

## Dispute resolution mechanism in optimizing tax business environment

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## Tax controversy is on the increase

It is likely to remain high in the foreseeable future

Tax laws are becoming more complex and governments are seeking tax revenues to deal with fiscal deficits

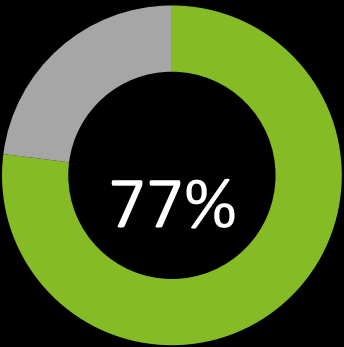
- multinationals are seeing increase in tax disputes, including cross-border

Three recent surveys have been conducted by Deloitte:

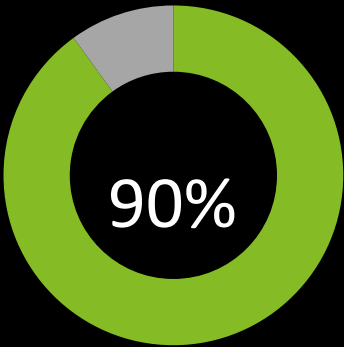
- Deloitte's 2023 Global Tax Policy Survey
- New Roads to Dispute Resolution: The global dispute resolution survey (2022)
- Age of Controversy: How global organizations are responding to tax disputes (2022)

# Deloitte 2022 tax controversy survey highlights

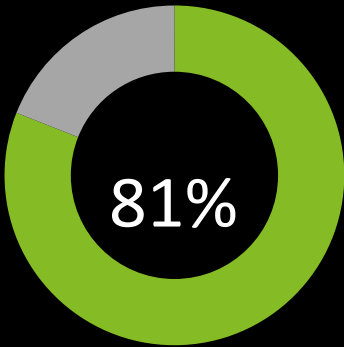
An overwhelming majority experience higher levels of controversy than two years ago



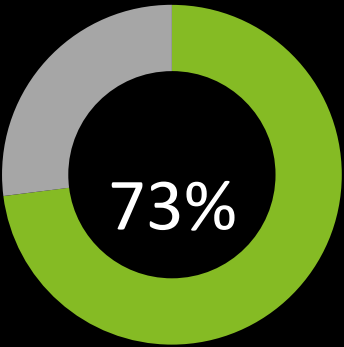
77% of businesses said they are experiencing higher levels of controversy than two years ago



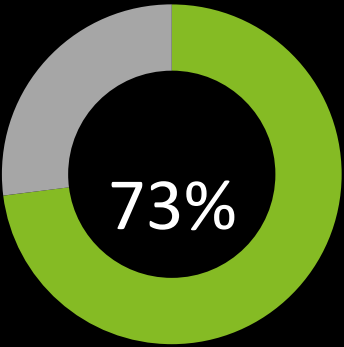
90% of large businesses said they have or intend to create a VP of controversy role to respond to this



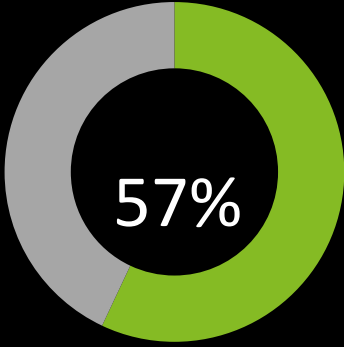
81% of businesses globally said they report tax controversies to senior management: approximately 25% as part of business-as-usual and approximately 50% through specific communications/ reports



73% of respondents globally (and 91% of US headquartered groups) said they are experiencing controversies involving multiple tax authorities



73% of respondents said they always or usually find external advisors helpful in a controversy



57% said they fear stakeholder reaction to a tax controversy (compared with 32% fearing an impact on the relationship with the tax authority)

Note: the above are key findings from the Deloitte's 2022 survey: *Age of Controversy: How global organizations are responding to tax disputes*. Please refer to the [full results](#) for more detail.

# Global Tax Policy Survey—Deloitte’s 10th annual multinational survey

## Tax administration and tax disputes remain high on the corporate agenda

- 25%** agree or strongly agree that most tax administrations are interpreting the OECD Transfer Pricing Guidelines in a consistent manner.
- 40%** agree or strongly agree that the tax authority in their ultimate parent’s jurisdiction has become more rigorous in tax examinations in the last 12 months, while 42% are neutral.
- 60%** of respondent groups remain concerned about the lack of guidance from tax authorities around the world about the principal purpose test.
- 41%** of respondent groups are interested in joining a cooperative tax compliance programme where available, and 11% have already joined or are in the process of joining such a programme.

Note: The statistics displayed here represent Deloitte’s interpretation of various data and commentary provided by the respondents to the Deloitte’s 10<sup>th</sup> annual multinational survey (Global Tax Policy Survey). Please refer to the [full results report](#) for more detail.

# What are your thoughts about the OECD Pillar One/Pillar Two project?

Representative responses



Note: this is an extract from Deloitte’s 10th annual multinational survey (Global Tax Policy Survey). Please refer to the [full results report](#) for more detail. 129 respondents answered this question. The word clouds represent the most commonly stated responses and may not represent the views of Deloitte.

# What are your stay-awake issues arising from the volume of change in tax regimes around the world?

## Representative responses



Note: this is an extract from Deloitte’s 10th annual multinational survey (Global Tax Policy Survey). Please refer to the [full results report](#) for more detail. 130 respondents answered this question. The word clouds represent the most commonly stated responses and may not represent the views of Deloitte.

# Dispute prevention and resolution

What can be done?

Building trust between tax administrations and businesses

- moving to a more cooperative approach will take time and effort from both sides
- both tax administrations and businesses need to see advantages of having a trusted relationship
- areas of disagreement on the correct tax treatment of a particular transaction will still exist

Clarity and simplicity of law (where possible)

Processes to prevent disputes or facilitate resolution

- advanced pricing agreements, tax rulings, International Compliance Assurance Programme, Mutual Agreement Procedure (MAP), cooperative compliance programme

Outcomes depend on:

- Availability and ease of access of various processes to taxpayers
- Maturity level and resources available to the tax administration



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