



# 2017 Global BEPS Survey Report

November 2017



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## Executive Summary

### BEPS comes into focus

For the third consecutive year, Thomson Reuters sought to determine corporations' compliance with the OECD's BEPS recommendations. We surveyed 135 corporate executives and tax and transfer pricing executives across dozens of countries and industries. The survey was sent via email and was available in English, Spanish, Japanese, Korean and Portuguese.

Last year's survey focused primarily on BEPS preparedness. Given that many jurisdictions have already implemented various BEPS recommendations, we consider this our first survey in a post-BEPS environment. Companies are making BEPS-related operational changes and preparing to meet reporting requirements. Our 2017 survey responses are reflective of this evolving adaptation for compliance.

Generally, multinational enterprises (MNEs) are expressing more confidence about their understanding of and anticipated management of their BEPS obligations than they did in past surveys. While many MNEs indicated what steps are needed to prepare for BEPS, many of those preparations are still underway. According to our survey, 63% of respondents are still in the process of making changes or updates to their operations based on BEPS recommendations.

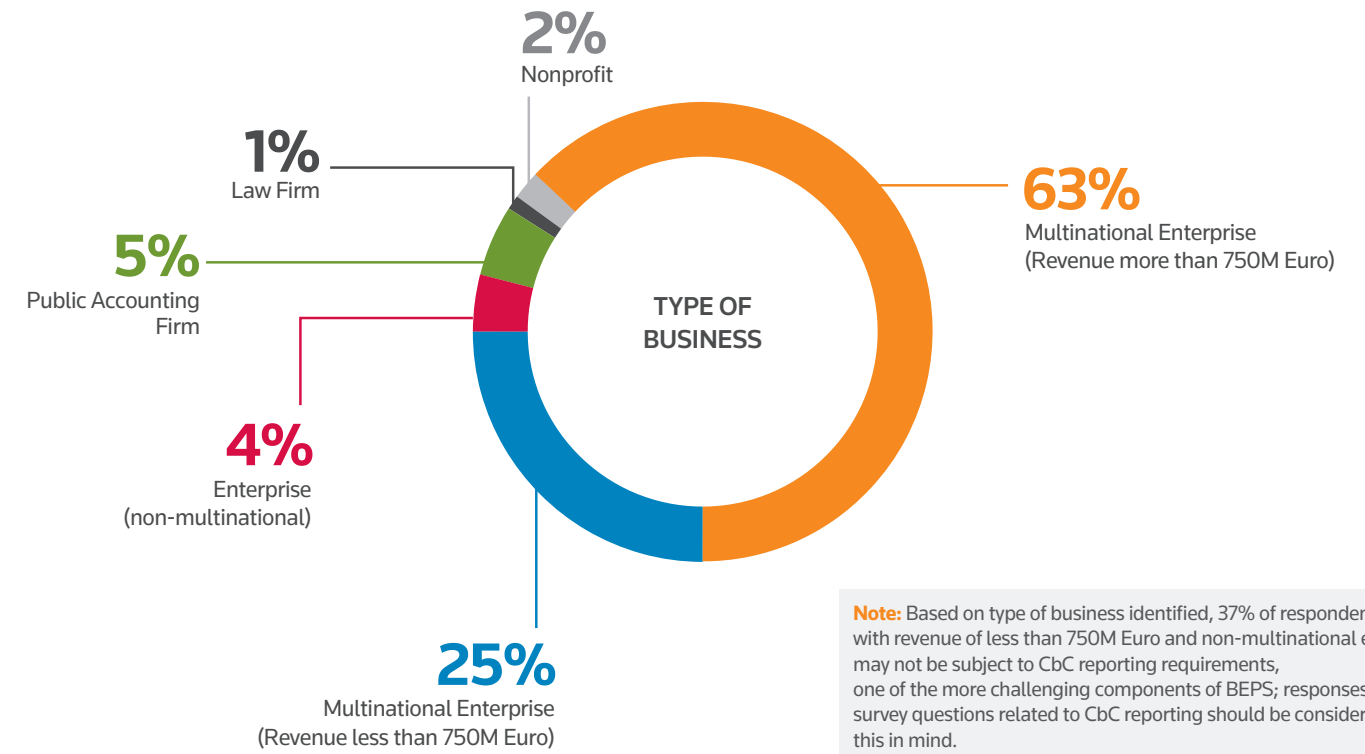
While our survey results indicate less uncertainty overall about preparing for BEPS, concerns about some specifics remain. For example, 44% of respondents said that they did not have a central database of material intercompany agreements (ICAs). BEPS Action 13 explicitly mentions the requirement of presenting a list of ICAs as part of Master File documentation. OECD guidance on the Local File includes providing copies of all material ICAs involving the local entity. Without a central repository for ICAs across the enterprise, compiling a list of ICAs for the Master File and copies of ICAs for the Local File can be challenging.

