

ALLEN & OVERY

Global Tax practice

Negotiating the minefield:
managing tax risks in
challenging times

January 2017

“The approach to tax planning has undergone an absolute transformation. Tax departments used to have a mandate to minimise tax – now they have a mandate to minimise tax risk.”

Ka Sen Wong, Tax Counsel, Sydney

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Foreword

The big shift

The corporate tax landscape has changed out of all recognition over the past few years. Growing public anger about international tax avoidance has translated into strict new legislation, tighter regulation and more aggressive enforcement. A clear trend towards personal liability for tax directors, senior-level executives and advisors is adding to the uncertainty.

The UK, for example, intends to introduce a new corporate criminal offence for failing to prevent the facilitation of tax evasion. Tax reforms will continue as countries implement elements of the OECD's Base Erosion and Profit Sharing (BEPS) initiative, including the EU Anti-Tax Avoidance Directive. As a result, companies are spending far more time on tax issues – at tax director, C-suite and board level – and are transforming their approach to tax planning. Instead of minimising tax, they are focused on minimising tax risk.

In 2015, Allen & Overy surveyed the influence of the changed tax landscape on the in-house corporate tax function. It found that it had become a key part of corporate strategy, with the role of tax directors changing accordingly. Nevertheless, a majority of respondents still said that minimising their effective tax rate was their main focus.

This time, our survey focused on how tax directors and the C-suite perceive the changes in the external environment and are responding to them. The findings show a significant shift. In the face of rapid changes in

legislation and a focus on regulating by the spirit rather than the letter of the law, companies are searching for greater certainty around tax issues. At the same time, the level of trust between companies, advisors and tax authorities is increasingly being tested. In some countries, like Germany and Italy, it has eroded entirely, as dawn raids become a standard part of the tax authorities' toolkit. With their eyes now firmly on compliance, companies are becoming more cautious in their tax planning.

Our report delves deeper into the survey findings on these themes (Chapter 1), explores the way companies are changing their relationship to tax authorities and tax advisors (Chapter 2) and looks at the potential impact of further reforms on an already uncertain world (Chapter 3). You can find our recommendations in the Conclusion.

The survey was based on interviews with 396 senior-level executives (chairmen, CEOs, CFOs, general counsel, tax directors and heads of audit committees) from a range of industries and from countries across western Europe, the U.S. and Australia.

Five key insights

01 Boards are spending far more time on tax issues



23% of respondents state that their board is discussing tax issues more than once a month compared to 5% in 2011

02 Minimising taxes is no longer companies' first priority – compliance is

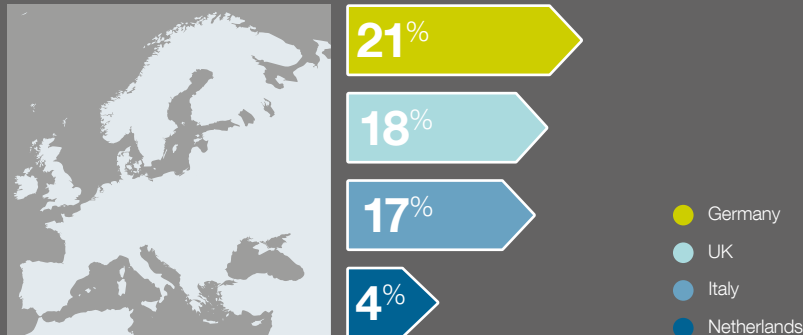


Minimising tax liabilities

Developing tax strategy that is BEPS-compliant

03 Regulators are getting more aggressive everywhere – but the differences are huge

Has your organisation been subject to dawn raids from tax authorities in the past three years? If so, in which countries in particular?



04 Companies want more advance clearance from authorities



37%

of respondents think that the availability of transaction clearances is the tax matter that most influences the company's investment decision

05 Clear guidance is lacking – second opinions demanded



58%

often or sometimes seek second opinions

Chapter 1

The changing tax landscape

The global corporate tax landscape is in the middle of a major shift. Governments and regulators have responded to public demands for companies to be more transparent about cross-border transactions and to pay a fair share of taxes in countries in which they operate. As tax authorities become more aggressive in their approach, boards and the C-suite are focusing more attention on tax issues.

Boards are increasingly involved in tax matters

Board members are discussing tax issues significantly more frequently than they used to. A quarter (23%) of respondents said their board discusses tax issues more than once a month, up from just 5% five years ago. Indeed, over a third of companies (37%) say tax issues are now discussed at board level at least once a month.

While board attention has grown in every country and sector, there are a few outliers. Both Australia and France saw a massive jump in board attention, as new tax legislation and regulatory scrutiny grew, putting tax at the forefront of concerns. “Tax is less and less solely a focus of the tax department and more and more at board level,” says Mathieu Vignon, tax partner in Paris. In the U.S., on the other hand, boards tend to discuss tax matters far less frequently. Just 8% say they discuss tax once a month or more – by far the lowest among all countries.

The reason, according to Jack Heinberg, tax partner in New York, is that they are ahead of the curve:

“U.S. companies have already gone through the process of creating a more compliance-focused culture and infrastructure. They are confident they have addressed it.”

Board involvement will be ever more important if other countries follow the UK’s approach to tackling tax evasion.

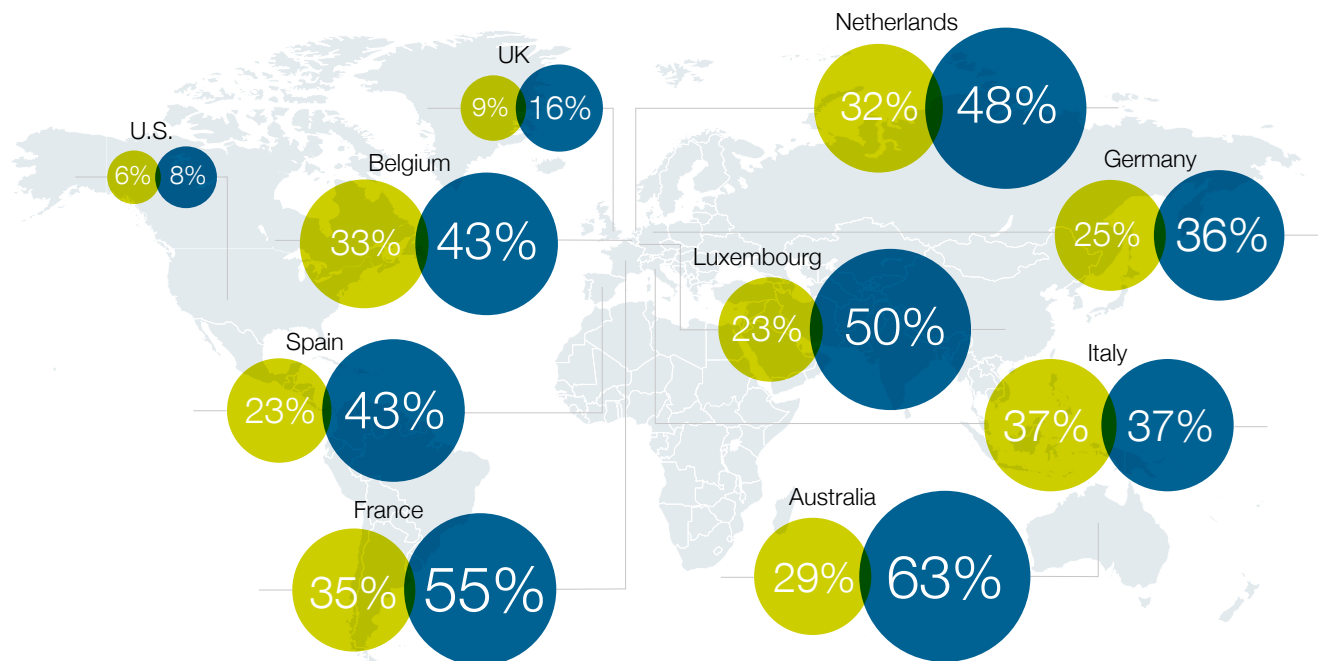
“The UK is making it a strict liability criminal offence if a company fails to prevent the facilitation of tax evasion by an ‘associated person’,” says James Burton, tax partner in London. The new offence is likely to be in force this year and applies to both domestic and foreign businesses and foreign tax evasion. “The only defence is to have reasonable prevention procedures in place – and top level commitment to such procedures is required.”

