



June 2024

DETAILED  
**FINDINGS**

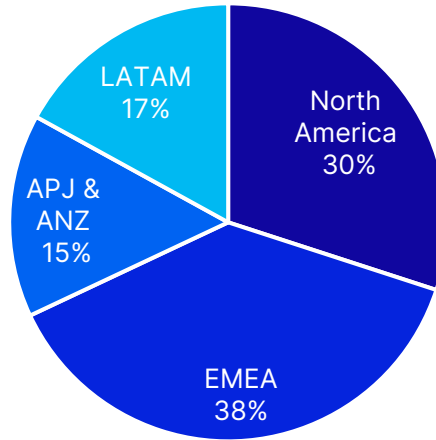
# From The Benchmark Report: **Global Tax Management 2024**

By Rizal Ahmed & Grant Suneson

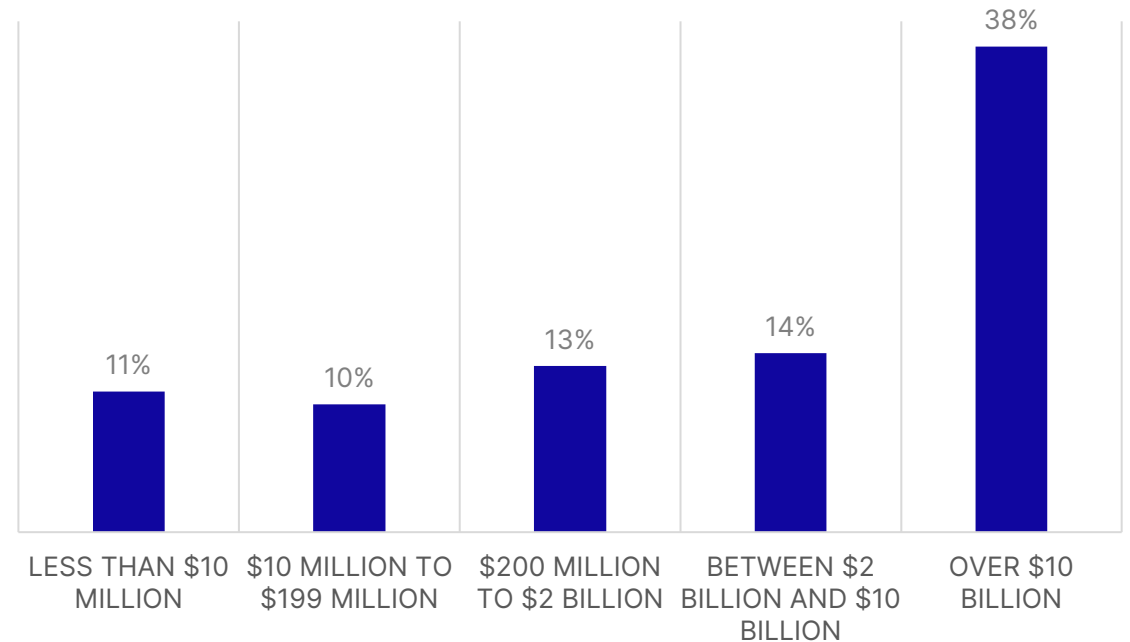
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Between March and June 2024, SAPinsider surveyed 150 of its community members to understand how they are evolving their tax management processes.

The survey participants came from various geographical regions worldwide and represented diverse organization sizes, contributing to a comprehensive dataset.



Revenue

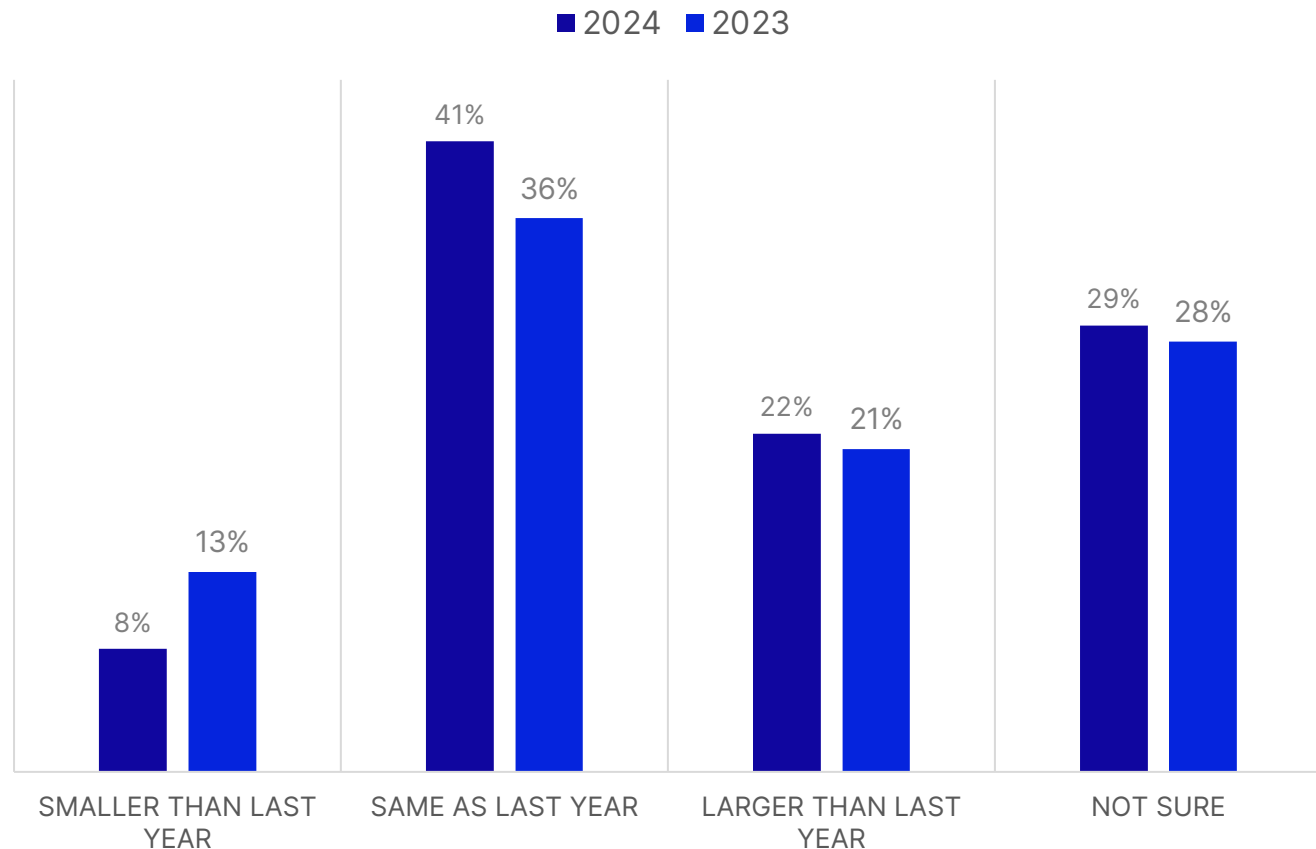


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The positive trend for tax professionals is that global organizations are increasingly allocating resources to tax transformation and process improvement which are paying off, reducing tax related challenges and complexities while enhancing the overall performance of tax compliance initiatives.

63% of respondents to this year's survey indicated their budgets staying the same or increasing for investments in global indirect tax compliance, compared to 57% from last year's survey. Only 8% of tax professionals reported a decrease in budget, a 5% decline compared to 2023.

