



BDO GLOBAL TAX OUTLOOK 2020

THE CHANGING FACE OF TAX

A new programme of International
Research on Tax

BDO



INTRODUCTION

The Global Tax Outlook 2020 provides a report back from BDO's new international research programme on Tax.

Spanning more than fifty countries from across all regions of the globe – the Global Tax Outlook provides a window into the challenges facing tax and business leaders from across a spectrum of businesses, from the newly emerging to some of the very largest.

We commenced our research in February this year, as countries were anticipating but not yet in the full lock down phase of the COVID-19 crisis. So while there was clearly caution in the markets at this time, the research themes were designed to focus on the underlying regulatory and technological challenges facing the business of tax, today and 2-5 years ahead.

Working together with the research organisation Meridian West and with the inputs of BDO subject matter experts from across the globe we see some consistent themes. This report shares these themes and points to where findings vary, whether this be by region, or size and type of business.

To explore the results in more depth go to the [BDO Global Tax Outlook hub](#). Use the opportunity to discuss the findings and how they relate to your business with a member of the local BDO team.

BDO has been conducting research in Tax in the major markets in which we operate for a number of years, for example with the [BDO US Tax Outlook](#). In the Global Tax Outlook we've been able to take this further, reaching out to clients across the globe from the EMEA region - both OECD and non-OECD countries, the Americas and Asia Pacific.

The research covers a number of themes

- The most significant tax issues facing the organisation and the priorities being set for the tax function;
- How changes in tax legislation and the behaviour of the tax authorities impact business;
- Tax strategy, policy and risk – the focus on tax at board level; the primary role of the tax function now and the direction this is expected to take;
- The use of Technology in Tax;
- The concept of 'Total Tax Liability' (TTL), the total of all taxes owed by a business, and the value of TTL in directing decision making.



FORWARD FROM ROBERT AZIZ



ROBERT AZIZ

*Global Head of Tax
Global Head of People*

THE ROLE OF TAX IN 2020

We live in truly unprecedented times. Unlike previous financial crises, the COVID-19 pandemic has meant that a broad spectrum of the business world finds itself in need of financial help. Governments around the world have done a huge amount in order to help to prevent a permanent diminution in the economic base. One aspect of the crisis is the role that Tax has played and will continue to play in the calculations of both businesses and of governments.

At a fundamental level, tax has been one of the mechanisms governments have used to enable businesses to preserve cash. We have seen many countries pass laws to enable businesses to file deferrals for tax payments and there have been actual reductions in specific taxes. In some countries, the tax machinery has been used to fund the salaries of workers.

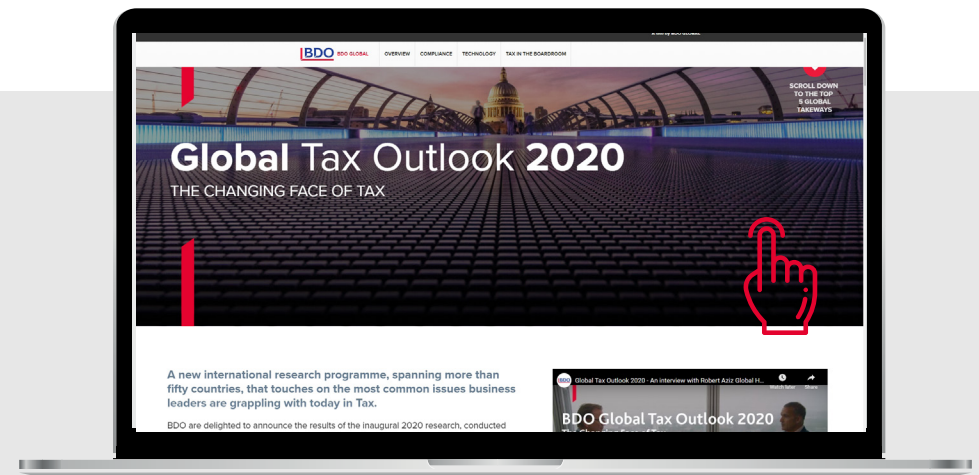
Tax has therefore been at the very centre of the vital aspects of the business response to the disruption caused by the pandemic. This has reinforced the notion that tax has to be a part of the strategic decision making within a business, and it has provided a window into the challenges faced by those responsible for Tax in the business.

COVID-19 has certainly exacerbated many of the existing challenges that businesses have faced in relation to their tax affairs. We know what these challenges are and how businesses are choosing to respond to these challenges from our experience working with clients, but also from the specific findings from our research.

THE CHANGING FACE OF TAX

Listen to the thought leadership interview with Robert Aziz in conversation with Andrew Wilson, for the Business Debate – Global Thought Leaders series

What are the challenges we see tax leaders facing across the globe? How is the role of Tax changing? What does the research tell us?



TOP FIVE GLOBAL TAKEAWAYS

The challenge for tax leaders is complex. Across the globe, tax leaders face unprecedented change and transition. The research highlights similar challenges consistently across the globe, as those responsible for tax seek to manage the costs and risks of compliance and at the same time, add greater value to the business.



Being able to respond effectively to changes in the global tax environment

Organisations anticipate continued change in the global tax landscape with high degrees of uncertainty in national and international tax legislation and regulation. This is particularly acute in the Americas. Tax authorities are often viewed as inconsistent and changing focus depending on the political philosophy and priorities of the government of the day. Globally just **20%** of those surveyed believe that tax authorities behave in a consistent or predictable manner and views about the effectiveness of tax authorities in combatting tax avoidance and evasion vary by region.