“Tax is less and less solely a focus of the tax department and more and more at board level.”

Mathieu Vignon
Tax partner, Paris



How often does your board currently discuss tax issues compared to five years ago?



Boards that discuss tax issues at least once a month.



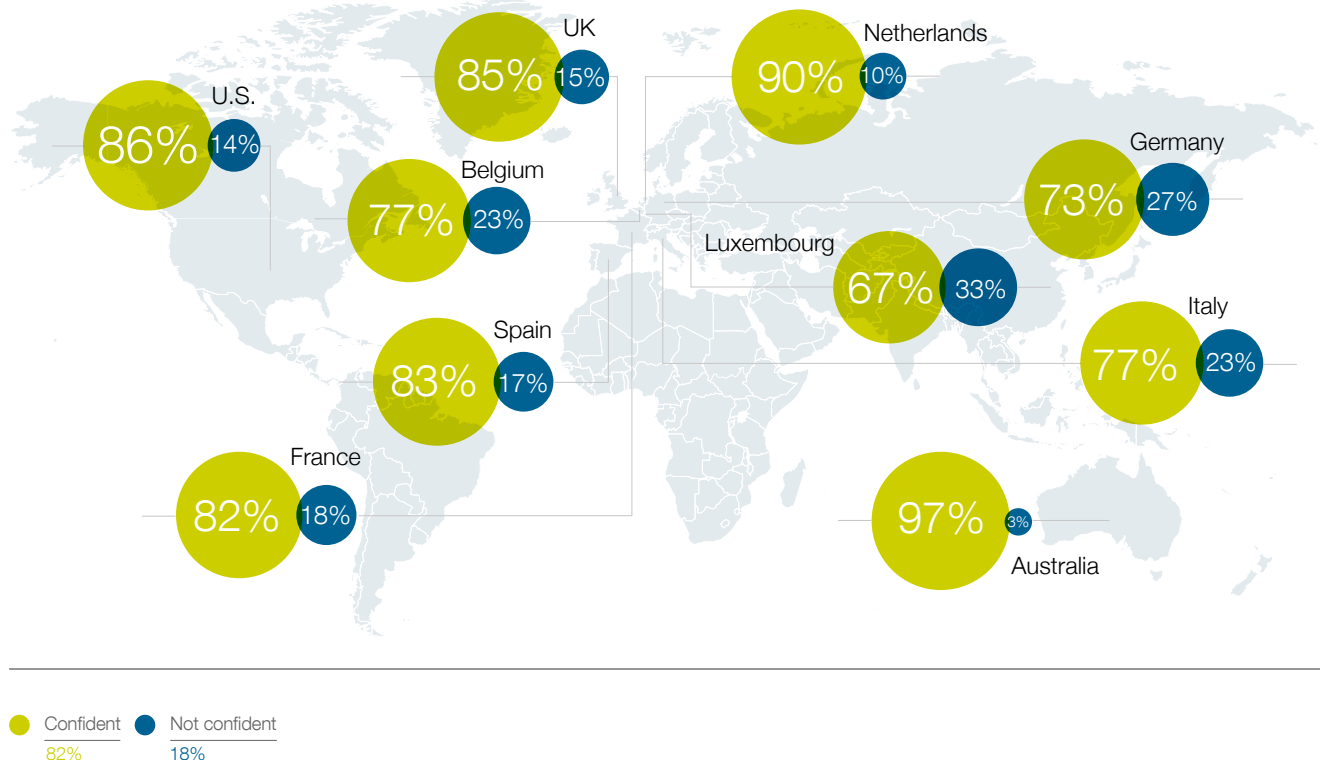
Strict, complex and fair: negotiating Australia's new tax landscape

In Australia, almost two-thirds (63%) of respondents say their board members talk about tax matters at least once a month. Australian tax authorities have been seeking to take a lead on international tax compliance issues in response to strong public concern by contributing heavily to the G20 and OECD initiatives, adopting the BEPS recommendations and unilaterally introducing a diverted profits tax. An anti-tax-avoidance taskforce, staffed heavily with private sector lawyers and accountants, has been established to identify aggressive tax planning, and taxpayers that do not cooperate on a

transparent basis are subject to ongoing audit activity. The authorities have also been pursuing litigation much more aggressively and strategically. "We have a very mature and complex tax system and a very sophisticated tax authority to go with it," says Ka Sen Wong. "Audits and investigations are common, and taxpayers are rightly concerned about the consequences of failing to comply with tax laws, both in terms of reputation and the on-going relationship with the tax authority."

Confidence levels are highest where companies discuss tax frequently – or have already done so

How confident, if at all, are you in your capabilities as a business to effectively manage and avoid tax risks?



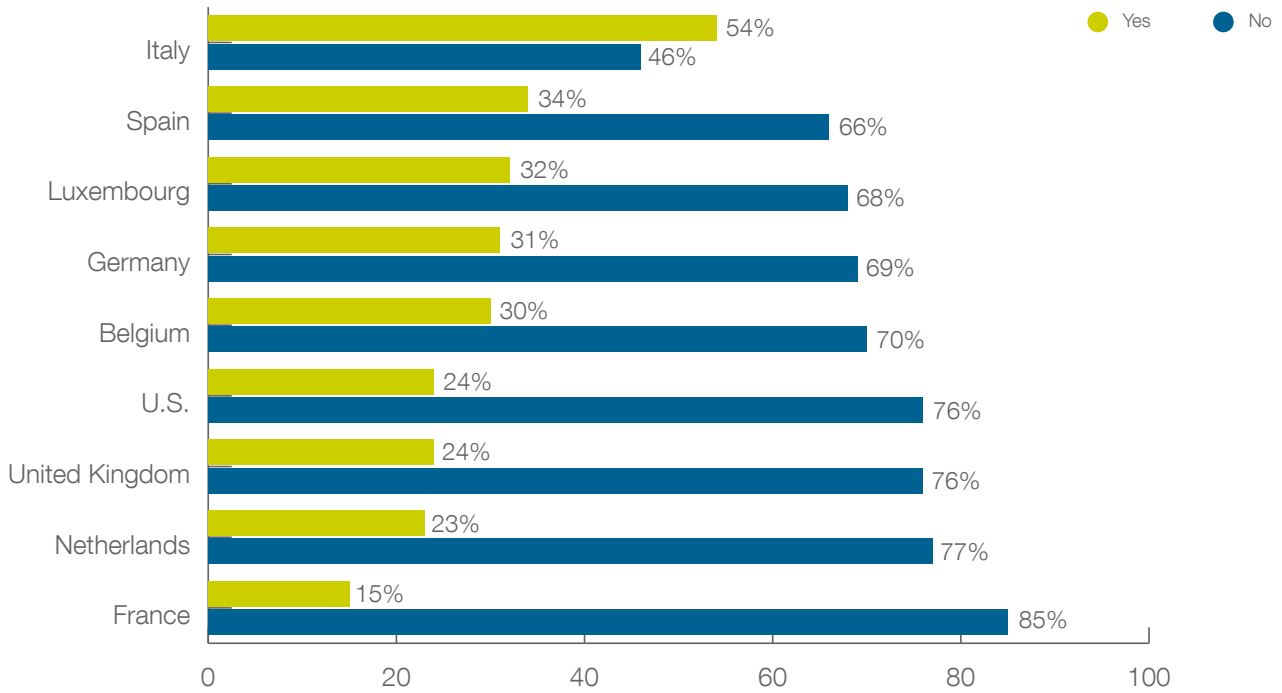
Confidence levels about companies' ability to manage tax risks are relatively high in the U.S., UK and Netherlands, where many companies have already changed their approach to taxation after years of media attention. Where the public discussion is ongoing, higher frequency of board attention tends to correlate with higher levels of confidence that organisations can effectively manage and avoid tax risks. Australia, for example, has the highest level of confidence among the group, reflecting recent engagement at the highest level. Sectors where boards have frequently focused on tax issues, such as technology & media, retail and consumer goods and financial institutions, also show relatively high levels of confidence in their ability to manage tax risk – perhaps because of

being at the centre of much of the media attention around tax avoidance has forced them to put tax on the boardroom agenda.