## How Does Your Current Budget For Global Indirect Tax Compliance Compare To Last Year?

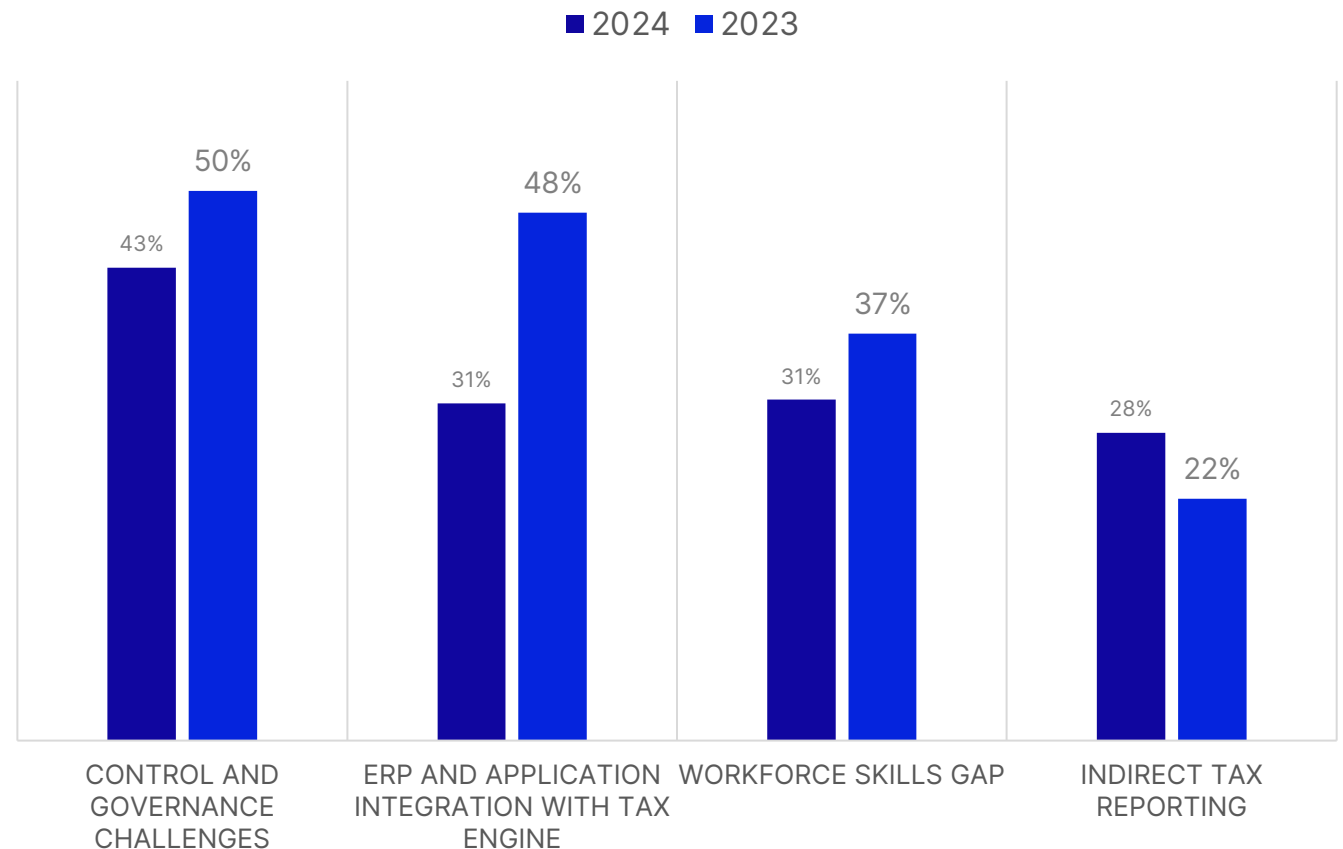


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When it comes to tax pain points, the top three challenges have remained the same year-over-year. While control and governance challenges consistently remain as the top challenge, garnering half of responses in both years' studies, ERP and application integration with a global tax engine is the second most mentioned pain point (31%). The workforce skills gap continues to rank as the third most pressing issue, highlighting the importance of hiring and retaining top talent.

The encouraging development is that the year-over-year response rates have declined, indicating that an increasing number of customers are making progress with their overall tax strategies. This is corroborated by the increasing maturity of tax compliance performance which is discussed later in this summary.

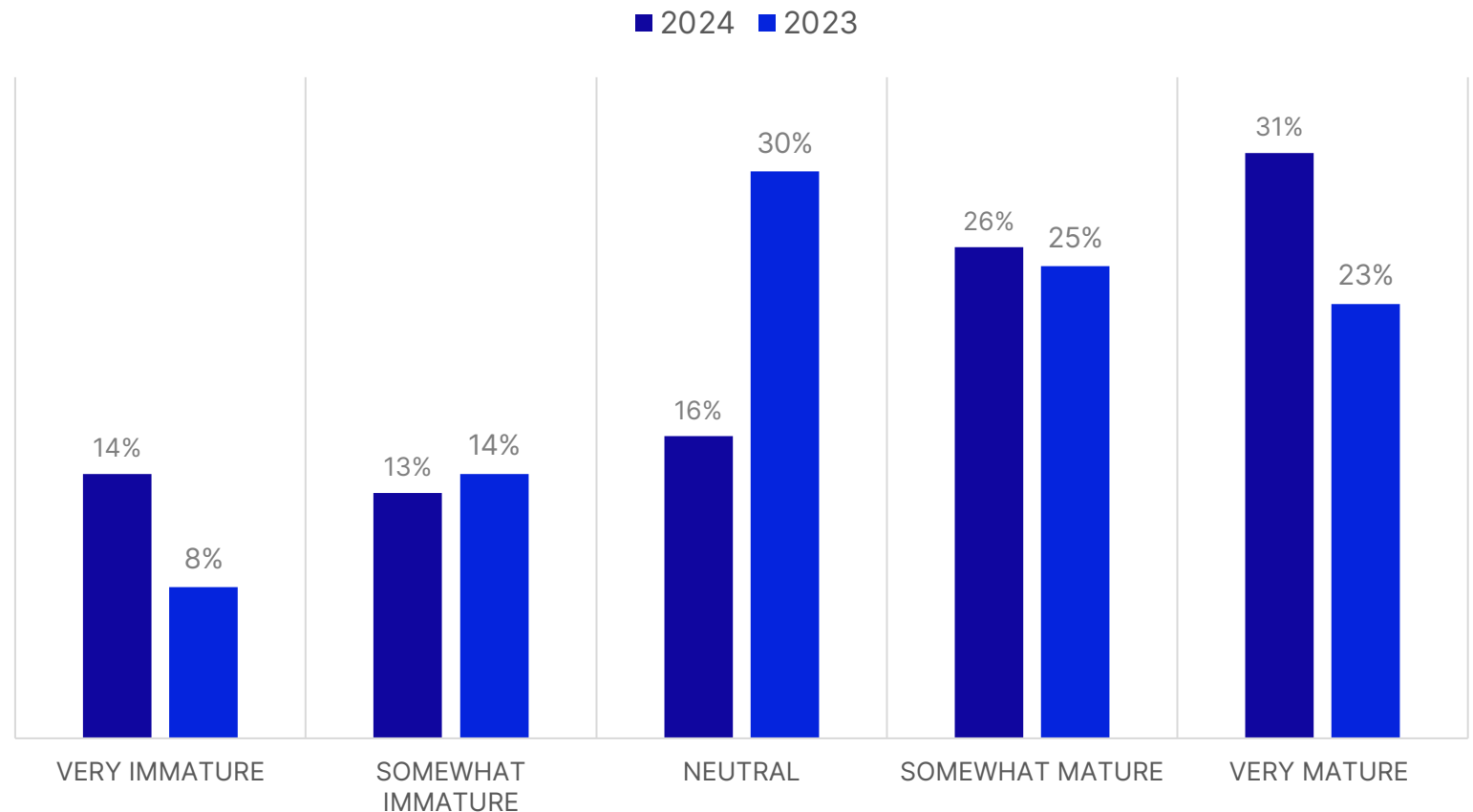
## What are the Most Significant Pain Points Impacting Your Overall Tax Management Strategy?