Staying compliant in every jurisdiction in which the business operates

Staying compliant, managing the cost of increasingly complex and developing tax compliance requirements, as well as adjusting to tax reforms and new regulations dominates the tax agenda and increasingly the Board's time. A broader range of executive stakeholders are concerned about the impact of changing tax regulation and public scrutiny on their tax affairs and on the wider business -**40%** of those surveyed say their organisation has changed its approach to tax governance in response to scrutiny from tax authorities. This is significantly higher for smaller organisations, in the Asia-Pacific region, and among listed businesses.



Evolution of the tax function

The tax function is evolving - driven in part by the changing nature of the compliance function and enabled by technology. The number of in-house professionals dedicated to tax and compliance tasks is increasing, by an average **40%** over the next **5** years although there are significant variations by region. Tax leaders are dealing with a broader range of stakeholders.

There is a move to embed tax governance and tax risk frameworks, monitor these proactively and integrate these with business processes as tax leaders aspire to move from a support function to take on a more strategic and advisory role and add greater value to the business. **43%** expect tax risk management and tax governance to be fully embedded in their organisation within two years, an additional **36%** to be managing tax risk proactively, but not yet fully integrated with business processes.





Total tax liability

Total tax liability, an understanding of and visibility into the sum of all the taxes a business owes at any point in time, is an increasingly familiar concept to survey participants, but not all regions engage with the concept equally and many organisations fail to calculate it effectively. **62%** of organisations in the research calculate total tax liability – though just **23%** of organisations are using automated tools, factored into business decisions, to do so. Globally **55%** of firms are expecting the board to be more involved with this process going forward. These findings vary regionally.



Tax technology

Tax technology is one of the key components of managing compliance more effectively and delivering value. In addition tax authorities are keen to make tax more digital. Yet only **20%** of organisations have a documented tax technology strategy to support business objectives. This is highest in the Americas (**28%**) and lowest in Asia Pacific (**12%**). A further **27%** have considered documenting their tax technology strategy but have not yet done so.

For many, tax technology spend is modest and expected to remain relatively low or increase marginally overall. However, our research points to a divergence of experience with differing approaches utilising lower cost alternatives - outsourcing to third-parties or the use of off the shelf software rather than necessarily bespoke wholesale technology redesign. Automating routine processes and keeping up with the rapid pace of change remain significant barriers to the successful implementation of tax technology. In Americas attracting and retaining talent is a further issue, and in the Asia-Pacific region, it is redefining roles and responsibilities.

We explore these findings further in this report and on the [BDO Global Tax Outlook hub](#).



THE RESEARCH

- We undertook research among **256** business leaders across some **50** countries internationally, across Europe, Middle East and Africa (EMEA); the Americas and the Asia-Pacific region:
- **53%** of respondents are from EMEA (35% from OECD countries and **18%** from non-OECD countries). 33% are from the Americas and 14% from Asia Pacific
- Organisations providing their revenue are split across three similar sized bands: less than \$20m; \$20-500m; greater than \$500m
- **56%** are privately held; 14% are subsidiaries of international businesses; **12%** listed businesses; 10% private equity backed
- A range of industry sectors are represented including manufacturing (**16%**), professional services (**15%**), consumer businesses (13%), technology and media (**11%**) and financial services (10%).

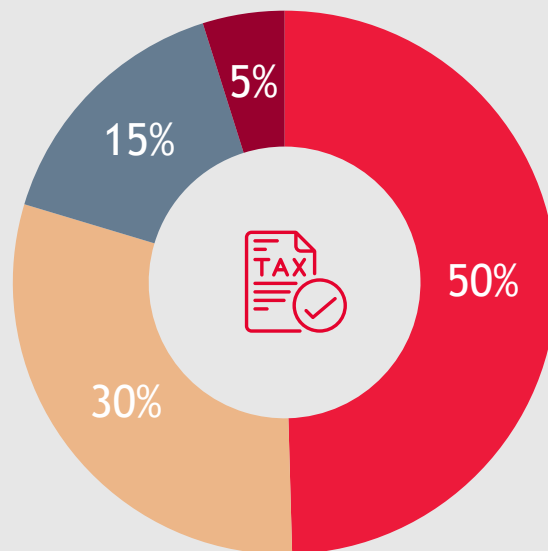


BEING ABLE TO RESPOND EFFECTIVELY TO CHANGES IN THE GLOBAL TAX ENVIRONMENT

In your view, how predictable is the development of tax legislation and the behaviour of the tax authorities?

226 Responses

- The focus areas in tax legislation change constantly, depending on the elected party and tax authority interpretation of tax law is inconsistent
- The overall development in tax legislation is sound and predictable, but that does not mean the tax authority will interpret tax laws consistently
- There are unexpected changes in tax legislation after every election, however the tax authority has a coherent approach
- Changes in tax laws can be readily anticipated, and the tax authority operates in a predictable manner as well



Organisations anticipate continued change in the global tax landscape with high degrees of uncertainty in national and international tax legislation and regulation.

This is particularly acute in the Americas. Globally just **20%** in total of those surveyed believe that tax authorities have a coherent approach and operate in a predictable manner.