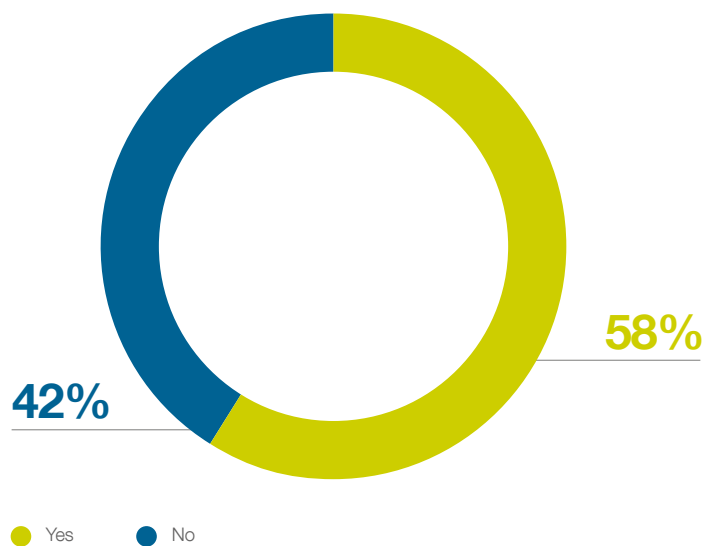
For the opposite case, take Germany, where more than a quarter of respondents (27%) say they are not fully on top of tax risks. If Australia and the U.S. are ahead of the curve, Germany is at its lowest point. "Just a few years ago the tax authorities used to be, in most of the cases, cooperative. There was a constructive atmosphere, a cooperative spirit and reasonable solutions," says Gottfried Breuninger, Global Head of Tax in Munich. "That has to some extent changed now."

High incidence of dawn raids; little knowledge of what to do

Has your organisation been subject to dawn raids from tax authorities in the past three years?



Do you feel prepared for a tax dawn raid?



“The authorities increasingly have a tendency to criminalise normal tax cases and dawn raids are becoming much more common.”

Gottfried Breuning
Tax partner, Munich



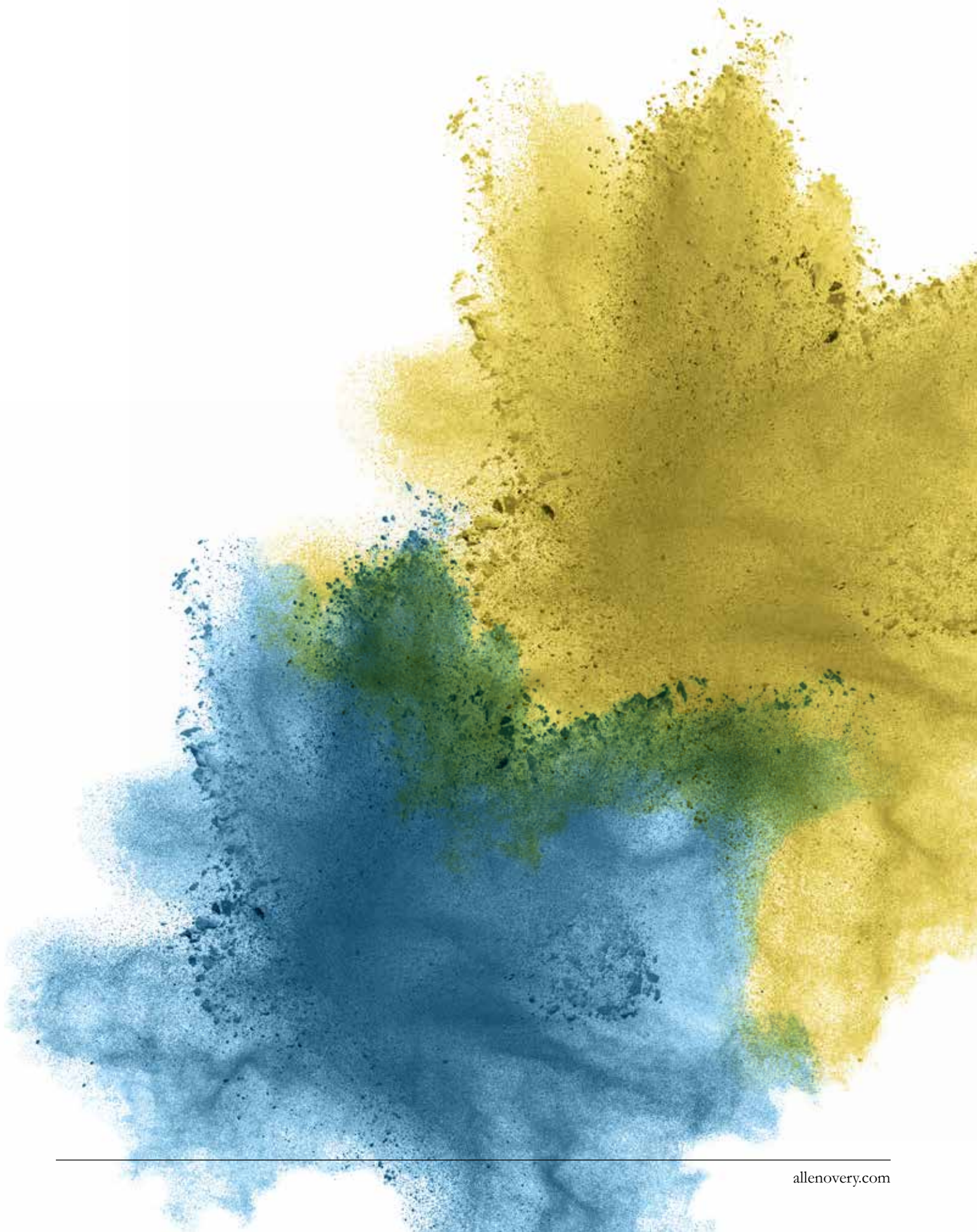
Germany is in the midst of widespread public uproar over a significant tax controversy that is drawing in numerous banks and other organisations and is about to go to court. The big German newspapers have specialised departments investigating tax topics, and there is a powerful committee for these cases in the German parliament adding extra pressure on tax authorities to pursue any doubts aggressively. Well over a quarter (29%) of German respondents say that public and media attention is having a major impact on their company. Almost a third (31%) say they have been subject to dawn raids from tax authorities in the past three years – and Germany is cited by companies from other countries as the location in which a dawn raid was most likely to occur. This perception is supported by Gottfried Breuninger, tax partner in Munich: “The authorities increasingly have a tendency to criminalise normal tax cases and dawn raids are becoming much more common.” Despite this, well over half (58%) of all German respondents feel that they are not prepared for a dawn raid.

On average, a quarter (25%) of survey respondents had experienced a dawn raid in the past three years. The incidence varies widely across countries, however, with over half (54%) of Italian companies saying they have experienced one, while no Australian companies have done so. Companies tend to feel more prepared for a dawn raid where these were the least likely – around two-thirds of organisations in the U.S., UK and Australia were confident, but few had experienced one. Across the board, however, the C-suite feel themselves to be significantly less prepared for a dawn raid than tax directors, and there is considerable demand for support. “When we meet CFOs,” says German tax partner

Breuninger, “they are worried about tax cases which could harm reputation and which could become subject to litigation or even criminal investigation. Therefore CFOs tend to be involved much more often in the handling of the relevant tax.” Just 43% of respondents have specific guidelines in place outlining what to do in case of a tax dawn raid (in the financial institution sector it is significantly lower at 32%); and just 36% say they feel familiar with their rights and obligations in the context of tax fraud investigations in the countries in which they operate.

