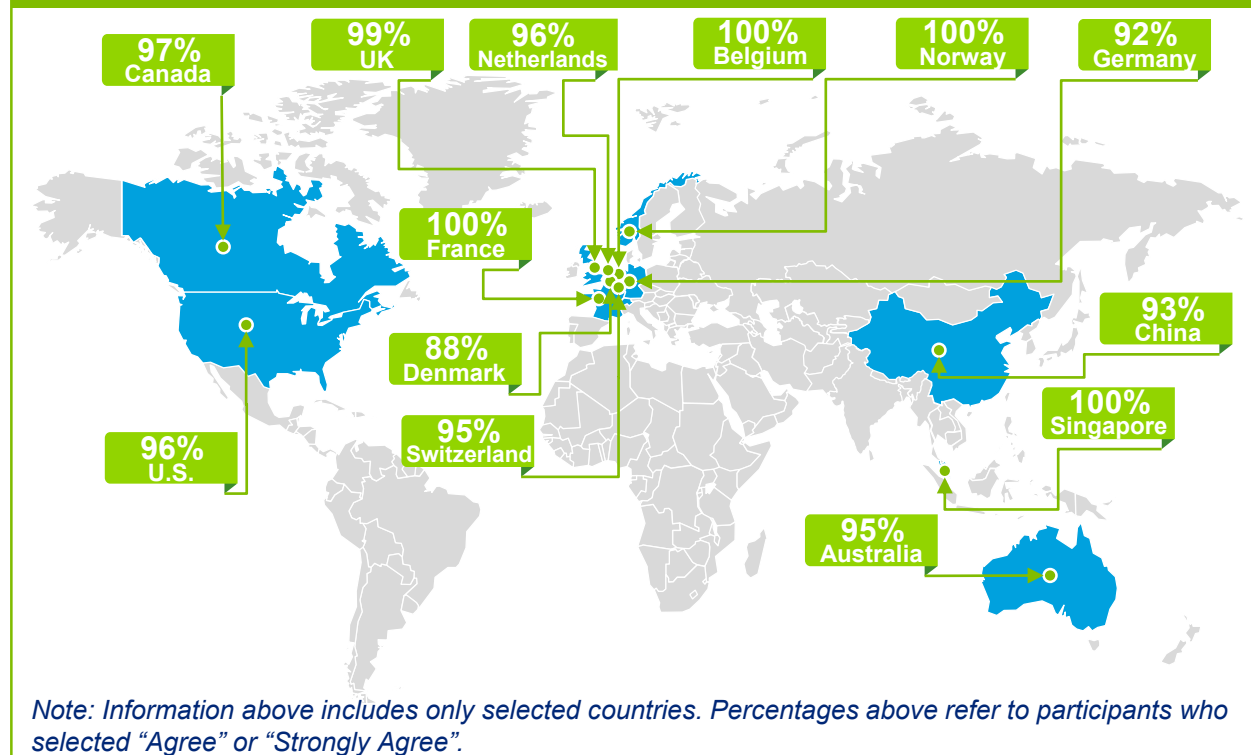


### Response Trend

Agree/Strongly Agree responses remained extremely high, increasing by 4 percentage points from 2014.

### Country-specific agree/strongly agree results

Greater scrutiny will be applied by tax authorities surrounding the level of substantive business operations conducted in low tax countries as a result of the BEPS initiatives in the future.

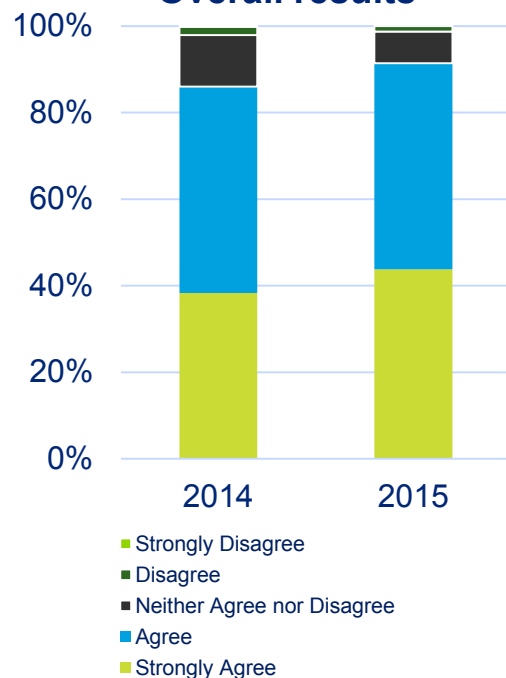


This high percentage is not surprising. Tax authorities are already scrutinizing the level of substantive business operations and this will only increase as a result of the BEPS project.