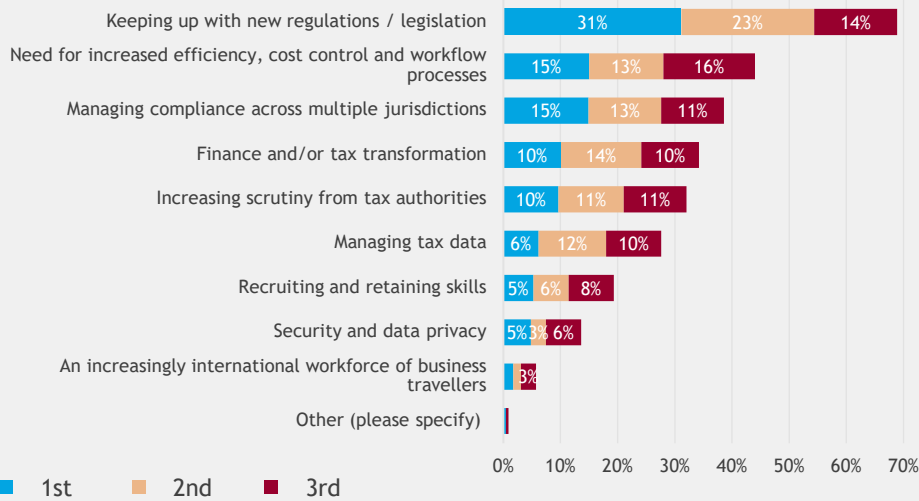
Tax reform at an international and national level has led to continual regulatory change and unpredictability in most markets and there is uncertainty around tax developments – tax authorities are viewed as inconsistent and often change focus depending on the political philosophy and priorities of the government of the day.



Two thirds (**65%**) say the focus of tax legislation changes constantly as the result of the elected party and/or it is difficult to predict. This figure is **80%** in the Americas.

Which are the most important priorities for your organisation's tax function?

228 Responses



68% of respondents rank 'keeping up with new regulations and legislation' as one of their top three priorities facing their tax function.

This is consistent across all regions although there are notable differences in the second most significant priority by region. For EMEA this is managing compliance across multiple jurisdictions; for Americas, efficiency, cost control and workflow processes and for Asia-Pacific the increasing scrutiny from tax authorities.

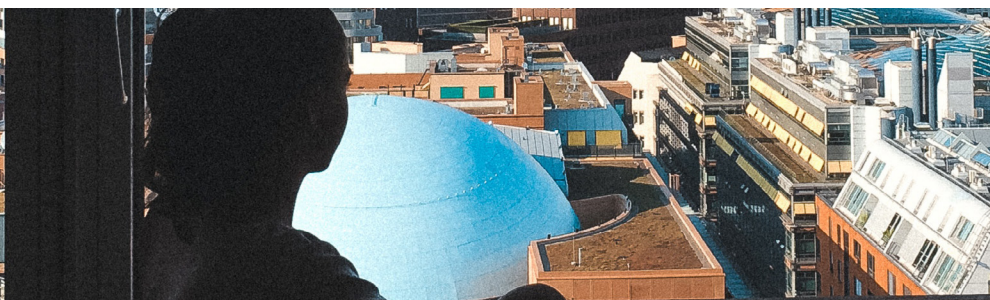
In your view, have tax authority measures to combat tax avoidance and evasion been effective in your market and have they changed your approach to tax governance and risk managements strategy?

228 Responses



Views about the effectiveness of tax authorities in combatting tax avoidance and evasion vary significantly. Just over a half of our respondents (**55%**) say that the tax authorities in their market have been relatively ineffective in combatting avoidance and evasion.

Asia-Pacific appears to present a different picture. At a regional level, **76%** of respondents in Asia-Pacific say authorities have been effective while in the Americas this figure is **43%**.





Being able to respond effectively to changes in the tax environment has perhaps never been more apparent than in 2020. Here are two examples of major change.

THE TAXATION OF THE DIGITAL ECONOMY UNILATERAL MEASURES ACROSS THE GLOBE

One of the rapidly evolving areas of international taxation is addressing the challenge of what a fair and workable tax system should look like in our modern global economy. While the OECD is working towards a global solution, in the absence of consensus, many countries have pressed ahead and announced unilateral measures to tax the digital economy. These measures take a range of forms and, even where they align in concept - for example, a digital services tax - the base for taxation can differ significantly.

The inconsistency of unilateral measures increases the complexity for businesses. BDO has created a tool to help navigate this emerging landscape. You can explore [this tool here](#).



COVID-19: FISCAL AND FINANCIAL MEASURES TO SUPPORT BUSINESSES AND INDIVIDUALS, ACROSS THE GLOBE

In the current COVID-19 pandemic, governments and institutions across the globe are introducing measures to try to alleviate the impact on businesses, individuals and families. Fiscal and financial compensation measures take various forms and are evolving over time.

For businesses to keep abreast of the evolving situation BDO has created an interactive [global tool](#) that provides an overview of the key measures in relation to the COVID-19 pandemic. It is compiled from information provided by BDO Tax and BDO Grant and International Aid specialists, for jurisdictions where we have this information.