In Belgium too, dawn raids have become the favourite investigating technique for the Special Tax Inspectorate, a division of the Belgian tax authorities which investigates tax fraud and complex transactions. Around a third (30%) of Belgian respondents have experienced a dawn raid, but a very high 80% have guidelines in place to respond. “Many companies have extended the road books for dawn raids by cartel authorities to cover those by tax authorities too,” says Patrick Smet, tax partner in Brussels.

Drastic action such as dawn raids remains rare in countries where there is a higher degree of both openness and trust, but even here, authorities are becoming more litigious – often to set clear precedents in grey areas. In Australia, for example, the tax authorities are winning the vast majority of their cases in court due to good case selection. In the Netherlands, too, there is an increase in litigation. Even where companies have formal and frequent lines of contact with the authorities, in cases of disagreement, the authorities are not afraid to litigate to get a decision.



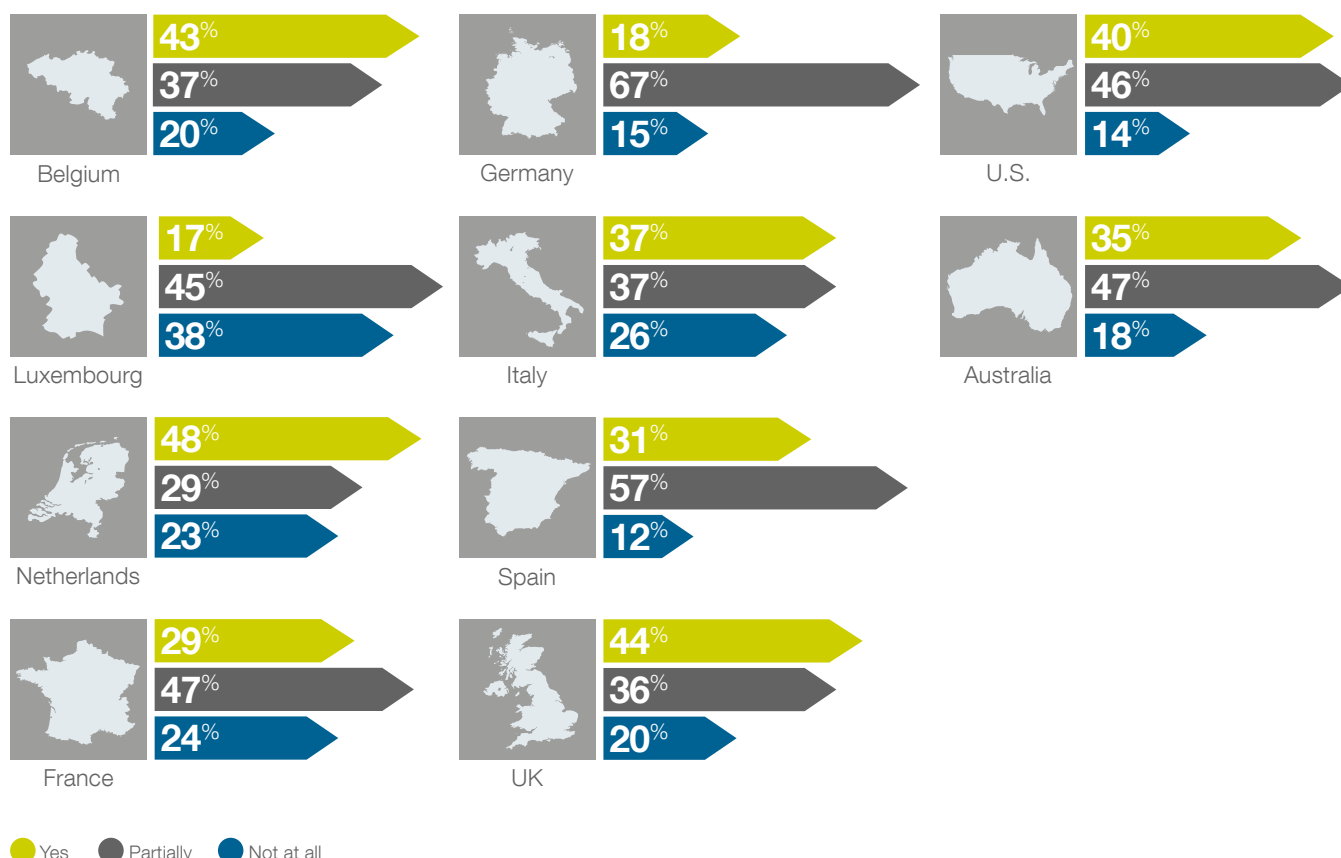
Chapter 2

Forging new relations with the tax authorities

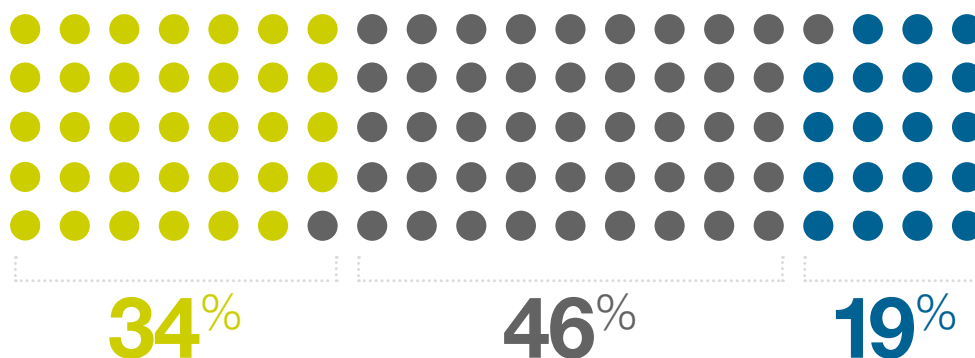
The shift towards stricter tax legislation and more aggressive scrutiny and enforcement has transformed relations between tax authorities, companies and tax advisors. In some countries, like the Netherlands, UK, the U.S. and Australia, they have managed to forge a new level of collaboration that is formal, but relatively trusting. Companies are finding their way around the new rulings with a relatively high degree of confidence. In other countries, like Germany, Italy and Spain, a battle is underway to set the contours of a new relationship. Fear of personal liability, high penalties and reputational risk are challenges for businesses.

Companies are shifting closer towards full disclosure – if they trust the authorities

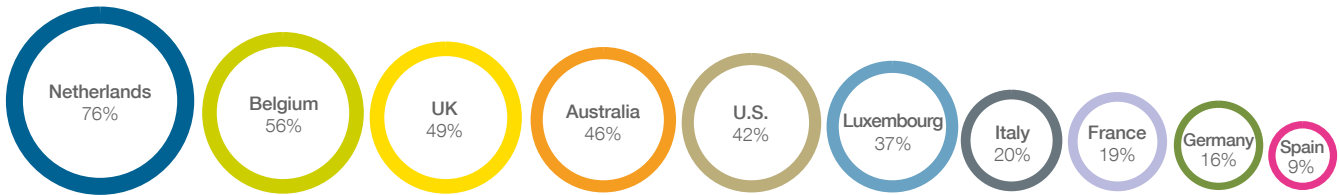
Do you operate on an ongoing full disclosure basis?



Overall



Where do you consider the tax authorities to be 'reasonable' based on your experience?*



In the not so distant past, companies tended to provide exactly the information that tax authorities asked for, and no more. Today, the expectation is that companies should be transparent, operating on a full disclosure basis at all times and going proactively to the authorities to discuss situations before they become problematic. Across the board, a third (34%) of respondents say they operate on a full disclosure basis and another 46% say they do so partially. Interestingly, tax directors are significantly more likely to say they operate full disclosure than the C-suite.

Differences between countries are substantial, mostly reflecting the level of trust between authorities and corporate taxpayers. In the Netherlands, for example, 48% of respondents say they have full disclosure – and by far the largest share of companies cite their own authorities as a model of reasonableness.