## 4

Overall, the research highlights that organizations are advancing in their maturity for global tax compliance management, with 31% of respondents reporting a very high level of maturity compared to 23% in 2023. The percentage of financial and accounting professionals who characterized their global tax compliance management as neutral fell to 16% from 30%. Other answers were comparable year-over-year suggesting that those who were neutral last year have progressed by investing in tools, personnel, and learning from their early experiences.

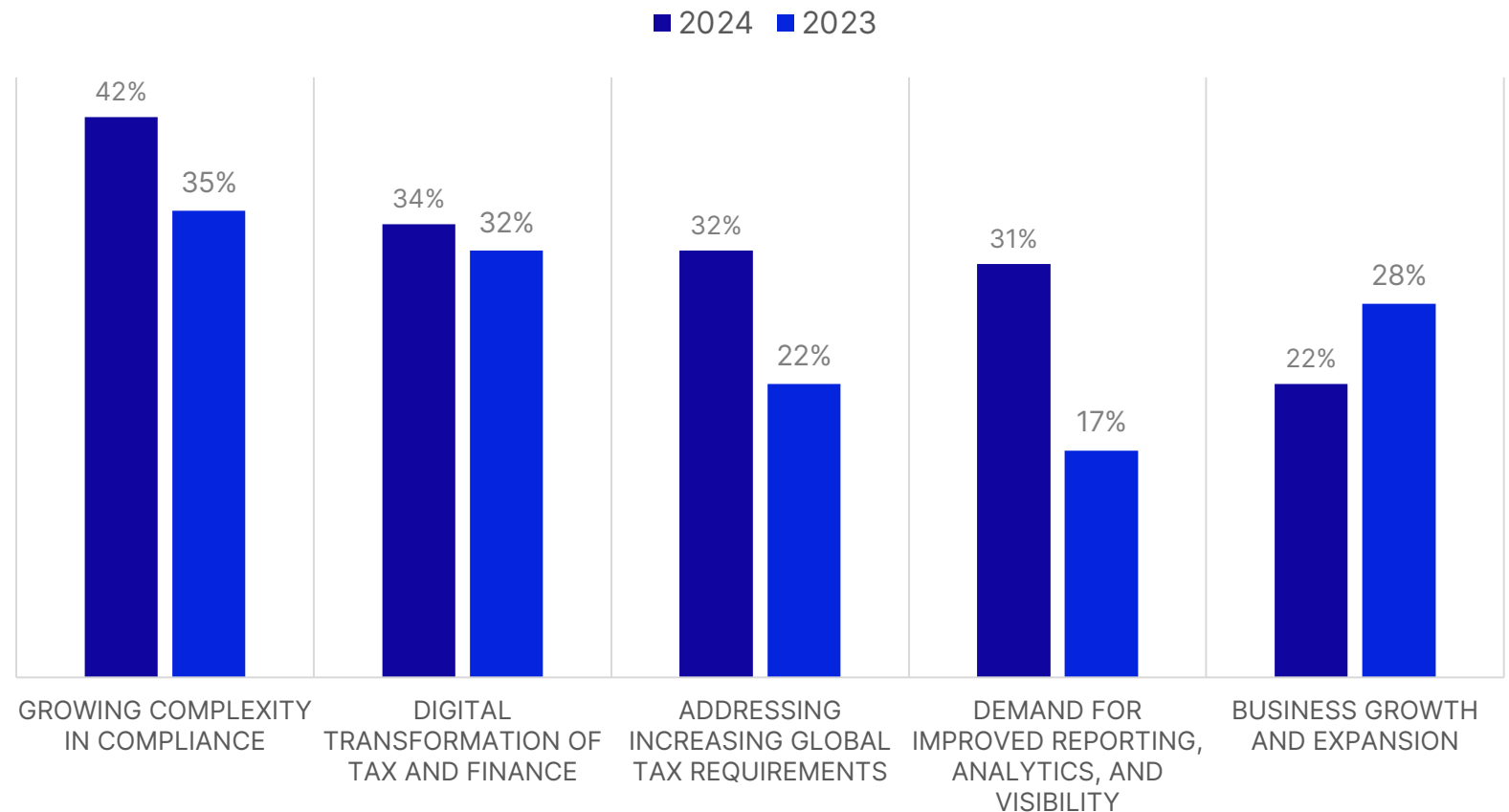
### How Mature Do You Believe Your Organization Is Regarding Global Tax Compliance Management?



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**Globalization, the increasing complexity of tax regulations, and the demand for improved visibility into tax processes and compliance are growing as priorities for tax leaders and professionals. Looking at SAPinsider's year-over-year results, regulatory and compliance complexities continue to be a top influencer of tax strategies with 42% of respondents reporting this as the top focal point compared to 35% from last year. Supporting this is the 10% increase in those who reported that addressing global tax requirements is a top influencer of tax strategy.**