Additionally, 90% of respondents said that they were finding it slightly difficult to keep up with new BEPS developments and requirements in countries where they operate. Given the global reach of BEPS, without a holistic view of new developments, it becomes difficult for organizations to respond proactively to changing requirements, engage in strategic planning and ensure compliance with new laws and standards as they are passed by various countries.

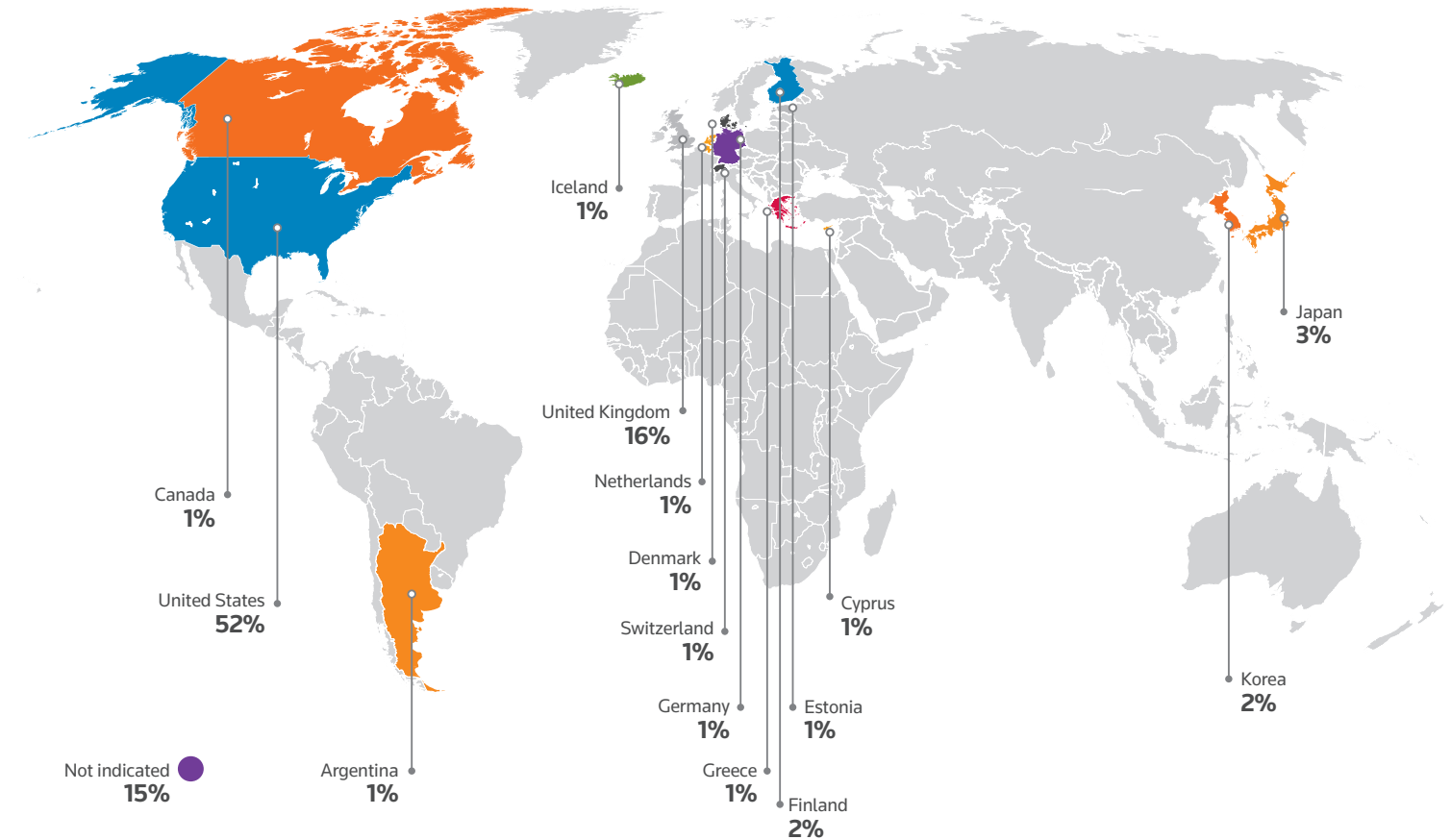
Many MNEs appear to be looking to technology to help solve specific components of BEPS compliance, such as ICA management and staying current on new laws and standards. A new question added to the survey this year measured the confidence respondents had in software designed to help with BEPS compliance. 82% of respondents said that they were at least slightly confident in the current software and research systems available on the market designed to help with Country-by-Country (CbC) reporting and other transfer pricing documentation reporting requirements.