## Question 17

91% agree or strongly agree the corporate tax compliance burden will substantially increase as a result of additional reporting from the OECD BEPS recommendations.

### Overall results

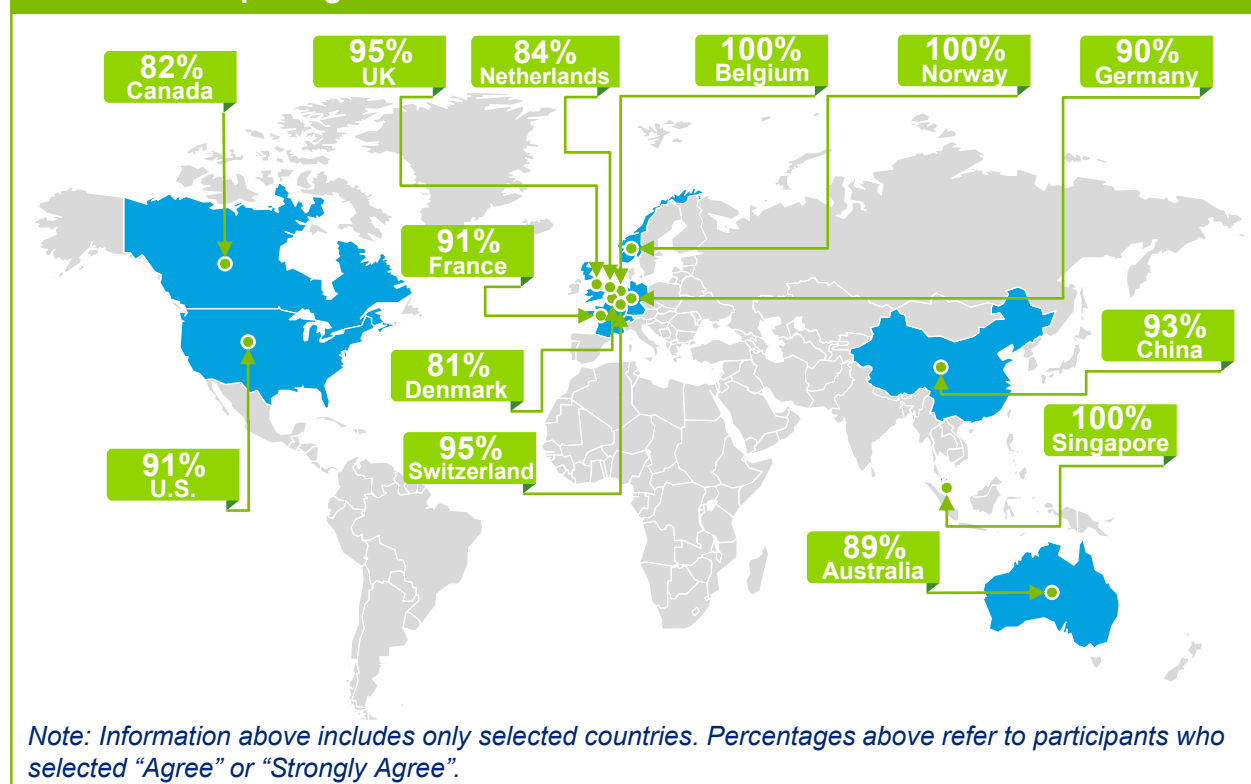


### Response Trend

Agree/Strongly Agree responses remained very high, increasing by 5 percentage points from 2014.

### Country-specific agree/strongly agree results

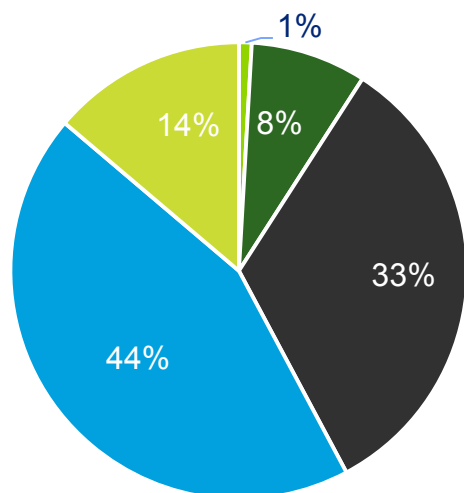
In my view, the corporate tax compliance burden will substantially increase as a result of additional reporting from the OECD BEPS recommendation.