## What Are the Factors Most Impacting Your Organization's Global Tax Management Strategy?

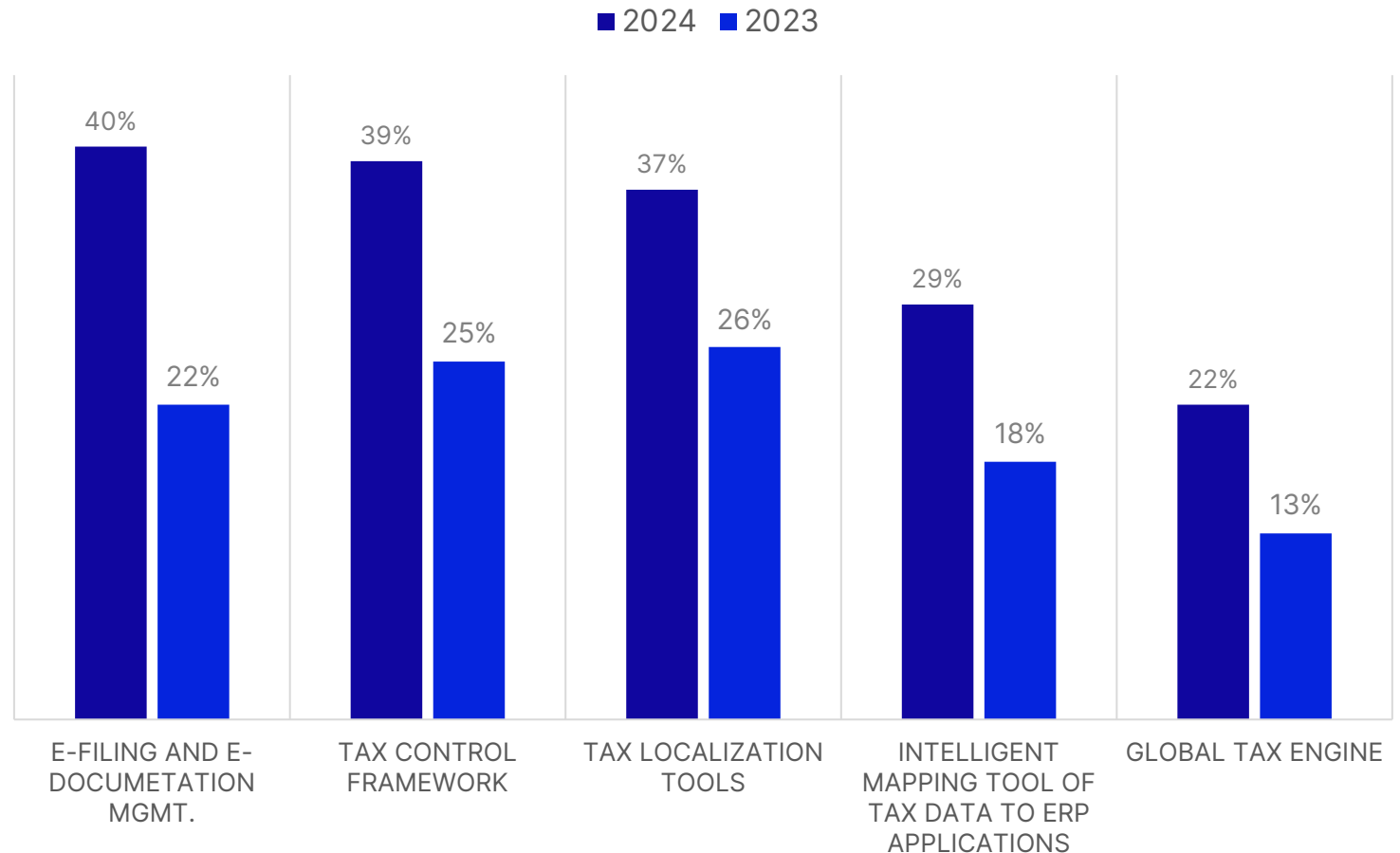


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2024 also saw a sharp increase in key tax technologies adoption. Organizations have nearly doubled the adoption of e-filing and e-documentation management solutions as a result of governments increasing requirements around digital tax filing and data storage, globally. 40% of respondents report currently using these offerings compared to 22% in last year's study. 39% of respondents also reported currently using a tax controls framework tool compared to 25% from last year.

As compliance becomes increasingly complex, the need for a centralized framework has become paramount. Tax localization tools round out the top three solutions and saw significant growth in year-over-year adoption.

## Tax Solutions Currently Implemented



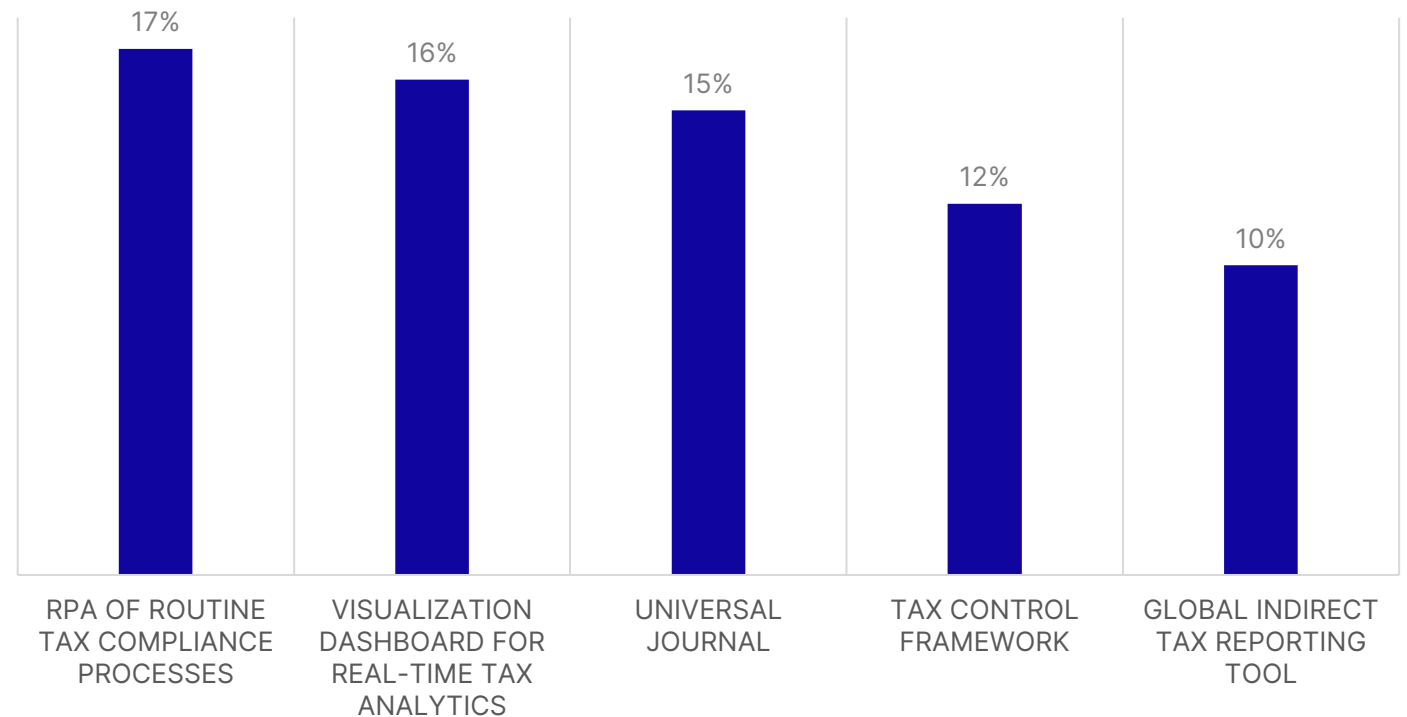


## 7

**Current implementations of new tax technologies remain relatively sparse but focused. While basic automation of routine tax compliance processes is the top solution, it is currently being implemented only by 17% of respondents.**

**Tax controls frameworks and global indirect tax reporting tools are being worked on but only by 12% and 10% of respondents. While this is expected to increase in 2025, 20% of respondents aim to implement other solutions in the next 12-24 months and include intelligent mapping tools that integrate tax data into ERP solutions. Nearly a quarter of respondents reported having concrete plans for this solution (23%).**