“Over the past few years, there has been a big move towards more cooperation and companies accept this behaviour,” says Godfried Kinnegim, tax partner for Allen & Overy in Amsterdam. “When you have trust in the tax authorities, you are more willing to share things with them early and it does not mean that there are necessarily issues. That is a recent change – you now consider them as a business partner or stakeholder.”

The UK and the U.S. also have high levels of disclosure at 44% and 40% respectively, reflecting both a forced shift towards tax transparency in both countries and a degree of trust.

“There is a general sense that the tax authorities will play relatively straight,” says James Burton, tax partner in London. “That is not to say that they are always easy to deal with, but you can at least develop a working relationship with them.”

In the U.S., “there are many requirements about disclosing questionable tax positions and heavy penalties when they are not disclosed,” says U.S. tax partner Heinberg. “It is harder not to be transparent.”

In Belgium, the relationship between corporates and tax authorities is tough but clear. Aggressive tax planning has been under scrutiny for decades. Almost half (47%) of Belgian respondents say they face permanent tax audits and 77% say they are cautious about tax planning. Over half (56%), however, consider the tax authorities to be reasonable and two-thirds (67%) say they do not anticipate having to make changes to their company structure for tax reasons. Nevertheless, increased media scrutiny in the past year has raised the issue of reputational risk, with half of respondents citing this as one of the most pressing tax matters for their company.

In Germany, the shift to greater transparency is just starting and there is very little trust between tax authorities and taxpayers. German respondents were the most likely of all respondents to regard their own tax authorities as being among the most unreasonable globally. That worry is reflected in their approach to the authorities: just 18% of German respondents say they operate on a full disclosure basis.

* Percentage of respondents citing their own country.

Companies show strong interest in formal or informal advance clearance

Tax authorities are trying out different ways of cementing open relationships with corporate tax departments. Some of these are formal, as in the Netherlands which introduced “horizontal supervision” a few years ago. This is an optional advance compliance programme in which companies have an open link to the authorities to disclose in real time and solve problems as they occur. This set-up has brought a new level of partnership with the authorities, even for those companies not in formal supervision. Over a third (35%) of Dutch respondents say they would consider entering into a full formal relationship of trust with authorities – by far the highest level of all countries. Almost half (48%) of UK respondents and well over a third (37%) of U.S. respondents say they would never consider a formal relationship, preferring clearer guidelines and rules, with advance clearance available in specific cases rather than on an ongoing basis.

This kind of less formal set-up is perceived as important. Well over a third (37%) of respondents cite the availability of transaction clearances as the tax matter that most influences their investment decisions. Interestingly, while just 25% of tax directors are specifically concerned about advance clearance for transactions, almost half (49%) of the C-suite respondents put this in first place among all tax matters.

France is currently experimenting with formal relations of trust (*relation de confiance*), but just a few big corporates have these arrangements so far. Two-thirds (68%) of French

respondents still favour advance clearance of transactions, but authorities are increasingly refusing to put something on paper, fearing they could be caught by complex EU state aid prohibitions. “The trust contract is likely to become a useful tool,” says Mathieu Vignon, tax partner in Allen Overy’s Paris office. “It gives companies a chance to have a discussion and then make a decision.”

Germany discussed and dismissed a Dutch supervision solution in the recent past – and now that the corporate tax relationship is strained, it is once again under consideration. In a demonstration of the lack of collaboration, almost half (47%) of German respondents say they never enquire with tax authorities for advance approvals. Instead, 71% of German respondents say that they often seek a second opinion from tax advisors. This desire for more certainty around tax matters is also reflected in a relatively high percentage (22%) of German respondents saying they would consider entering into a formal relationship where it is available.

“In Belgium, tax rulings are the most popular technique to manage tax risk,” says Isabelle Panis, senior associate in Brussels. There are more ruling applications in 2016 than ever before. A European Commission investigation into excess profit rulings in Belgium, followed closely by the media, has raised fears, however.

“We have seen an increased demand for second opinions on tax structures over the past year, with more focus on covering reputational risk.”

“When you have trust in the tax authorities, you are more willing to share things with them early and it does not mean that there are necessarily issues. That is a recent change – you now consider them as a business partner or stakeholder.”

Godfried Kinnegim
Tax partner, Amsterdam

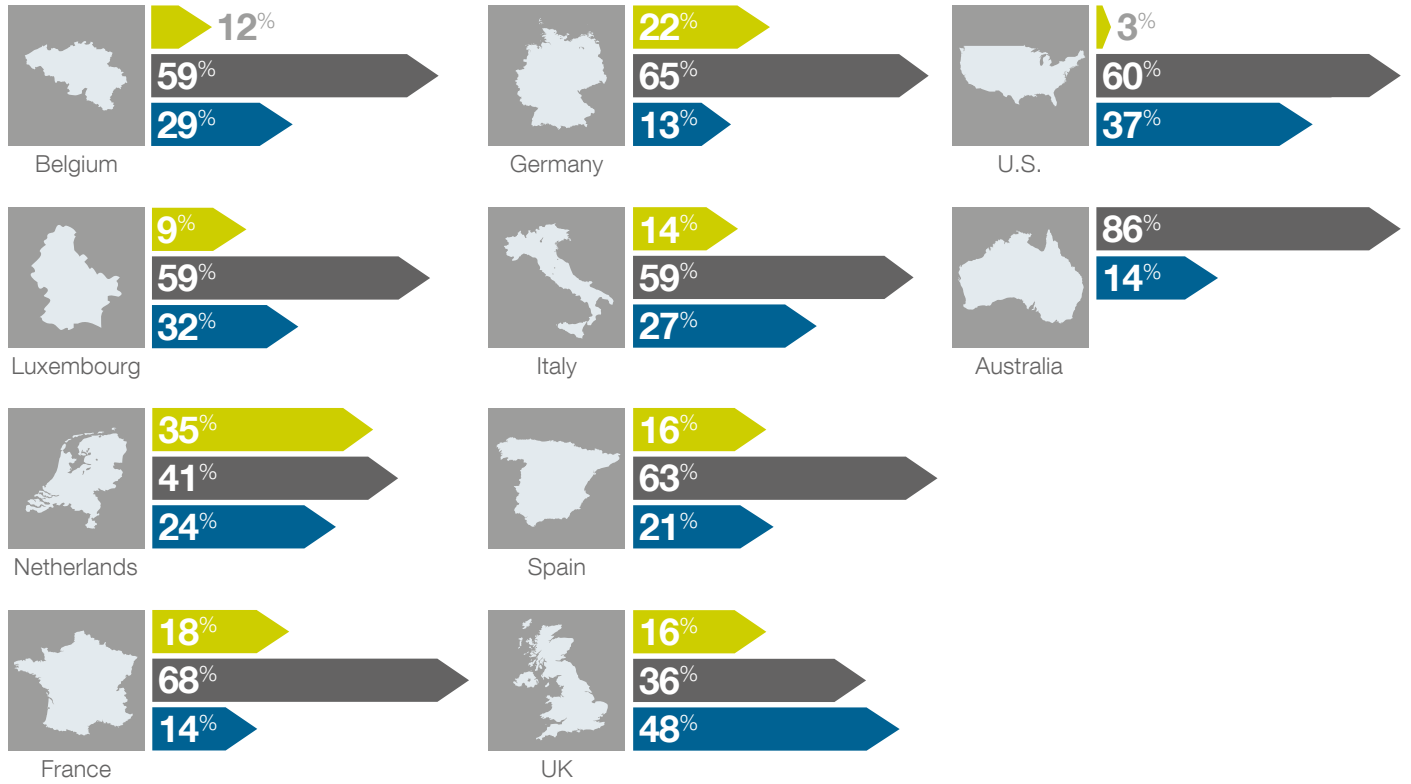


“There are many requirements about disclosing questionable tax positions and there are heavy penalties when they are not disclosed,” says U.S. tax partner Heinberg. “It is harder not to be transparent.”