There's no question that BEPS has fundamentally changed corporate tax compliance. There has never been such a global effort to show that MNEs are in compliance to ensure that profits are tied to the creation of value. The world's MNEs, with the help of new strategies, operational changes and technologies, are stepping up to the challenge.

## Respondent Breakout



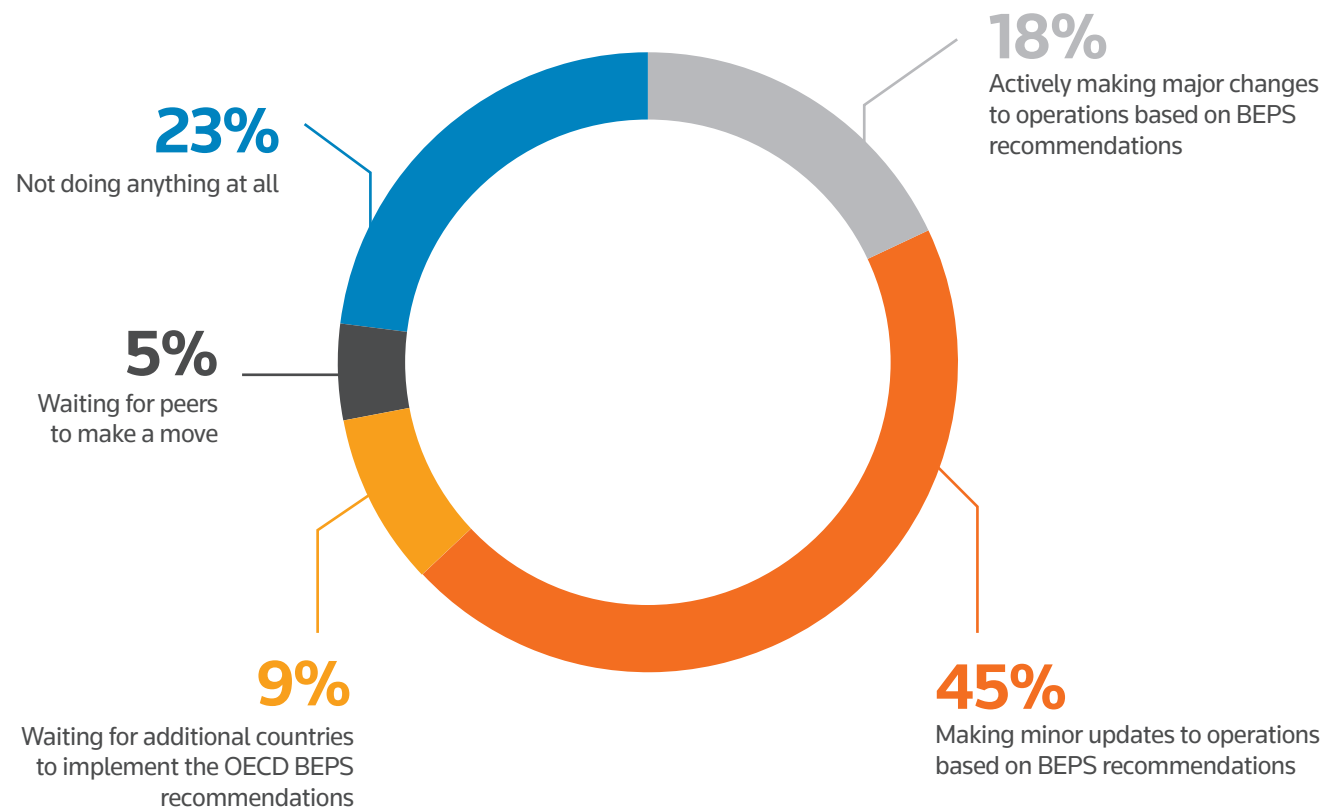
## COUNTRY





## BEPS Implementation

What best describes your approach in responding to BEPS developments?