With the increased disclosure requirements coming out of the BEPS project, such as country-by-country reporting, this is an unsurprising result.

58% agree or strongly agree that the BEPS project will have greater impact on their organization than they originally thought, based on the OECD's work on BEPS so far.

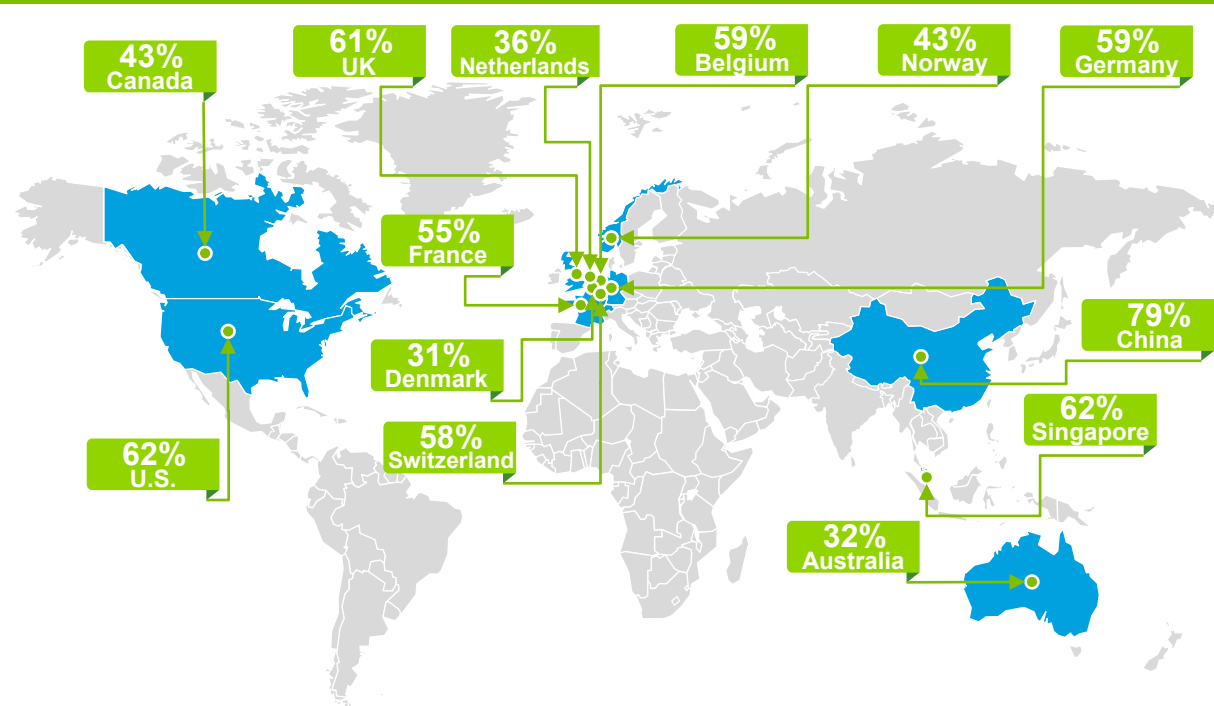
**Overall results**  
(new question not asked in 2014)



- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly Agree

### Country-specific agree/strongly agree results

Based on the OECD's work on BEPS so far I think the BEPS project will have a greater impact on my organization than I originally thought.



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

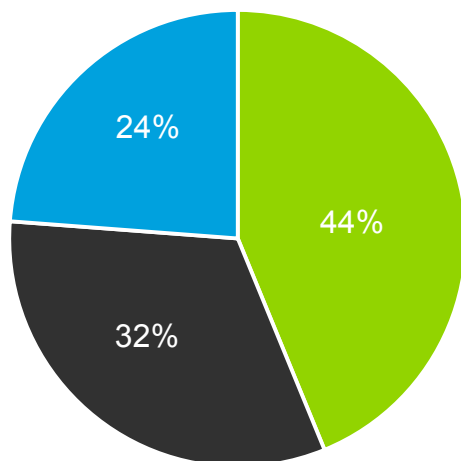
**This reflects the fact that under the BEPS project, documents are being released, some agreements are being reached, and the OECD is sticking to its ambitious timetable.**

## Question 19

32% said their organization considered the recent State Aid cases initiated by the European Commission in implementing tax structures.