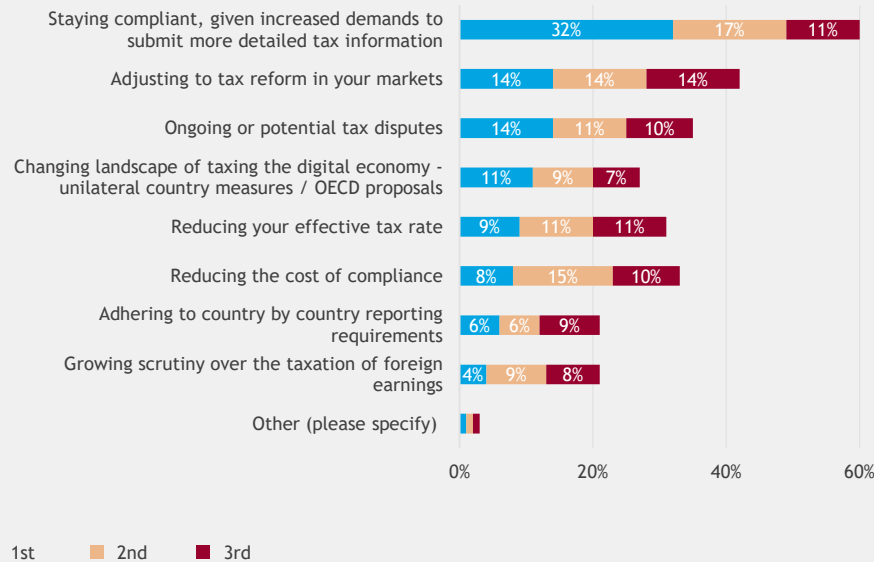


STAYING COMPLIANT

COMPLIANCE AND ADJUSTING TO TAX REFORM OR NEW REGULATIONS DOMINATE THE TAX AGENDA

What do you anticipate will be the most significant tax issues facing your organisation over the next 12 month?

232 Responses



The number one aim of most businesses is to ensure that they are compliant with their tax obligations. This includes not only filing returns but also managing tax payments - both need to be done accurately and on time. In addition, tax authorities are increasingly demanding more detailed tax information as well as some real time reporting of tax data.

Staying compliant, managing the cost of increasingly complex and developing tax compliance requirements, as well as adjusting to tax reforms and new regulations dominate the tax agenda and increasingly the Board's time. In addition to managing and avoiding potential tax disputes.

60% of businesses in our research rank staying compliant as a top three tax issue facing the organisation, with 32% saying this is their number one tax issue. Among listed companies, 76% rank staying compliant as a top three issue.

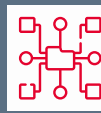
Adjusting to tax reform is the second most significant tax issue overall. 42% cite this as a top three issue. This is an even greater issue for larger organisations.

In addition to staying compliant, reducing the cost of compliance is cited by 33% as a top three issue. This is a particularly important issue for smaller organisations.

Managing and avoiding potential tax disputes is the third most significant tax issue (35% cite as a top three issue). This is particularly important to listed businesses (51% cite as a top three issue).



The changing landscape of taxing the digital economy is a top three issue for 27% overall, and among larger businesses this rises to 37%. It is possible that should the thresholds for the OECD taxation of digital measures be reduced this will become a more significant issue for smaller companies who might be disproportionately affected.



STAYING COMPLIANT

Managing compliance and keeping up with new regulations are the tax function's number one priority globally but not for all regions and size of organisations.

In our research tax leaders gave a range of reasons why Boards and Executives have been spending more time on tax compliance and planning issues

- Additional and changing compliance and regulations
- Closer scrutiny and changed public perceptions of tax planning
- Greater need for transparency
- Global tax reform
- Growth of business and overseas expansion
- Increased complexity of local and international tax regimes

COMMENTARY

Management and Senior Management pay more attention to tax issues. Businesses are measured net of tax, not before.... tax planning is very complex, but there are opportunities... it has a very high cost not to plan.

Tax Manager, Consumer Business, Americas

We have become (corporate income) tax obligated starting in 2017, for the first time; we are still in negotiation with the tax authorities about our fiscal opening balance and relevant tax rules to apply."

Finance Manager, Transport and Shipping, EMEA-OECD

Compliance is consuming more Board time

Tax compliance involves having an appropriate tax governance structure (who makes decisions over what tax matters) and tax assurance over system controls and processes. A broader range of executive stakeholders are concerned about the impact of public scrutiny on their tax affairs and on the wider business.



40% of those surveyed say their organisation has changed its approach to tax governance in response to this greater scrutiny (this is significantly higher for smaller organisations, in EMEA and Asia Pacific, and among listed businesses).



40% say their Board / Executive are spending more time on tax compliance and planning (this rises to **50%** for listed companies and **55%** for larger organisations).



EVOLUTION OF THE TAX FUNCTION

THE TAX FUNCTION IS EVOLVING, DRIVEN BY THE CHANGING NATURE OF THE COMPLIANCE FUNCTION AND ENABLED IN PART BY TECHNOLOGY.

The recent pandemic conditions have forced companies to focus their attention on preserving cash and taking advantage of legislative opportunities – whether they be COVID -19 tax reliefs or other fiscal or financial incentives. This has brought tax as a subject (and as professionals) further into the boardroom and the strategic heart of business – a trend that in the research is very clear - and we see continuing.