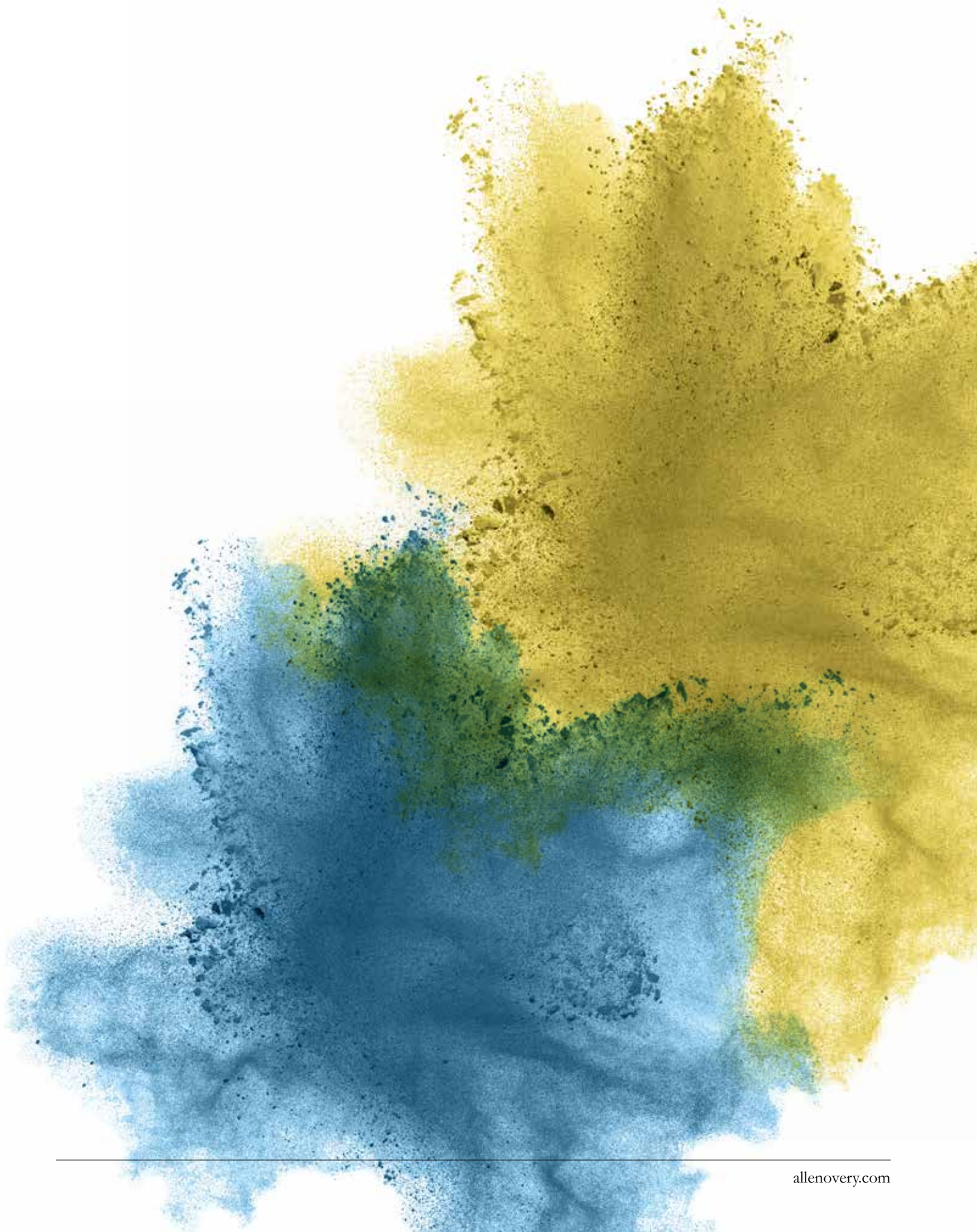
Jack Heinberg
Tax partner, New York



To what extent, if any, would you consider entering into a formal "relationship of trust" with the tax authorities in certain jurisdictions?



● Fully
 ● Partially
 ● Not at all



Chapter 3

The search for certainty continues

The corporate tax landscape has changed dramatically over the past five years – and it will continue to do so over for a number of years yet as governments implement anti-BEPS measures, ensure that their tax authorities share information across borders and respond to tax competition which is seen as unfair (eg the planned reduction of corporate tax rates in the U.S. and UK). Companies are clearly responding to these external forces, but there is a broad sense that the future is unlikely to require significant new changes in structures or tax planning approaches – a view that may turn out to be optimistic.

U.S. tax policy – shifts ahead

When Donald Trump takes office, tax policy will most likely be one of the levers he will use to kick-start U.S. growth and job creation – and with Republicans dominating the House and the Senate, he could well push through significant changes in the early stage of his presidency.

The overall direction of change is clear. Corporate tax rates will be slashed with early signs indicating a possible reduction from 35% to 15%, moving it from the highest rate in the G20 to the lowest. Income tax rates will be cut and simplified too, likely with lower deductions as part of the compromise. The overall tax systems for U.S. multinational companies will change too with, among other things, the removal of incentives to keep profits overseas. In this regard, it is anticipated a one-time repatriation holiday will allow companies to return the trillions of dollars estimated to be currently kept outside the U.S., at a flat rate of about 10%.

With lower corporate tax rates and a shift towards a territorial tax system, as in most other countries, U.S. multinationals will no longer be incentivised to keep cash offshore or try to avoid U.S. taxation altogether via inversions (where U.S. companies ‘merge’ with smaller entities in lower cost jurisdictions and channel tax through them).

In our survey, held before the election, U.S. corporates showed a high degree of confidence in their ability to manage tax issues and expressed little worry about the impact of the OECD’s BEPS proposals. The new tax changes, while viewed positively overall by most businesses, may be accompanied by a broader corporate tax reform that could include many concepts that are similar to the OECD package. Like those elsewhere, tax planners in the U.S. will also need to look more closely at issues such as base erosion, intangibles and transfer pricing.

Risk minimisation is the name of the game

In last year's survey, respondents said that minimising tax liabilities was the most important task for the tax function. That is no longer the case. Compliance issues are now top of the list – in particular, preparation for BEPS – and many other risk-reduction initiatives battle for attention with minimising effective tax rates.

Australian tax counsel Ka Sen Wong says he regularly sees this change of mandate for tax directors. "We can look at a transaction and determine that, far from there being any tax abuse, the structure is actually inefficient from a tax perspective," he says. "Five years ago, that would have been a disaster and we would have been asked to restructure the transaction. Now I am seeing inefficient structures being left in place, because now clients are not being pressured to minimise tax – their objective is simply to protect the reputation of the company and minimise tax risk."

Minimising tax risk is also a significant criterion for investment decisions with 37% of the respondents saying that the availability of transaction clearance is the most influential tax matter for their investment decision. This is followed by the approach that tax authorities take in the conduct of tax audits and enquiries (27%) and the complexity of tax rules in a jurisdiction (20%).

Regarding risk minimisation, however, attitudes still vary quite widely. Asked whether tax changes have brought a more cautious approach to tax planning, over half (53%) of respondents say it has not. In France, for example, just one-third of respondents say they have become significantly more cautious, despite growing concern about audits and litigation.

"Corporates in France know that there is more scrutiny and know that the tax authorities are more aggressive, but the appetite for risk has not changed outside of financial institutions," says Mathieu Vignon, tax partner in Paris.

"They don't worry about reputational risk like in the UK."