## BEPS Implementation

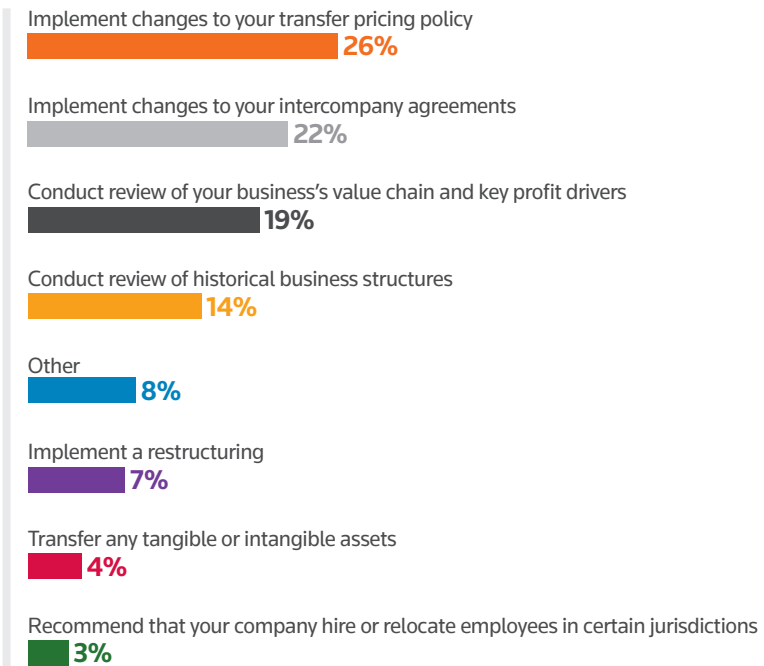
At an operational level, 63% of respondents said they are actively making updates to their operations based on BEPS recommendations. This dropped only slightly from last year, when 66% said they were proactively preparing for BEPS implementation.

Regarding executive-level involvement in BEPS, 34% of respondents said that their company's CFO is involved, along with the tax department. While the level of CFO involvement appears to be lower than indicated in last year's survey, several other areas, such as Legal, IT and HR, were added to this year's survey, revealing the breadth of impact BEPS is having across enterprises.

Approximately 14% of respondents are either waiting for additional countries to implement BEPS recommendations or waiting for peers to make a move. 23% responded that they were not doing anything at all. Based on type of business identified, 37% of respondents (MNEs with revenue of less than 750M Euro and non-multinational enterprises) may not be subject to CbC reporting requirements, which could account for the 23% not doing anything at this time.

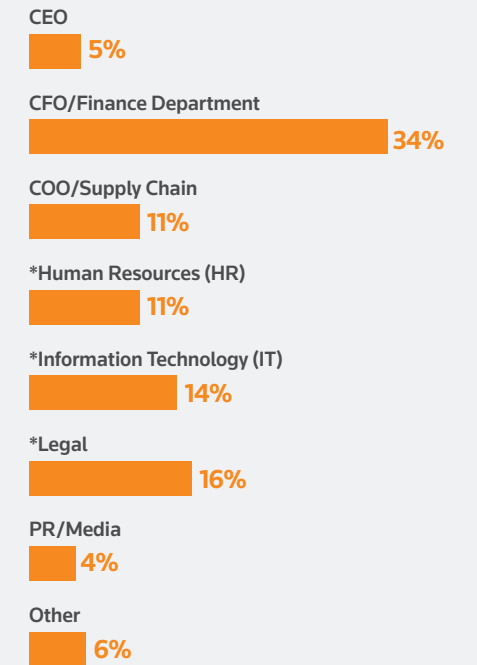
### What changes, prompted by BEPS implementation, have been made, or will likely be made, to your company's business operations?

(Respondents were able to make multiple selections)



About half of respondents have already made or will make changes to their transfer pricing policy and ICAs as a result of BEPS.