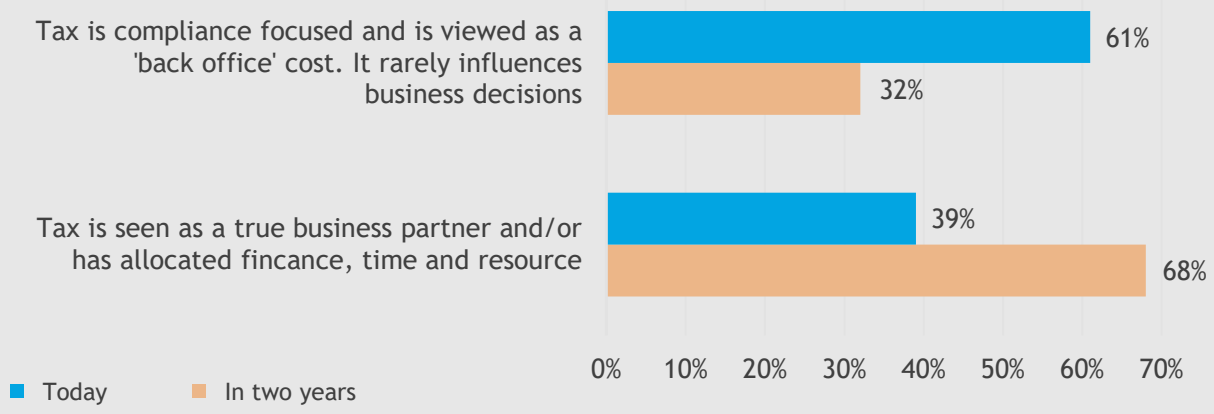
Tax leaders aspire to move from a support function to become more integrated with the business. There is expected to be a move away from organisations describing their tax function as being compliance focused and a 'back office' cost that rarely influences business decisions. **68%** expect the tax function to be seen as a 'true business partner and/or focussed on value-add activities, with finance time and resource' in the next 2 years vs **39%** currently. This shift is more pronounced in the Americas (**78%** in two years vs **39%** now) and in larger and listed businesses.

COMMENTARY

All value chains are under scrutiny as a result of COVID-19 and there will be changes in the way businesses need to be organised to be effective in whatever is the new normal. Operating models will in turn have a significant impact on an organisation's tax profile. Having an integrated discussion with tax professionals and business leaders has never been more important"

Robert Aziz, Global Head of Tax BDO

Which of these two statements would best define the tax function in your organisation today? Where do you expect your tax function to be in two years?
226 Responses





There is a desire to move towards tax governance and risk frameworks that are embedded in the business, integrated with business processes and proactively monitored

Tax governance and tax assurance and risk management is becoming more of a focus. There is plenty of evidence, borne out in our research, that this increasingly will be embedded in the business. A very significant majority - four fifths (79%) - expect to be managing tax risk proactively in two years (up from 43% today), and a large proportion of these (43%) expect tax risk management and tax governance to be fully embedded in their organisation, and integrated with business processes (up from just 13% today).

There are also notable regional variations to tax risk management maturity. EMEA is already furthest along in its approach, while Asia-Pacific is lagging

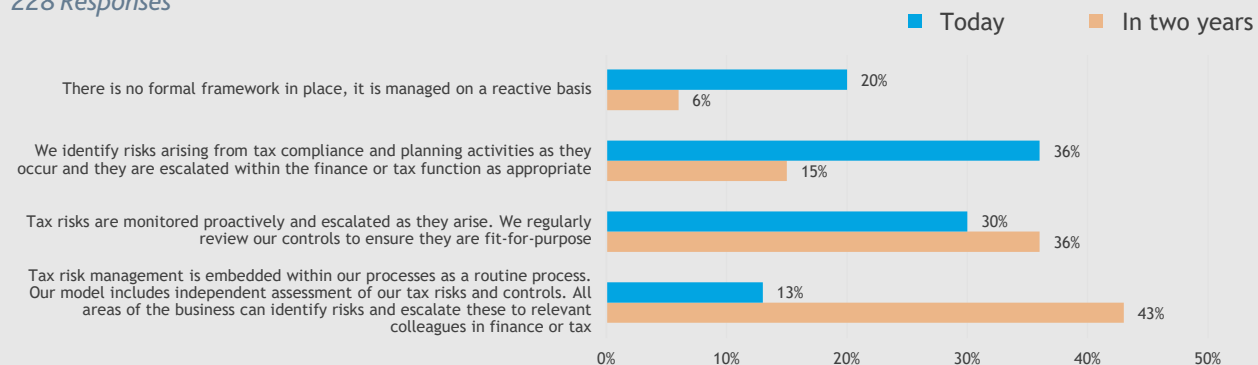
The number of in-house, full-time equivalent (FTE) professionals dedicated to tax and compliance tasks is increasing, and varies by region

Given the continued demands upon the tax function and the expectation that tax plays a larger role in the strategic decision making of the business - across all sized organisations and regions the number of in-house professionals dedicated to tax and compliance tasks is increasing. On average organisations in the research have 9.4 FTE dedicated tax professionals in-house, rising to an anticipated 13.2 over the next five years.

This varies by region. The increase is greatest for the Americas, where the average is expected to have increased from 8.2 to 15 in five years. EMEA currently has the highest number of tax professionals in-house (12.5), which increases slightly to 14.7 in five years. Asia-Pacific businesses in the research are balanced towards the smaller size and their numbers of in-house professionals dedicated to tax on average remains below 3.

Given all of this, how would you define your organisation's approach to tax governance and risk management today? Where would you expect to be in two years?

