



# Tax Function Operations Survey



“The regulatory landscape is rapidly evolving, with new challenges such as Pillar Two, increased number of tax audits and impact of technology and AI. Tax functions are seeking ways to adapt swiftly, leveraging technological advancements to enhance efficiency and compliance, effectively doing more with less. Staying ahead of these changes is crucial for organisations to thrive in this complex environment.”

**Dieter Wirth**, Managing Partner, Leader Tax,  
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# Introduction

In an era marked by digital transformation and evolving regulatory landscapes, the role of the tax function is undergoing a significant transformation. At PwC, we recognise the critical need for businesses to adapt their tax strategies in order to navigate these complexities effectively. This need has driven us to conduct the Tax Function Operations Survey, aimed at understanding the current state and future direction of tax functions.

The increasing emphasis on sustainability reporting requirements is reshaping the tax landscape. As organisations strive to align their tax strategies with broader sustainability goals, tax functions must adapt to new developments such as the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy Minimum Safeguards requirements on Taxation.

In addition, EU Public Country-by-Country Reporting (CbCR) and Pillar Two will undoubtedly require organisations to reassess their tax governance strategy.

As tax governance continues to evolve, it now encompasses a broader reassessment of tax strategy, operations, risk management and transparency. This shift is driven by the need to align tax functions with sustainability goals and comply with new reporting requirements. For more insights on building a solid tax governance framework that supports both compliance and strategic objectives, [PwC's article on having a tax governance framework](#) offers valuable guidance.

With this in mind, the primary objective of this survey is to gain a comprehensive understanding of the progress made in the evolution of tax functions. By examining various aspects, such as the size of tax functions, time allocation to tax activities, levels of outsourcing and readiness for compliance with new regulations, we aim to provide valuable insights that can help organisations enhance their tax operations.

Our recent article [Reframing tax: building the tax function of the future](#) highlighted several megatrends that are reshaping the tax landscape. These include the increasing importance of global tax compliance, the need for forward-thinking decision-making, and the transformative impact of technology and AI on tax processes. The findings from our survey align closely with these themes, providing a detailed snapshot of how tax functions are currently positioned and where they need to focus their efforts moving forward.

We hope that the insights gained from the Tax Function Operations Survey provide a valuable benchmark, offering a clear picture of current practices and future priorities. As we continue to navigate the complexities of the global tax landscape, it's imperative that organisations adopt proactive and innovative approaches to their tax strategies. At PwC, we're committed to supporting our clients on this journey, helping them build resilient and future-ready tax functions.

## Dieter Wirth

Managing Partner, Leader Tax, Legal & HR Services  
PwC Switzerland



## Design of the survey

# Tax Function Operations Survey



### Introduction

In order to gain a comprehensive understanding of the progress made in tax function evolution among global and regional headquartered Swiss groups, we conducted the Tax Function Operations Survey.

This survey took place during the months of June and July 2024 and was conducted using an online questionnaire.

### Key information regarding the participating groups

The participating groups are headquartered in Switzerland or have a significant presence of group tax operations in Switzerland.

41% of the participating groups have up to 5 full-time employees (FTEs) in the tax function, while 31% have between 5 and 15 FTEs. Additionally, 19% of the groups have between 15 and 50 FTEs, and 9% have over 50 FTEs.

It's important to note that FTEs refer to full-time employees who are either based in Switzerland or abroad and report directly or indirectly to the group tax function.

We categorise the tax functions based on their size. Throughout the survey, tax functions are divided according to their size of up to 5 FTEs, those with 5 to 15 FTEs, the tax functions ranging between 15 and 50 FTEs and finally those with over 50 FTEs.

### Note

Not all the results add up to 100%, as the percentages were rounded and the blank responses were excluded from the survey's results.