Outside of your department, what areas have been or are currently impacted by your company's BEPS compliance efforts?



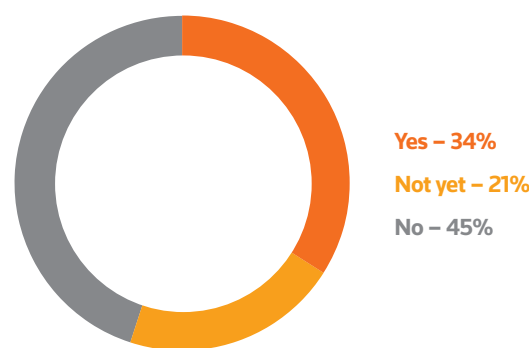
\*Answer option added in 2017 survey

## BEPS Implementation

BEPS compliance has placed a greater burden on tax departments. Approximately 64% of respondents said that they have either dedicated more time to BEPS compliance or increased engagement with advisors/consultants as a result.

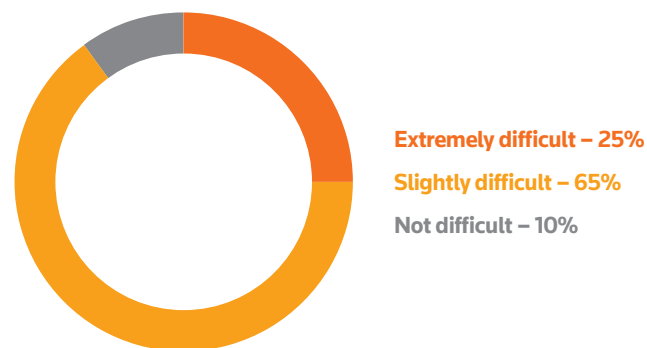
To manage this added work, about one-third of respondents said their company has provided more resources to help their tax department comply with BEPS implementation/developments, up from 19% last year. Still, 66% have not received additional resources, suggesting that many companies are either outsourcing more or striving to do more work with the same amount of staff and budget.

Has your company provided more resources to help your tax department comply with BEPS implementation/developments?



As various countries enact domestic tax legislation and sign on to multilateral agreements to standardize documentation and ensure transparency across tax jurisdictions, companies are finding it difficult to keep up. 90% of respondents noted at least some level of difficulty staying current with the BEPS-related changes that impact them.

Please rate the level of difficulty required to keep up with new BEPS developments and requirements in countries where you operate.



What changes has the BEPS project meant for your department?