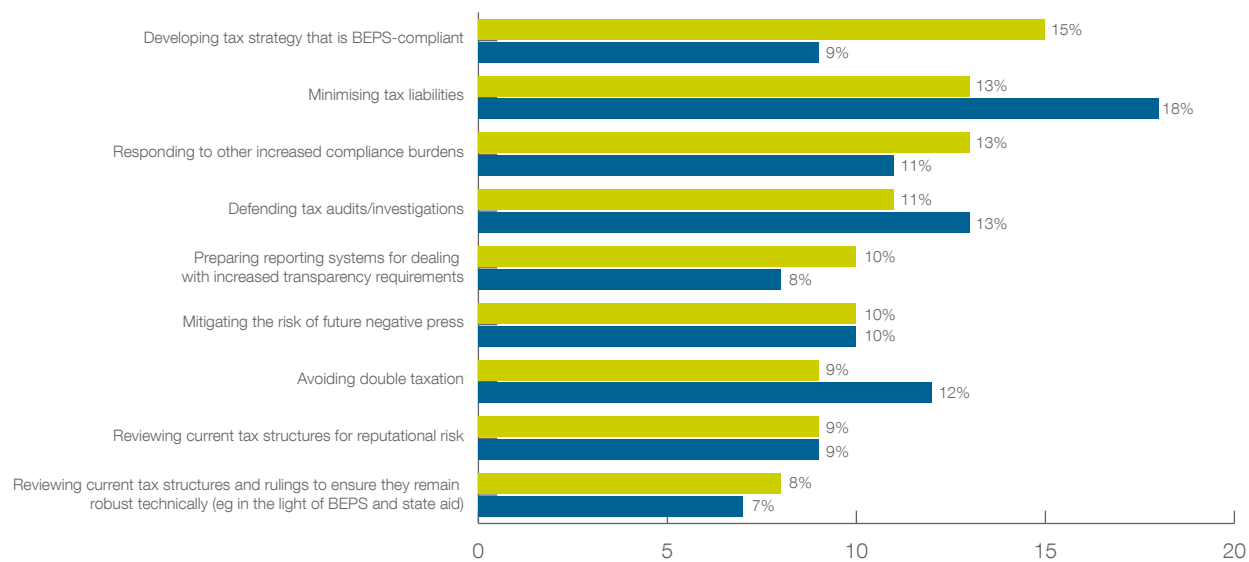
Likewise, in countries that are openly battling it out – like Spain and Germany – over two-thirds say they are not more cautious in their tax planning. In the UK and Netherlands, on the other hand, where companies feel more confident they can manage task risk, well over half say they are more cautious now.

There appears to be a lack of knowledge about what is needed. Asked whether companies foresee having to make further changes to company structures for tax reasons, two thirds (68%) say they do not. As with approaches to tax planning, however, those who expect more change are frequently those that are already making big changes.

Over half of the Dutch respondents believe more change will be needed, for example – they possibly have more insight into what's coming given their closer relationship with the tax authorities. By the same token, just 20% of German respondents believe they will need to make changes, suggesting that they are still in denial about the impact of the tax upheaval taking place, and also ignoring that, from the respondents' perception in Germany, businesses have been most likely subject to significant reassessments of their tax structure (22%).

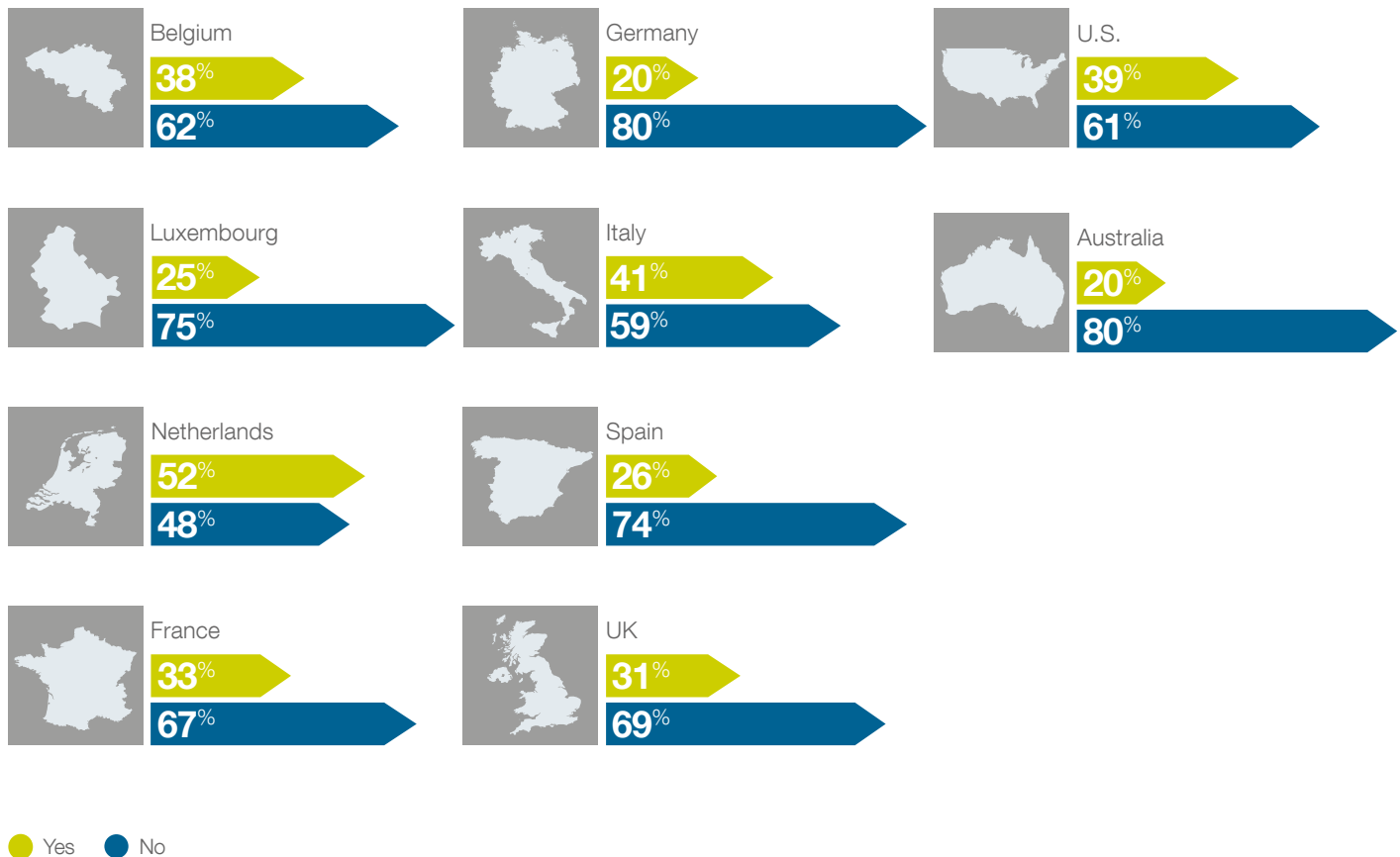
Interestingly, tax directors are more likely to see the need for structural changes than the C-suite respondents. If companies are not careful, they could be caught by the reforms even if they think they have changed enough.

Which of the following are currently the most pressing tax matters for your firm?



● 2016 ● 2011

Do you anticipate having to make changes to your business or company structures as a result of tax changes?



Sticking to the rules: the UK's pioneering path

The UK has been at the forefront of the public debate around corporate tax. It unexpectedly introduced a diverted profit tax in 2015, moving ahead of the OECD's BEPS package.

The government is now forging a new path, enacting a law to make companies liable for knowledge of tax evasion by their advisors, while at the same time cutting corporate tax rates to the lowest level in the G20.