### Overall results

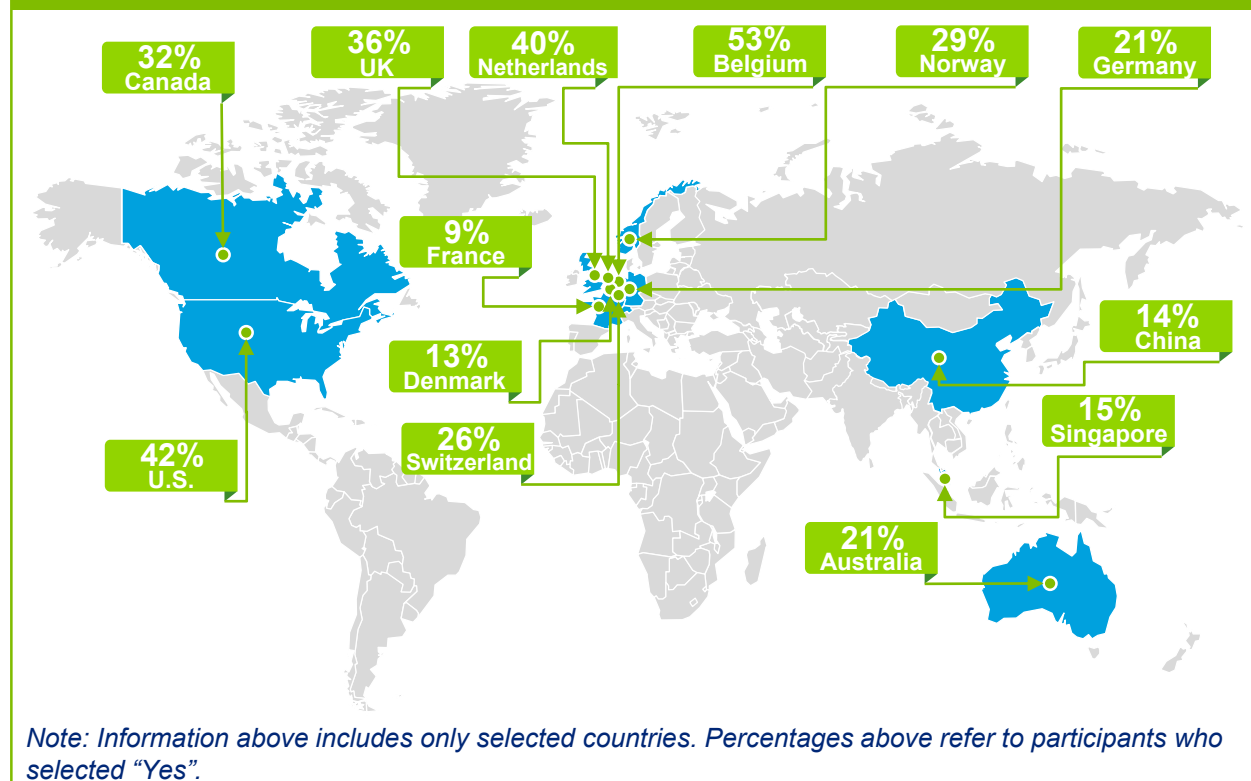
(new question not asked in 2014)



- No
- Yes
- Not applicable

### Country-specific agree/strongly agree results

Has your organization considered any of the recent State Aid cases initiated by the European Commission in implementing tax structures?

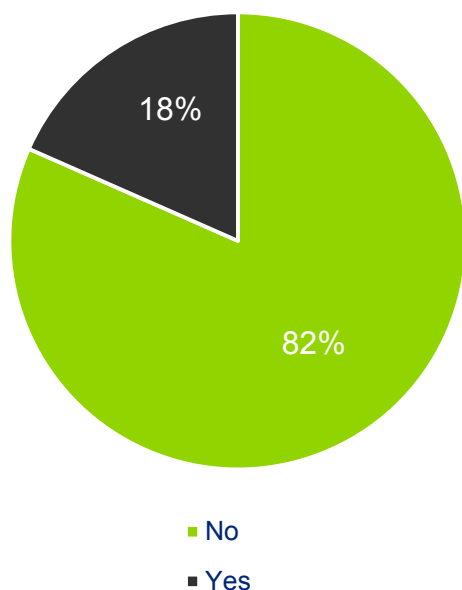


While not part of the BEPS project, this is an area that has also attracted a lot of media attention.

18% said 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.