228 Responses

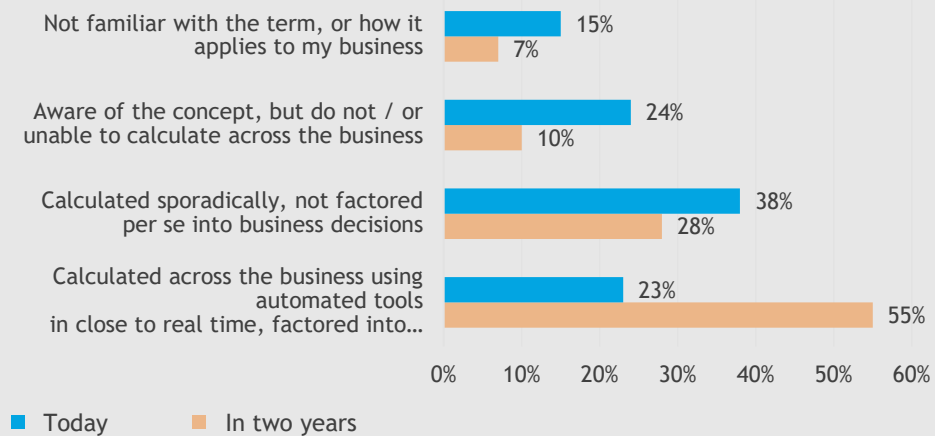




TOTAL TAX LIABILITY

How would you describe your organisation's total tax / total tax liability maturity today? Where do you expect to be in two years?

199 Responses



TOTAL TAX LIABILITY IS AN INCREASINGLY FAMILIAR CONCEPT – THOUGH ORGANISATIONS MAY FAIL TO CALCULATE IT EFFECTIVELY

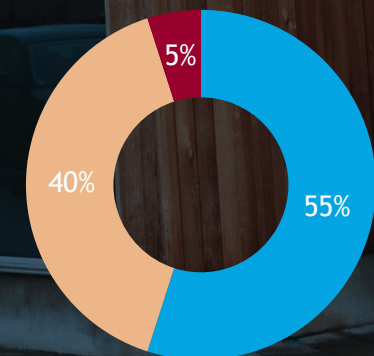
Today's concerns have also given rise to an appreciation that businesses suffer tax at multiple levels and in various different ways in the organisation – it is not just the headline corporate tax rates that count if cashflow preservation is vital. **62%** of organisations already understand the concept of total tax liability, an understanding of and visibility into the sum of all the taxes a business owes at any point in time -an important indicator of a more holistic approach to the burden of taxation. Not all regions engage with the concept equally and many organisations fail to calculate it effectively. The Americas are furthest in their maturity journey. **55%** of firms are expecting the Board to be more involved with this process going forward. This rises to **78%** in Americas.

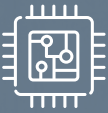
How total tax liability is calculated is also changing – enabled in part by technology. Today, **23%** calculate their total tax liability using automated tools, expected to rise to **55%** in two years time. The Americas are most ambitious, with **74%** saying in two years they expect to calculate it across the business using automated tools. This figure is 36% in Asia-Pacific and **48%** for EMEA.

How do you expect the Board to be engaged with Total Tax Liability going forward?

202 Responses

- More involved
- Stay the same
- Less involved





TAX TECHNOLOGY

TECHNOLOGY TO DELIVER TAX

THE MORE MATURE TAX FUNCTIONS ARE INVESTING IN TAX TECHNOLOGIES TO AUTOMATE THE COMPLIANCE BURDEN

The digital journey in tax has been slow to date – but as with all things COVID-19 related, we have been forced to accelerate into our digital future. This is a journey which will be embraced by tax authorities as well as businesses – both are being forced to accomplish more but with less resources and technology is seen as an essential bridge for any gaps.

Technology has several roles to play. Automation of manual processes is one which can generate significant efficiencies. At BDO we have been able to rethink a manual tax process and automate most of the redesigned process. The existing process took one individual three months of analysis – whereas with technology 95% of the redesigned output can be undertaken in five minutes. There are some lessons here:

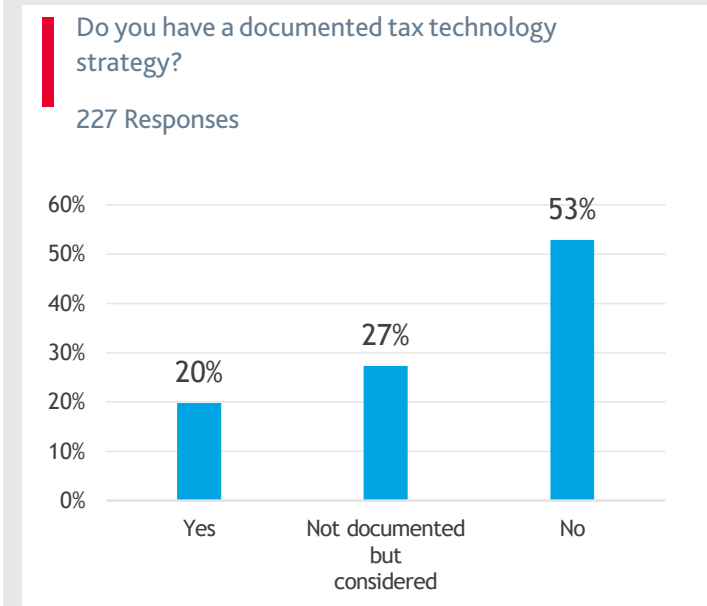
- Process mapping and improvement itself can generate significant efficiency gains; and
- It is not vital to seek 100% automation – often the cost/benefit equation from seeking 100% automation is poor

Furthermore, if tax is to be an integrated part of strategic decision making then real time access to tax data needs to be accessible alongside other cross functional data. This points to an integrated technology solution. However, large investments in technology are not always best – they can be difficult to deliver on time and on budget and are expensive to maintain or replace as the environment changes. Investing in technology that is easy to integrate with existing systems and processes may be more profitable – and this can be small scale solutions for specific needs, often provided now by a number of expert vendors.