### Distribution of Participating Groups by the number of FTEs

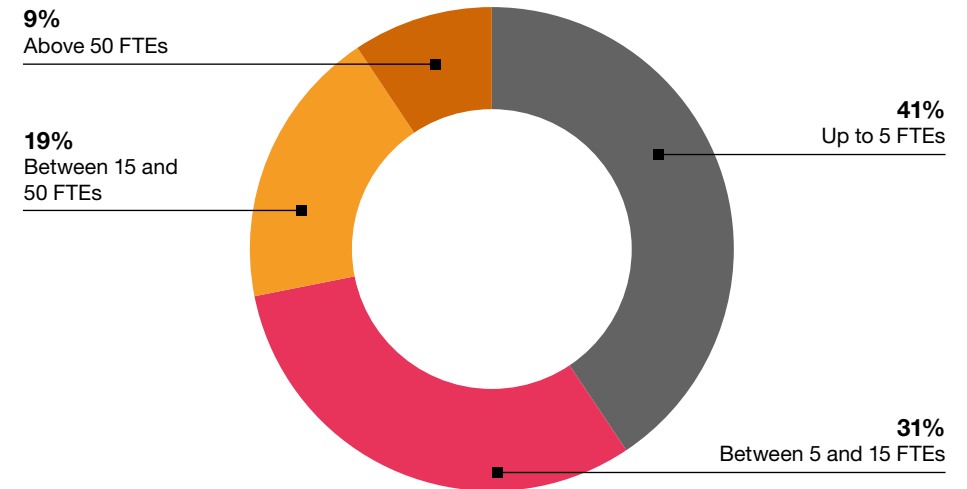


Figure 1: Participating groups

# Tax function operations

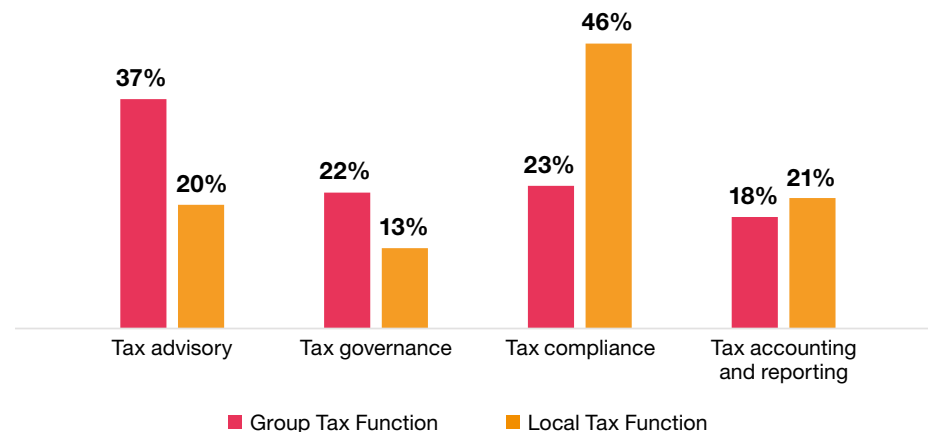
Group tax functions focus on advisory and governance, while local tax functions prioritise production activities, particularly tax compliance





In the survey, we asked how much time the participating groups allocate to the following tax-related activities: tax advisory, tax governance, tax compliance, tax accounting and reporting. The responses were categorised into two areas: group tax function and local tax function.

**What percentage of time does your tax function dedicate to each of the following areas?**



**Tax advisory:** This includes providing tax advice and guidance on business transactions, operations and projects, as well as monitoring legislative changes and engaging in lobbying efforts.

**Tax governance:** This encompasses activities associated with the development, implementation and oversight of the organisation's tax strategy, policies and controls. It also involves managing tax risks, audits and disputes.

**Tax compliance:** This area covers obligations such as the preparation, filing and remittance of tax returns and reports across various taxes and jurisdictions.

**Tax accounting and reporting:** This pertains to the processes involved in recognising, measuring and reporting tax assets and liabilities within the financial statements.

Figure 2: Time spent by group and local tax functions

As anticipated, the group tax functions typically dedicate more time to tax advisory and tax governance activities. On the other hand, the local tax functions tend to allocate more time to tax production activities (tax compliance, tax accounting and reporting) in this respect, especially tax compliance.