\*Answer option added in 2017 survey

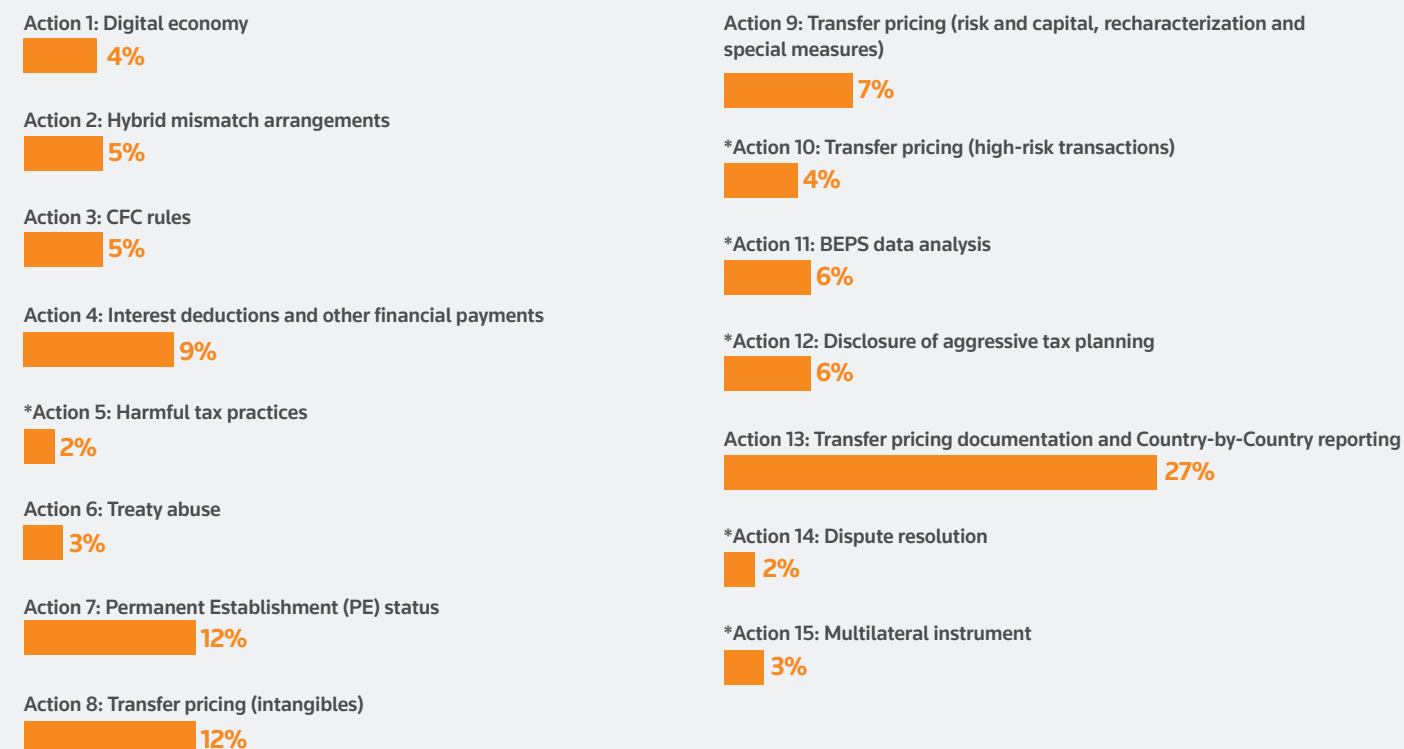
## Top BEPS Concerns

In this year's survey, we asked participants which of the 15 BEPS Action Items were causing them most concern. This was the first year all action items were included as possible responses. While Action 13 (transfer pricing documentation and CbC reporting) still causes concern among approximately one third of respondents, this is a significant drop from last year, when 83% were most concerned about Action 13.

With filings already underway in some jurisdictions, it is concerning that one-third of companies do not yet have a solid grasp on their Action 13 obligations.

Which BEPS action item(s) are most relevant or concerning for your business?

(Respondents were able to make multiple selections)



\*Answer option added in 2017 survey



Most respondents said they were at least slightly confident in their company's ability to respond to CbC reporting requirements, deadlines and Master File and Local File obligations.

**Is your company confident in responding to Country-by-Country reporting requirements and deadlines, as well as Master File and Local Filings?**



Extremely confident – 27%  
 Slightly confident – 58%  
 Not confident – 11%  
 Not applicable – 4%

**Open-Ended Responses**

Please explain why you are not confident:

“Currently performing BEPS Action 13 study.”

“Have to rely on outside advisors.”

“Limited resources and unclear expectations and environments.”

“Unprepared and limited time/resources.”



**Technological Support**

The post-BEPS era has introduced heightened demands on taxpayers, resulting in transfer pricing documentation that seems far more complex to produce. Fortunately, compliance is easier with the effective use of technology.

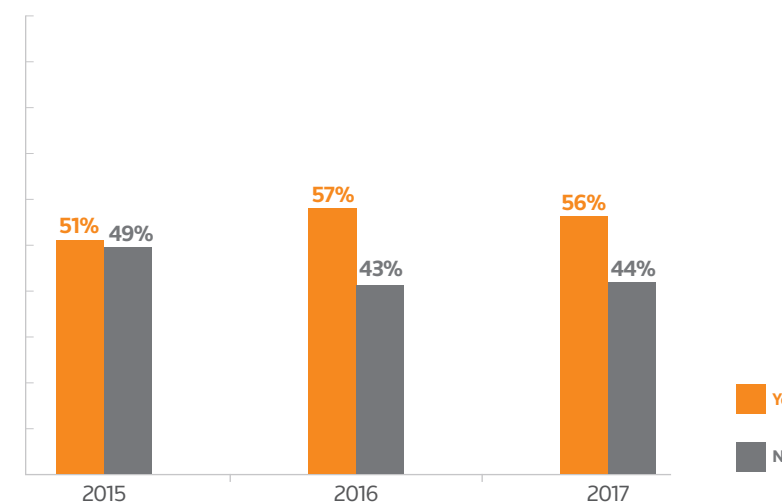
Using technology, CbC, Master File and Local File reports can deliver a more consistent and detailed transfer pricing story for tax authorities. Most respondents to our survey are at least slightly confident in the ability of currently available software to streamline their reporting.