A strategic approach to the adoption of technology to deliver tax suggests there is a documented outline and road map for how technology is to be leveraged. Every decision and/or investment is aligned with objectives and builds towards a delivery model that will be increasingly digitised.

FEW ORGANISATIONS HAVE A DOCUMENTED TECHNOLOGY STRATEGY

Our research shows only **20%** of organisations have a documented tax technology strategy to support business objectives today. This is lowest for mid-sized businesses (suggesting that both the smaller businesses as well as the largest businesses are being more strategic here). A further **27%** have considered documenting their tax technology strategy but have not done so yet.





TECHNOLOGY IS BEING USED TO VARYING DEGREES TO SUPPORT TAX FUNCTION ACTIVITY, WITH A FOCUS ON DIRECT AND INDIRECT TAX COMPLIANCE BEING THE MOST COMMON TODAY.



73% have adopted or are planning on adopting solutions to meet tax authority digitisation obligations. This figure is **85%** for large organisations (revenue greater than \$500 million).

Of those that have adopted solutions to meet tax authority digitisation, **35%** say it has had the most significant impact on the tax function. In EMEA this increases to **50%**. In Americas year-end tax reporting solutions have had the most significant impact on their tax function.

Relatively few organisations have adopted or are planning on adopting RPA or machine learning for process improvements.

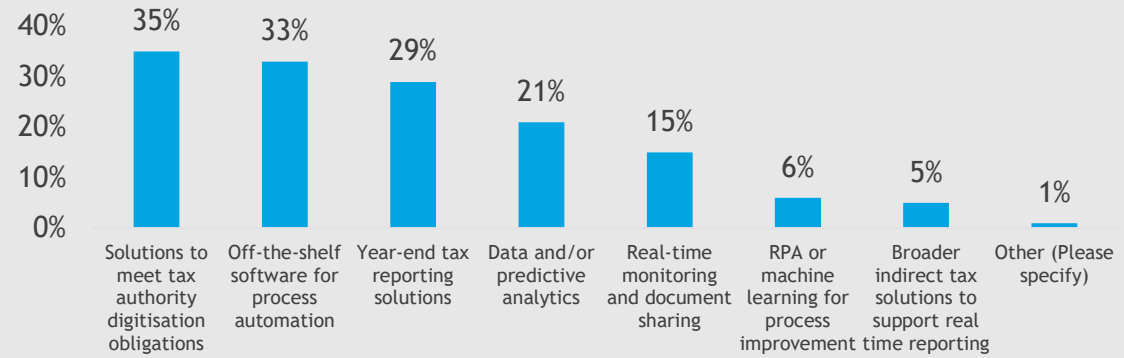
There are relatively lower levels of technology adoption in Asia-Pacific but where there is adoption, off the shelf software for process automation is most used.

Solutions to meet tax authority digitisation obligations

43% have adopted
30% planning to adopt within 12 months
27% no plans to adopt within 12 months

Which technologies or innovations you have already adopted have had the most significant impact on your tax function?

137 Responses



IMPLEMENTING TECHNOLOGY

The research sheds light on a wide range of challenges that organisations surfaced they face in implementing new tax technologies. By far and away the two biggest challenges are having done enough to automate routine processes and redefine workflows (76%) and keeping up with the rapid pace of change (76%). There are regional variations – so in the Americas recruiting and retaining the necessary talent to implement technology successfully is a key additional challenge and in Asia-Pacific, it is redefining roles and responsibilities.

For many, spend on tax technology is expected to remain relatively low or increase only modestly. However, new models are emerging with low / limited outlay spend as an alternative to major in-house investment.

Reported spending on technology is low. The majority spend less than 5% of their tax budget on technology, and most of these (44% of respondents) are spending less than 2% on technology, whether that is in-house or outsourced. Organisations in EMEA are most likely to spend less than 5% of their tax budget on technology compared to other regions.

Low expected future spend could indicate that organisations are looking at lower cost alternatives - through outsourcing to third parties or the use of off the shelf software, and technology tools as opposed to major in-house technology investments. Change often being introduced by tax authorities may push up this spend in the medium term.

The research points to divergence of experience

Overall, the research points to a divergence of experience. Those tax functions already spending more on tax technology expect to increase their future spend at a faster rate. The largest organisations (revenue greater than \$500 million) typically spend a greater proportion of their tax budget on technology, which bears out our experience. Also, those with a documented tax technology strategy today are more likely to spend a greater proportion of their budget on further technology enhancements compared with those that don't. This spend is much more likely to be succinctly targeted, given the existence of a strategy.

OVERCOMING CHALLENGES WILL REQUIRE A WHOLE BUSINESS APPROACH

Participants put forward a range of ideas to overcome their tax technology challenges:

- Communicating benefits to the whole business, not just to the tax team
- Identify the risk area, evaluate and assess the possible tax impact if they fail to comply
- Workshops, seminars to identify possible solutions
- Multidisciplinary working teams

All of these ideas essentially support the need for a defined tax technology strategy that sets the tone and approach for the business, ensures that everyone pulls in the same direction, and that every investment is made with consideration, and is focussed on achieving the ultimate strategy.