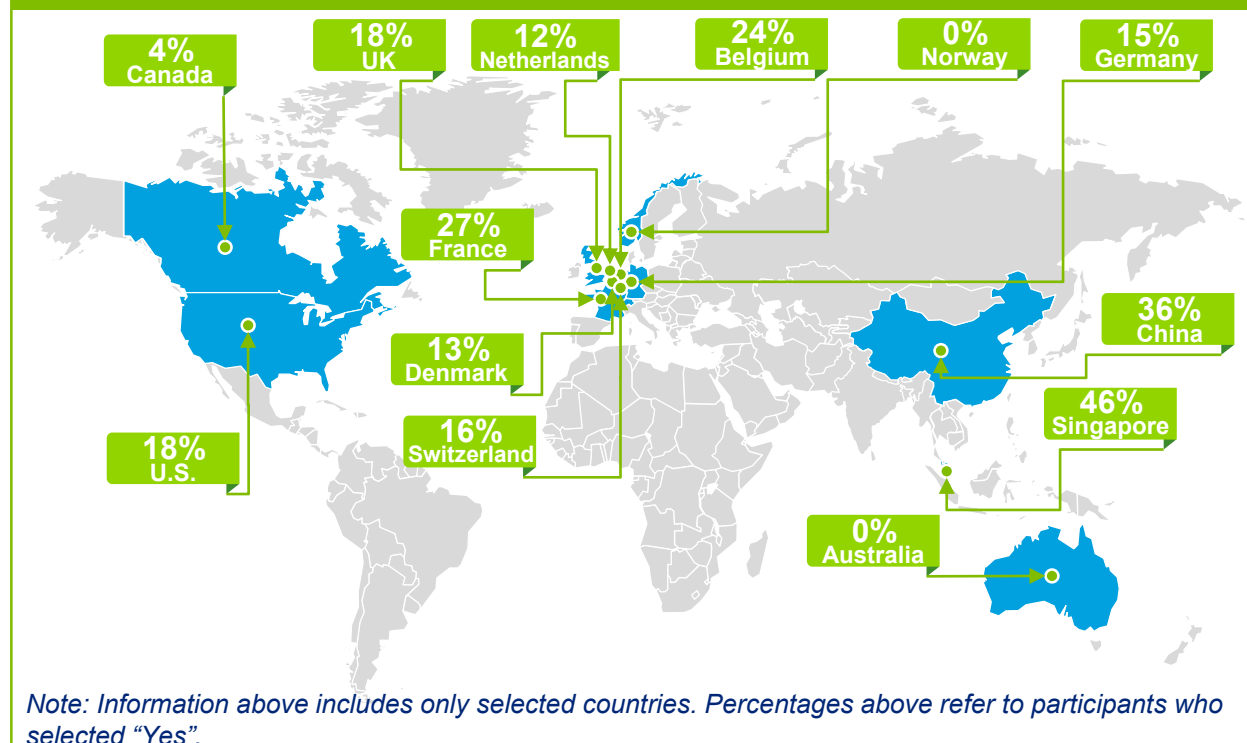
### Overall results

(new question not asked in 2014)



### Country-specific agree/strongly agree results

Is your organization planning on securing additional resources/headcount for your tax group wholly or partly as a result of the anticipated changes arising due to the BEPS initiative?



**At face value, this percentage appears low. This may increase as legislative changes get start to be enacted.**

# Views on media and political interest

# Question 1: My organization is concerned about the increased media, political and activist group interest in tax.

Strongly Agree or Agree

## By role in the organization



**70%** (53% in 2014)  
**Controller/CFO**



**81%** (77% in 2014)  
**Tax Director/Tax VP**



**80%** (74% in 2014)  
**Overall**

In accordance with expectations, tax professionals are more likely to be concerned about scrutiny.

## By type of industry



**84%** (80% in 2014)  
**Telecom/Media/  
Technology**



**85%** (74% in 2014)  
**Financial  
Services**



**86%** (75% in 2014)  
**Consumer  
Business**



**73%** (66% in 2014)  
**Manufacturing  
& Engineering**



**87%** (77% in 2014)  
**Health Care &  
Life Sciences**



**90%** (83% in 2014)  
**Energy &  
Resources**



**80%** (74% in 2014)  
**Overall**

The results are similar in each sector with manufacturing and engineering lagging slightly behind.

**Note:** See slide 7 for responses analyzed by country

# Question 1: My organization is concerned about the increased media, political and activist group interest in tax.

Strongly Agree or Agree

## Public vs. private



**82%** (76% in 2014)  
**Public**



**71%** (67% in 2014)  
**Private**



**80%** (74% in 2014)  
**Overall**

Reputational risk is of concern, whether public or private entities, but the level of concern appears to be higher for public companies.