### Tax Solutions Being Implemented in 2024



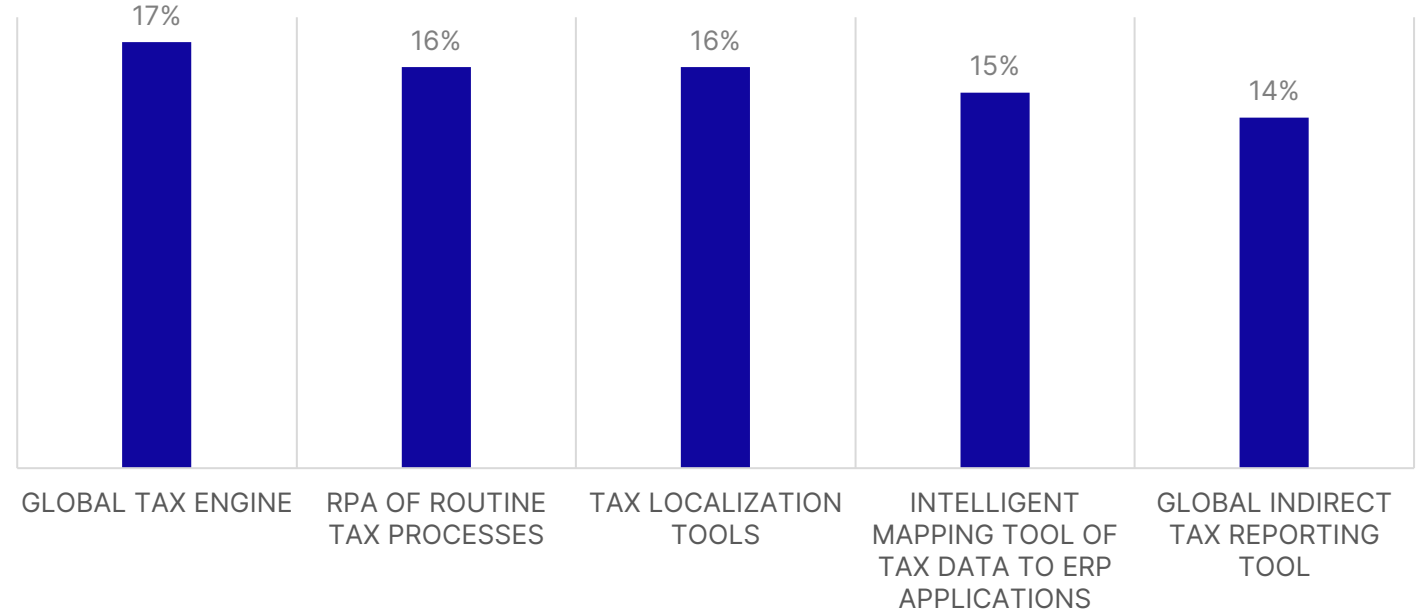


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Over the longer-term, customers are focused on unifying their solution efforts by adopting a global tax engine. They will continue to invest in automation as well as tax localization as compliance with individual countries and jurisdictions have become increasingly complex.

Integration with core ERP will continue to be significant as companies indicate they will implement more intelligent mapping tools.

### Tax Solutions Being Implemented in the next 12-24 months



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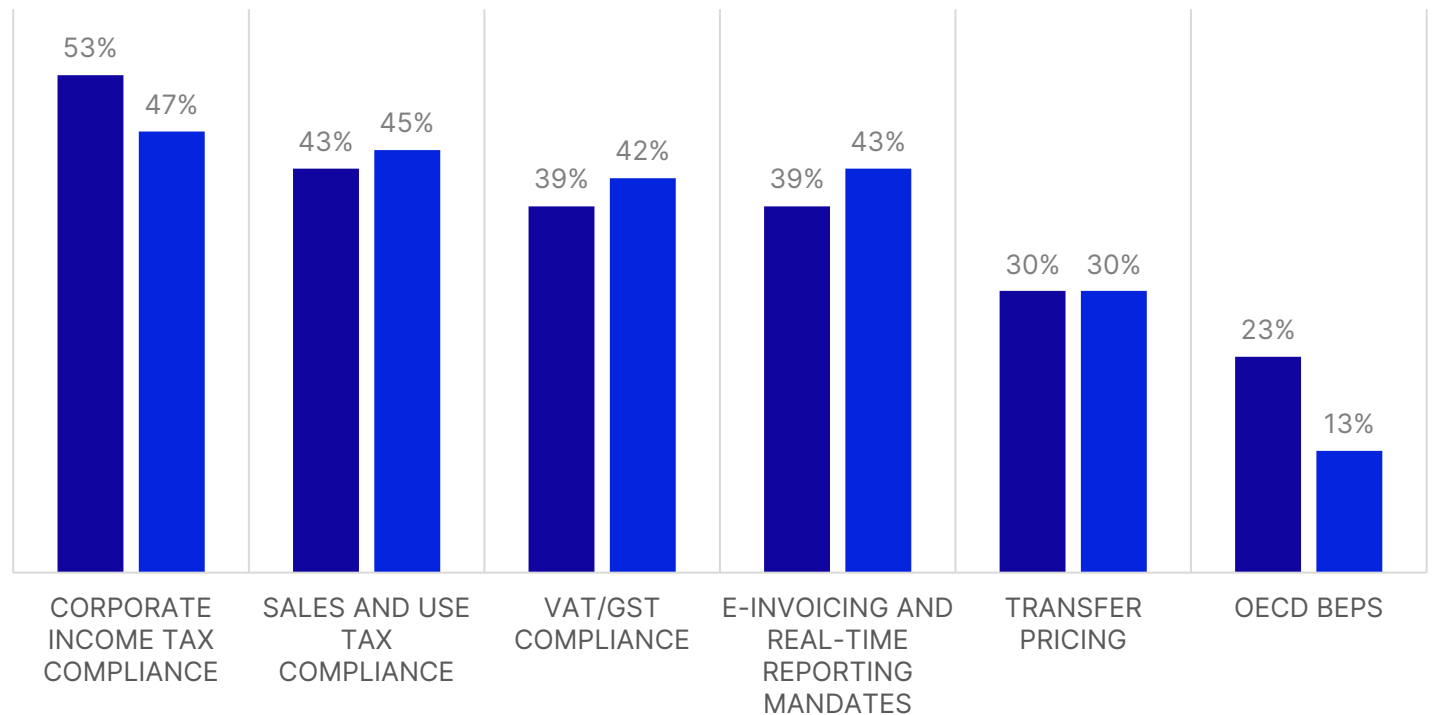
**Corporate Income Tax Compliance** continues to consume the most time and resources of respondent organizations with 53% reporting it to be the biggest focus area, highlighting a 6% increase year-over-year. The only other project area that jumped significantly was OECD's Base Erosion and Profit Shifting Initiative (BEPS) which grew 10% moving from 13% of responses in 2023 to 23% in 2024.

This indicates how BEPS legislation is significantly affecting the way companies document, report, and file taxes in different countries.

Organizations need to embrace and implement new frameworks that help support tax and accounting processes from transfer pricing to country-by-country sales, and reporting.