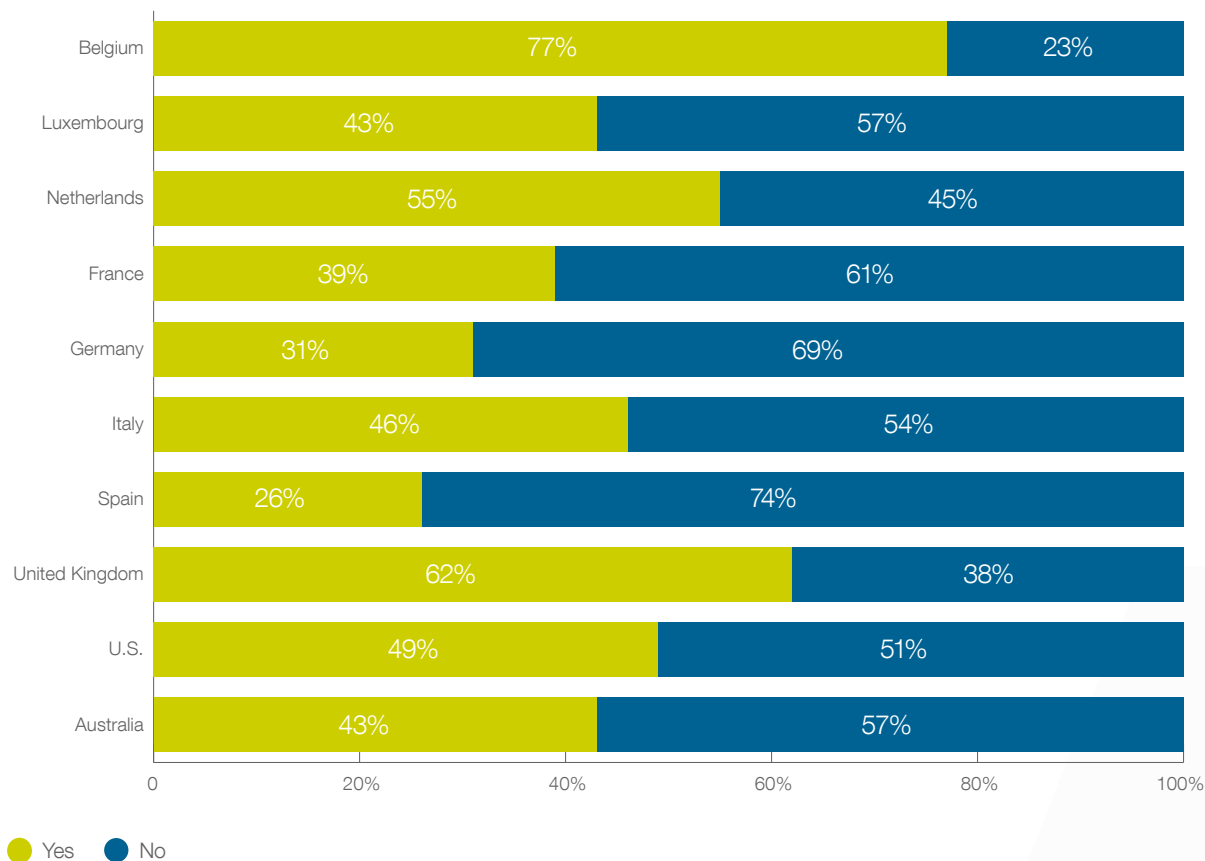
Despite the rapid speed of change, British companies have managed to build confidence in their own ability to handle tax matters. They have also built trust in their

relationship with the tax authorities, which have narrow and well-defined powers to carry out dawn raids and even audits.

“Despite the pace of change, many companies now have a sense that they have things in line,” says James Burton, tax partner at Allen & Overy in London.

“There is concern with the volume and complexity of the new rules that have been introduced in response to the controversies, but there is at least a sense that you know where you stand if you follow the rules.”

Do you think that the increased perception to challenge tax structures results in a more cautious/conservative tax planning?



“There is concern with the volume and complexity of the new rules that have been introduced in response to the controversies, but there is at least a sense that you know where you stand if you follow the rules.”

James Burton
Tax partner, London



Conclusion

Rebalancing risk and benefits

Board members and the C-suite are paying significantly more attention to tax issues, as tax departments reconsider aggressive tax structures and reorient themselves around minimising tax risk. With regulators now firmly focused on the spirit rather than the letter of the law, the uncertainty about what is considered compliant – and whether past structures will come under new scrutiny – remains high. As personal liability and corporate criminal liability increase, the C-suite is worried and wants to get advance clearance and second opinions.

While regulators are getting tougher and more litigious, they are also asking for more cooperation and disclosure from companies. In countries where the tax authorities are seen as being reasonable, this collaborative relationship is starting to create greater certainty for companies, and relationships with advisors are growing strong. Elsewhere, however, there is a lack of trust between authorities, companies and tax advisors – and here confidence levels are low.

The corporate tax world will not get significantly more certain over the next few years, as governments focus on implementing anti-BEPS measures and ensure that their tax authorities share information across borders.

That will open up several years of uncertainty in cross-border tax compliance. France, for example, shocked the business community by saying they would opt to make country-to-country reporting public information. Even where the transparency is limited to tax authorities, however, those that are not used to full disclosure at home will need to work out how to respond to the new level of information they receive. In Luxembourg, where authorities have traditionally had close relations with corporate taxpayers, new developments such as EU state aid investigations and BEPS raise fears that tax incentives created by member states could be challenged by the EU and OECD.

Our recommendations:

1_ COMPLIANCE FIRST

Boards need to ensure that tax directors are explicitly tasked with full compliance. That means having a culture of sophisticated tax risk management in place and ensuring that all relevant processes in the company are compliance-focused. Implementing a tailor-made Compliance Management System can help in achieving this objective. Once appropriate structures are in place, companies can refocus on more efficient tax planning. Companies must also assess the risk of falling foul of criminal legislation aimed at businesses that fail to prevent the facilitation of tax evasion, not just by employees but also by related third parties. This assessment should be used to formulate ‘reasonable’ prevention policies and procedures, and to prepare for authorities’ actions, such as by providing dawn raid manuals.

2_ LOOK BACKWARDS AS WELL AS FORWARDS

Even companies that feel confident that they are operating with the full approval and understanding of their respective tax authorities must keep an eye on the past. Authorities may apply current standards to structures that may have been standard just a few years ago. Tax directors should take time to identify weaknesses and consider how to act so they are not taken by surprise. Further, companies need to monitor changes in tax law including international tax initiatives and if necessary, reassess their tax structures proactively.

3_ FOCUS ON COOPERATION

Even where there are no formal rules for real-time collaboration with tax authorities, part of the transparency trend is a shift towards cooperation and disclosure. That means trying to build a relationship of trust with authorities, so that items can be identified and discussed before they become issues.

4_ DON'T UNDERESTIMATE BEPS

The introduction of country-by-country reporting in 2017, along with a mix of other laws designed to eliminate various forms of tax arbitrage between countries, will require attention even from companies that feel confident they no longer have an aggressive approach to tax planning. In the best-case scenario, it will take several years for this complex legislation to settle in, during which even basic cross-border tax planning may come under heightened suspicion. In the worst case, the greater sharing of information with tax authorities that generally operate under an assumption of wrongdoing, a system of mistrust could create demands for additional tax payments. Companies should scrutinise discrepancies in material provided to authorities in different jurisdictions and ensure they are not disclosing unnecessary material.

5_ BE AGILE

Approaches to tax are changing ever more rapidly – so it is also essential to be agile and in touch with these tax changes. The election of Donald Trump as U.S. president, for example, will likely see the introduction of significantly lower corporate tax rates and lighter-touch regulation that will require new thinking from U.S.-based companies about how best to approach tax in the U.S.. Companies with business operations in the EU may face material changes as the European Commission plans a corporate tax reform including the introduction of a common consolidated corporate tax base (CCCTB).

Methodology

In Q3 and Q4 2016, YouGov interviewed 396 senior-level executives, asking about their perceptions of changes in the external tax environment and their response to them. Half of the respondents were CEOs, CFOs, general counsel, heads of audit committees and chairmen, classified in the report as C-suite; the other half were tax directors or head of tax departments or similar, classified in the report as tax directors. Almost two-thirds of companies included had revenues of over USD1 billion in 2015. Regional representation was split between Western Europe (77%), the U.S. (14%) and Australia (9%).

The survey included a combination of quantitative and qualitative questions and all interviews were conducted over the telephone by appointment. Results were collected and analysed by YouGov, with all responses anonymised and presented in aggregate. The report was researched and written by Elite Media.

For more information please contact

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