## By sector



**78%** (71% in 2014)  
**Business-to-business (B2B)**



**87%** (74% in 2014)  
**Business-to-consumer (B2C)**



**80%** (74% in 2014)  
**Overall**

The B2C sector is often regarded as being particularly concerned about reputational risk but responses show that the B2B sector is also concerned.

**Note:** See slide 7 for responses analyzed by country.

# Selected participant responses

## Question 26: What are your main concerns, if any, about “responsible tax” and the BEPS initiative?

“The BEPS initiative adds little to countries' abilities to enforce their current laws, which already generally include substance requirements. However, the ‘responsible tax’ movement seems to misunderstand tax law and how it works. The over-simplification of arguments in the media and political arena will be a continuing struggle.”

“How does one define ‘responsible tax’? It is a slippery slope interpreted differently by different countries depending on what is in their best interest ultimately.”

“Increased scrutiny leading to increased audits (with irrational outcomes) and administrative burden (country-by-country reporting / transfer pricing documentation / additional analysis).”

“It is a one-sided agenda. Companies are automatically presumed to be engaged in tax avoidance. Tax planning will become increasingly difficult, meaning tax departments just end up doing greater levels of compliance instead of adding value.”

“That the implementation of BEPS will fail, and each country will implement parts of the suggested changes on their own and make the tax situation even more complicated.”

**Note:** 260 respondents answered Q26. The comments listed are representative of the most commonly stated responses.

## Question 27: What do you think will be the main hurdles, if any, to achieving cooperation between countries in implementing the OECD's BEPS recommendations?



“No country wants to lose out, so agreement and consensus on actual policies will be difficult and therefore the risk of unilateral action increases.”



“One of the main hurdles will be consistency across the countries and how burdensome the ‘reporting’ element will become.”



“There are competing interests among the countries and BEPS, if adopted by all, will create winners and losers. Countries that stand to lose are likely to opt out. Unlikely that multilateral arrangement will be concluded by several key stakeholder countries.”



“USA will not do anything substantial in relation to the BEPS agenda and in the long run multilateral efforts will collapse into acrimony as a consequence.”

**Note:** 274 respondents answered Q27. The comments listed are representative of the most commonly stated responses.

## Question 28: Based on the OECD's BEPS deliverables, so far, what will be the most significant areas of change for your business?

"My company has begun pulling together the information necessary to perform the country by country reporting. This is not only very time consuming, but also a burden on the company from an audit perspective."

"Level of compliance required to comply with country by country reporting."

"Preparation of additional transfer pricing documentation which are compliant with the master file and local country file requirements."

"Increased compliance burden, more audits, more double taxation, more competent authority / arbitration activity."

"One of the issues will be the PE area, which we will need to reconsider again in the light of the new initiatives."

**Note:** 264 respondents answered Q28. The comments listed are representative of the most commonly stated responses.

## Question 29: What has surprised you about the OECD's BEPS deliverables to date?

**"The pace and breadth of movement. Also, the apparent willingness of the OECD, many member governments, and the press, to assert or imply that all corporate taxpayers are committing tax fraud when they engage in legitimate structures to reduce their global tax rate."**

**"The speed and volume of proposals and expectation that business will react immediately, notwithstanding all of the other challenges in the global economy and overall pressures of running a business."**

**"The speed at which they are actually moving. Faster than I thought they'd move, but still need to get the local governments to adopt the changes will be challenging."**

**"Moving away from arm's length standard."**

**Note:** 252 respondents answered Q29. The comments listed are representative of the most commonly stated responses.

How is your organization responding to BEPS (e.g.; Monitoring the situation? Assessing and quantifying the impact? Implementing structural/financing changes? Doing the work in-house? Engaging external advisors?)



**“Monitoring and assessing any required changes to structures and reporting requirements.”**



**“Monitoring the situation, assessing impact, trying to do majority of the work in-house.”**



**“Monitoring the developments, considering effects on tax planning structures, and educating C-suite and the Board of Directors on BEPS.”**



**“Monitoring only, mainly via professional affiliations, because the individual actions under BEPS are not yet clear enough to drive restructuring activities.”**



**“Monitoring the situation and making change where necessary. We have engaged advisors to assist in most of the higher risk areas.”**

**Note:** 296 respondents answered Q30. The comments listed are representative of the most commonly stated responses.



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