COMMENTARY

Teamwork, benchmarking with fellow companies, internal meetings with managers from other areas to proactively detect business needs.

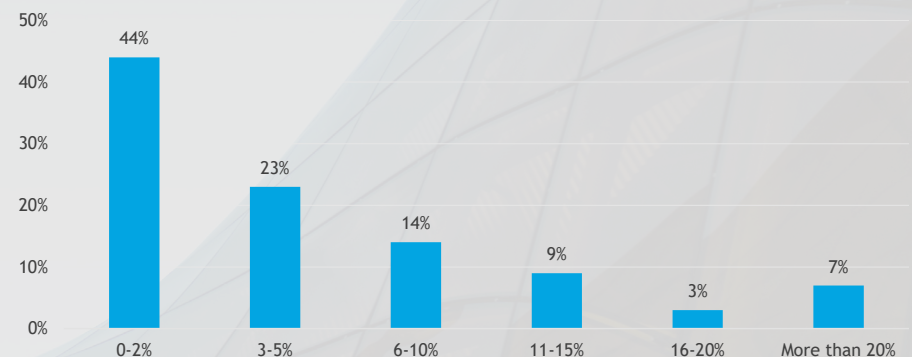
Tax Manager, Americas

Tax technology is part of the solution for managing tax reporting requirements... Identify the risk area, evaluate and assess the possible tax impact if we fail to comply; compare with the investment required to upgrade the tax function.

Head of Tax, Asia-Pacific

How much of the organisation's tax budget is spent on technology (whether in-house or outsourced)?

229 Responses



REGIONAL OUTLOOK

Domestic and international tax legislation is constantly evolving. Tax laws and regulations are complex, and tax authorities around the world are becoming more vigilant. The Global Tax Outlook is pointing to consistent themes that face the leaders of tax wherever they are based, as well as specific trends in key geographies. Those organisations operating across borders, large and small, need to understand these differences.

Regional findings are explored in more depth in future reports coming over the next months.

ABOUT THE REGIONS IN THE GLOBAL TAX OUTLOOK



53%

EMEA: 35% from OECD countries, 18% from non-OECD countries



33%

Americas



14%

Asia-Pacific

The Americas had a higher proportion (42%) of larger organisations (revenue greater than \$500 million).

EMEA and Asia-Pacific had a higher proportion of smaller organisations (revenue less than \$20m) and medium sized organisations (revenue \$20 - \$500 million)



[For more on the BDO locations by region](#)



[For more on OECD countries](#)

TO CONCLUDE

Consistently across the research, tax leaders are facing a similar set of challenges



There are high levels of uncertainty around tax developments – tax authorities are often viewed as inconsistent and changing focus depending on the political philosophy and priorities of the government of the day. Tax reform at an international and national level has led to continual change and unpredictability.



Compliance is increasingly burdensome and there is a real challenge for managing and avoiding potential tax disputes. A broader range of executive stakeholders are concerned about the impact of changing tax laws and of public scrutiny of their tax affairs.



To allow the tax function to take on a more strategic and advisory role and add greater value to the business, tax leaders are dealing with a wider range of stakeholders and looking to gain a greater oversight of the organisation's total tax data.



Technology has an important part to play in addressing each of these challenges, yet many organisations are still in the early stages of their technology maturity and have limited resources to invest in technology and process improvement. This is in a landscape where tax authorities are increasingly looking to businesses to be tech-savvy and to make tax more digital.

So how are tax leaders and the tax function responding - managing the costs and risks of compliance and at the same time, adding greater value to the business? The research points to having a future focus on some fundamentals. These include

- A greater focus on risk management and the strengthening of tax governance procedures
- Improving process efficiency and introducing standardisation where possible. Consideration of technology tools in turn helps in the automation of more routine processes and reduces risk
- The design and documentation of a tax technology strategy outlining how technology is to support the business objectives.

FINAL OBSERVATIONS

Tax has played a major and often decisive role in the government and business responses to the demands thrown up by the COVID-19 pandemic, across the globe. This has shone a light on the existing challenges that businesses face in dealing with tax matters – and how they manage these into the future.

Whilst we do not have a crystal ball, we can say with a degree of certainty that these challenges are likely to remain and, in some cases, worsen. Governments will eventually withdraw the COVID-19 reliefs and indeed they will look to raise taxes to reduce the huge deficits created. This means that businesses will need to keep a sharp focus on cash outflows – of which total tax will remain one of the largest outflows – as they try to build resilience and prosper in the future.



KEEP IN TOUCH

The Global Tax Outlook represents a new programme of International Research in Tax. In this 2020 study we've taken a look at the most important issues business leaders are grappling with in Tax, both today and looking 2-5 years ahead. Spanning more than fifty countries – it has provided a window into the challenges faced by those responsible for tax in the business. We can see some consistent themes. This report shares these globally and points to where findings vary, whether this be by region, or the size and type of business.

To explore the results in more depth go to the [BDO Global Tax Outlook hub](#).

Use the opportunity to discuss the findings and how they relate to your business with a member of the [local BDO team](#).

Look out for the latest updates from the Global Tax Outlook programme of research.

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