Extremely confident – 19%  
 Slightly confident – 63%  
 Not confident – 18%

Interestingly, however, the percentage of respondents who report having a central database of ICAs and tax rulings has remained essentially flat since 2015. Centralizing transfer pricing data is important, as it enables tax departments to become centers of knowledge that benefit the whole organization. It also helps senior management monitor shifts in transfer pricing and make strategic decisions accordingly.

**Do you have a central database of important intercompany agreements and tax rulings to comply with BEPS Action 13 transfer pricing documentation requirements?**



## Considerations For MNEs

To ensure compliance with BEPS requirements as they evolve, tax teams should keep the following in mind:

- Many countries have already implemented CbC reporting legislation. As part of that legislation, MNEs may have to file notifications in advance in some (or all) jurisdictions where the MNE is present that tell each respective tax authority how, when and from whom they can expect to receive the CbC report. Requirements surrounding these notifications vary widely by jurisdiction. From specifications regarding where to find the form, to who signs it to how it's sent or uploaded, these requirements will need to be met every year, in every jurisdiction in which an MNE exists. Have you established best practices for converting your Action 13 obligations to the appropriate electronic format(s) and physical filing?
- As a result of BEPS implementation, 19% of our survey respondents said that they are conducting a review of their business's value chain and key profit drivers. This indicates, perhaps, a review to ensure consistency within the Master File to other tiers of documentation, which is important. There are likely a fair number of questions around the Master File since most MNEs are preparing it for the first time. Do your tax teams have the necessary resources for and access to answers on Master File requirements?
- Survey results indicate MNEs are turning their attention to Action Items 7 and 8 (which got the next-highest response in our survey after Action 13). Are you ready to take action on other BEPS Actions?
- ICAs will face increased scrutiny and must be congruent with an MNE's transfer pricing policy — or tax authorities will rewrite them. Establishing central management and control of your ICAs is essential to ensuring that defined terms are clear and consistent across your enterprise, contracts reflect the appropriate allocation of risk and warranty language, and standard terms are included. How are your tax teams and legal teams working together to initiate and manage ICAs so that they support your transfer pricing story?

At Thomson Reuters, we have experience helping international tax professionals build the business case for using comprehensive tax technology to simplify BEPS compliance.

For information, visit [tax.tr.com/beps](http://tax.tr.com/beps)

## BEPS Solutions

Bring your BEPS obligations into focus

BEPS requirements bring unprecedented transparency to your organization's tax documentation and reporting practices. Solutions from Thomson Reuters enable your global business to thrive in the spotlight. Checkpoint® BEPS Global Currents, ONESOURCE® BEPS Action Manager and ONESOURCE Intercompany Agreements give you trusted answers, analysis and documentation tools to inform your global tax strategy, execute on your BEPS obligations and deliver scrutiny-proof reporting that tax authorities expect.

### Thomson Reuters Checkpoint BEPS Global Currents

With a customizable dashboard of the latest BEPS developments for 50 jurisdictions, you can respond proactively to new developments, make strategic plans to minimize impact and ensure you are in compliance with new laws and standards as they are passed.

Learn more at [tax.tr.com/beps-global-currents](http://tax.tr.com/beps-global-currents)

### Thomson Reuters ONESOURCE BEPS Action Manager

With up-to-date research, valuable risk assessments and intuitive analytics, multinational tax departments can remain current amidst an ever-evolving legislative landscape — and stay ahead of inquiries from various tax administrations.

Learn more at [tax.tr.com/beps-action-manager](http://tax.tr.com/beps-action-manager)

### Thomson Reuters ONESOURCE Intercompany Agreements

Just released in August 2017, this new software from Thomson Reuters helps you automate drafting, execution and management of intercompany agreements. Intelligent technologies flag your transactions that may require a contract, a searchable centralized repository improves contract management and retrieval, and e-signatures accelerate completion.

Learn more at [tax.tr.com/ONESOURCE/intercompany-agreements](http://tax.tr.com/ONESOURCE/intercompany-agreements)

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