## Which Regulatory Updates Are You Spending the Most Time On?

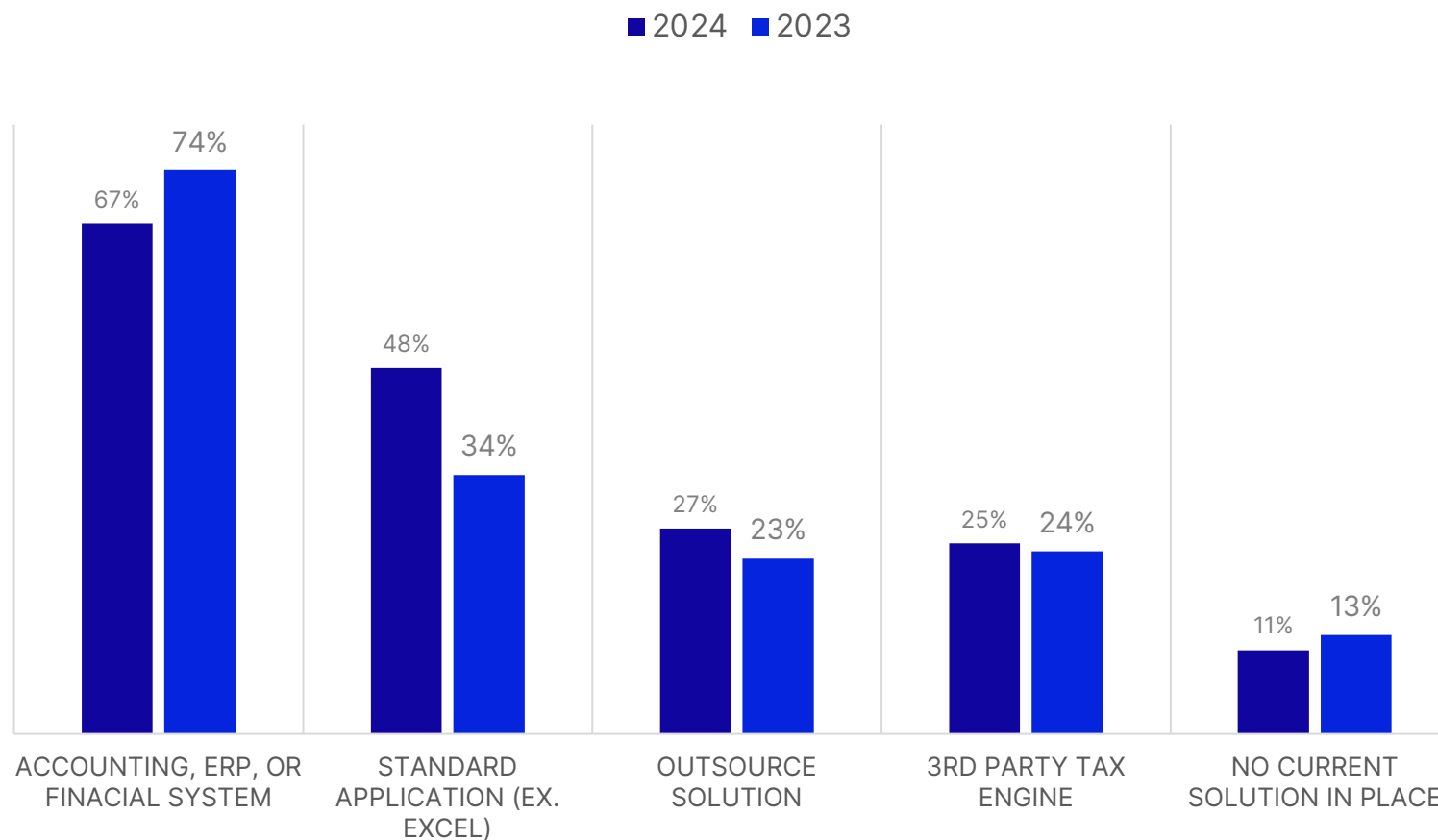
■ 2024 ■ 2023



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When it comes to VAT/GST compliance still most companies are relying on their core accounting, ERP, or financial system. However this year's study saw a significant jump in those companies using stand applications such as Excel. We also saw a slight increase in those folks outsourcing and relying on third party-tax engines. Many are using a mix of these solutions.

## How Do You Handle VAT/GST Compliance?

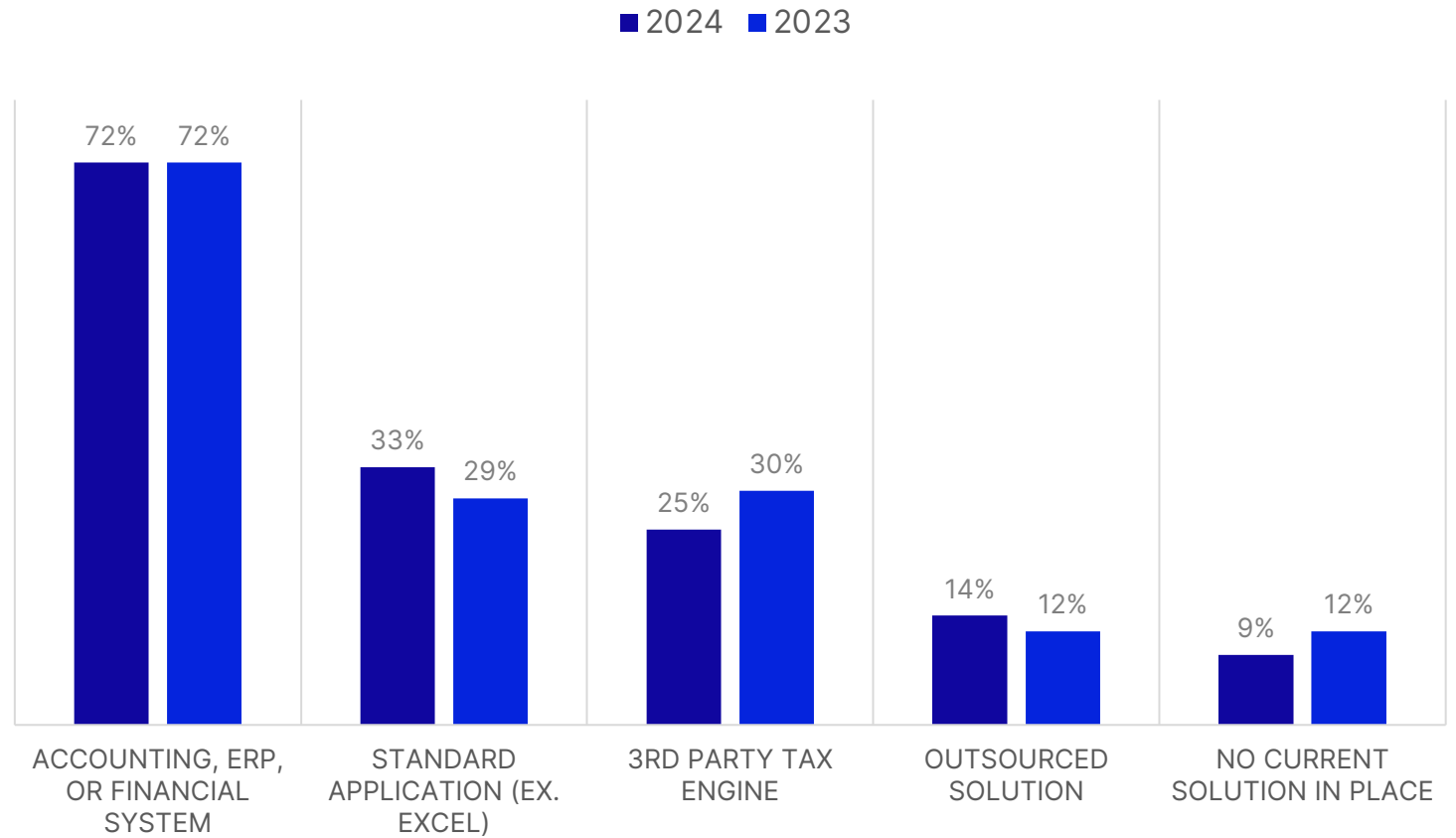


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**Core ERP and accounting systems are still being utilized to support sales and use tax determination and compliance. We saw a slight uptick in those using standard applications such as Excel. A quarter of tax professionals in our study report that they rely on 3<sup>rd</sup> party tax engines.**

**Outsourcing is minimal currently when it comes to sales and use tax. Organizations are choosing to keep this in-house.**

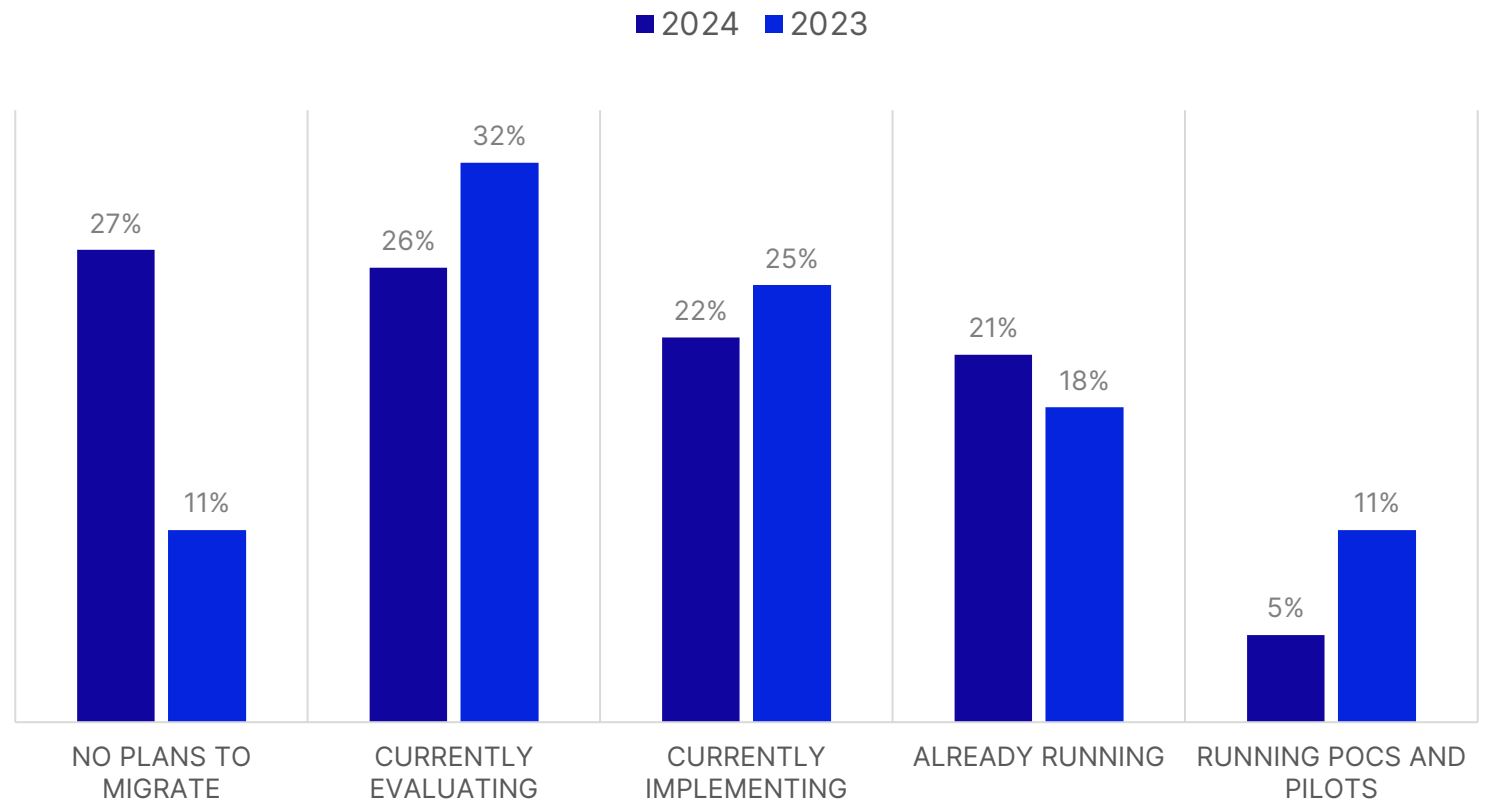
## How Do You Currently Handle Sales and Use Tax?



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The transition to cloud-based business solutions is occurring across business application categories including tax solutions. Over one-fifth (21%) of tax professionals reported using a cloud-based global tax management system compared to 18% from last year's study. An additional 22% reported currently implementing a cloud-based global tax solution, while 26% reported currently evaluating offerings in this area.

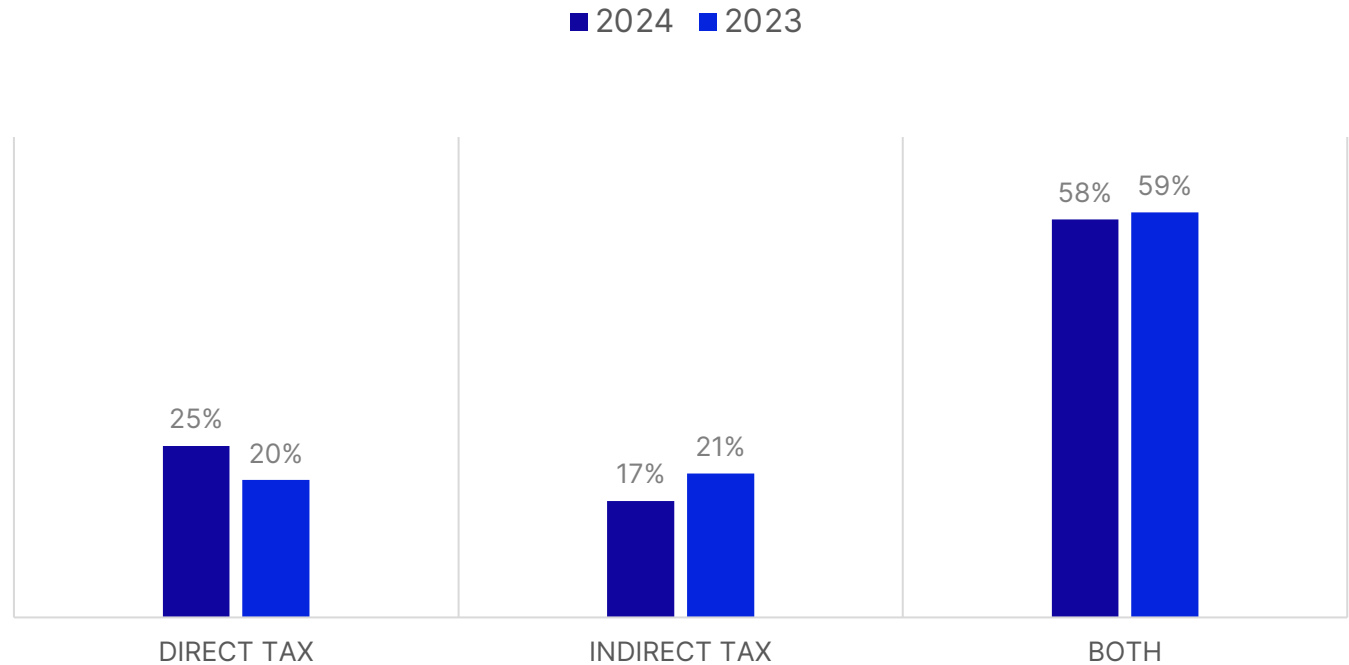
## What is the Status of Your Transition to Cloud-based Tax Solutions?



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When it comes to the scope of cloud solutions companies are implementing or seeking to implement, a majority of customers continue to focus on both Direct and Indirect tax determination and compliance. While 58% reported both encompassed in their overall solution, 25% reported implementing cloud for direct tax only.

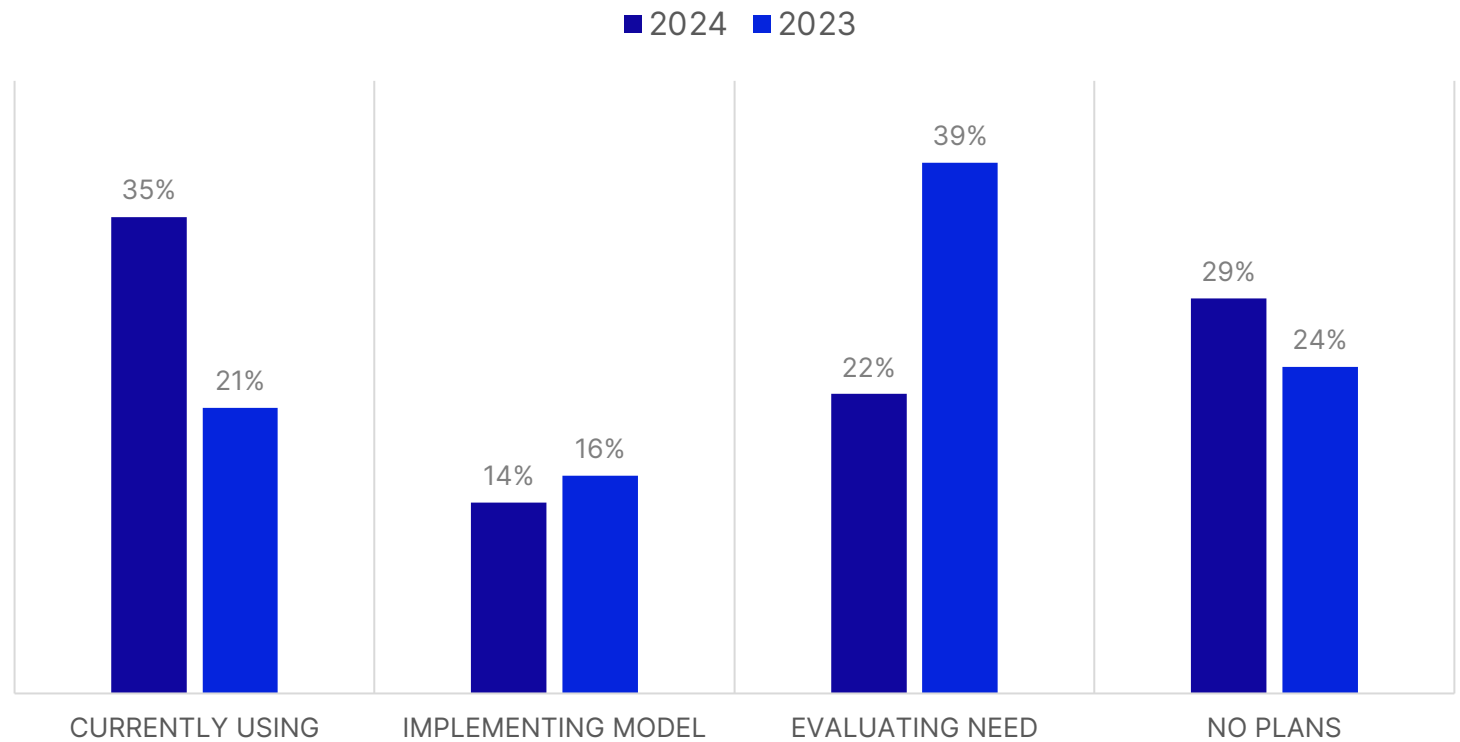
## Characterize Your Cloud-based Tax Solutions



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This year's tax study saw a significant jump in those respondents who report that they are using a shared services model to support their global tax strategy and processes. Many global companies are leveraging shared services to improve efficiency of their tax teams and insure that responses to critical questions and changes in business processes or regulations are quickly delivered.

## Where Do Shared Services Fit into Your Global Tax Management Plan?



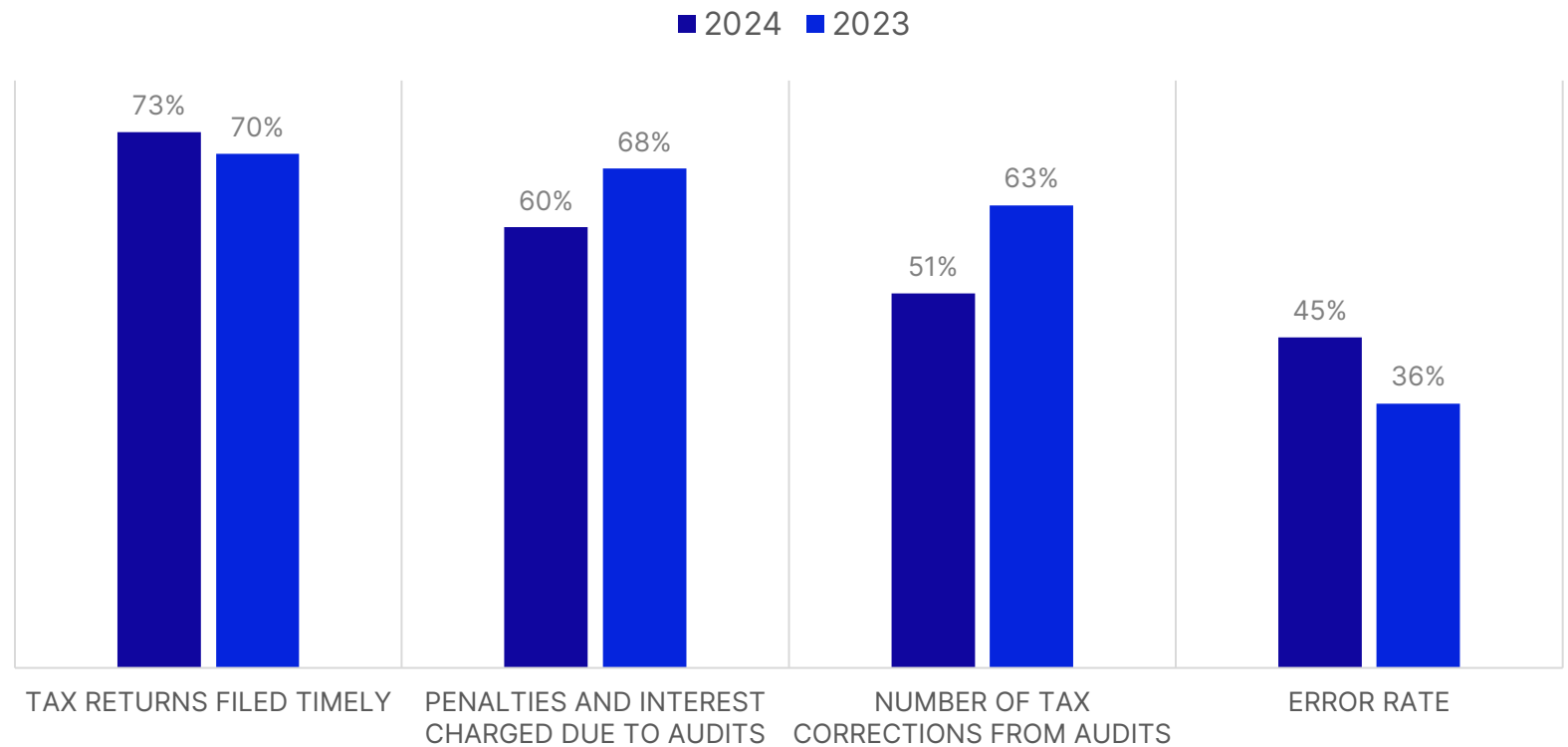


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The filing of timely tax returns and avoidance of penalties and interest due to audits remain the top ways that Tax executives are measuring the effectiveness of their policies and procedures. This has not changed much year over year.

We did observe a drop in those organizations who look at the number of tax corrections as a measure of performance, while error rates saw a slight jump in their use.

## Which Metrics Are Most Important for Measuring Performance of Your Global Tax Management Processes?





## GLOBAL TAX MANAGEMENT



### DRIVERS

- Growing complexity in compliance management, governance, and regulations (42%)
- Digital transformation of tax and finance (34%)
- Addressing global tax requirements (32%)
- Demand for improved reporting, analytics, and visibility (31%)



### ACTIONS

- Centralize and automating tax data control framework across all transactional systems (53%)
- Improve tax controls and insights through advanced analytics and reporting (45%)
- Utilize SAP S/4HANA capabilities to minimize errors (44%)
- Implement a global tax engine to enhance automation in tax processes (33%)



### REQUIREMENTS

- Clean and harmonized master data (49%)
- Single source of truth for reporting and auditing purposes (44%)
- Deep understanding of local tax compliance among team members (37%)
- Intelligent and real-time tax determination and compliance reporting (35%)



### TECHNOLOGIES

- E-filing and E-documentation management (40%)
- Tax control framework (39%)
- Tax localization tools (37%)
- Sales and use tax determination tool (33%)
- Intelligent mapping tool of tax data to ERP application (29%)
- Audit management software (29%)
- Global indirect tax reporting tool (21%)
- Visualization dashboard for real-time analytics (21%)

**THANK YOU**

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