We anticipate a growth in demand for enhanced capabilities, particularly in tax governance, as the number of tax audits continues to rise. Additionally, there'll be a need for improved tax compliance as well as tax accounting and reporting activities due to the increased obligations associated mainly with Pillar 2. As a result, organisations must proactively seek solutions to meet this demand while also advancing their tax advisory services in new areas such as sustainability.

## Group tax function

Within the group tax function, 37% of their time is dedicated to tax advisory activities. Additionally, 23% of their time is spent on tax compliance activities and 22% is allocated to tax governance activities.

Among the participating groups, those with up to five FTEs in their tax functions have the highest involvement in tax compliance activities, accompanied by the highest rate of outsourcing. This implies that, irrespective of the extent of outsourcing, these groups are significantly engaged in fulfilling tax compliance responsibilities.

What's more, tax accounting and reporting activities represent a significant portion for groups ranging from 15 to 50 FTEs. Given the size of these group tax functions, this can be attributed to the advanced analytics involved in assessing, among other things, the key drivers of the effective and cash tax rates.

## Local tax function

The local tax function primarily focuses on tax compliance activities, which account for 46% of their time allocation. This aligns with the main responsibility of this function. Additionally, 21% of their time is dedicated to tax accounting and reporting activities, which is comparable to the level observed in the group tax functions.

Interestingly, 20% of their time is spent on tax advisory activities. This result is primarily driven by substantial operations in one or more of the countries outside of Switzerland and is particularly noticeable in tax functions with 5 to 15 FTEs. Lastly, 13% of their time is allocated to tax governance activities.





More than half of the participating groups have acknowledged that they are understaffed

## Resources

A significant finding from the survey reveals that most of the participating groups have acknowledged being understaffed.

This issue is particularly prevalent among tax functions, which typically consist of up to five FTEs. The understaffing issue can have a direct impact on the efficiency and effectiveness of these tax functions, potentially leading to increased workloads and decreased productivity.

Half of the participating groups stating that they're currently understaffed don't have plans to hire additional staff. This situation presents the need for the organisation to explore alternative strategies to address the workload and ensure the smooth functioning of the tax function. Strategies that might be considered include, among others, the simplification and automation of processes or outsourcing.

### How would you rate your tax function's resourcing gaps, bearing in mind current and future tax obligations?

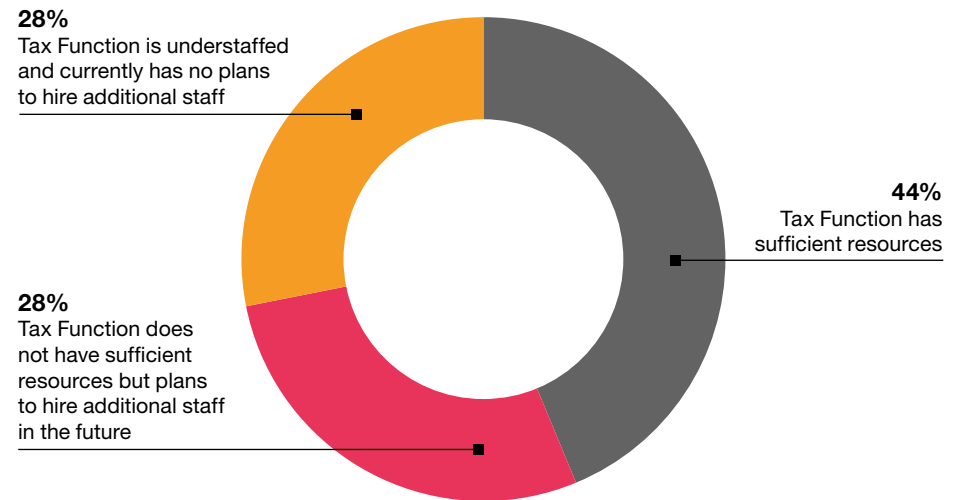


Figure 3: Resources

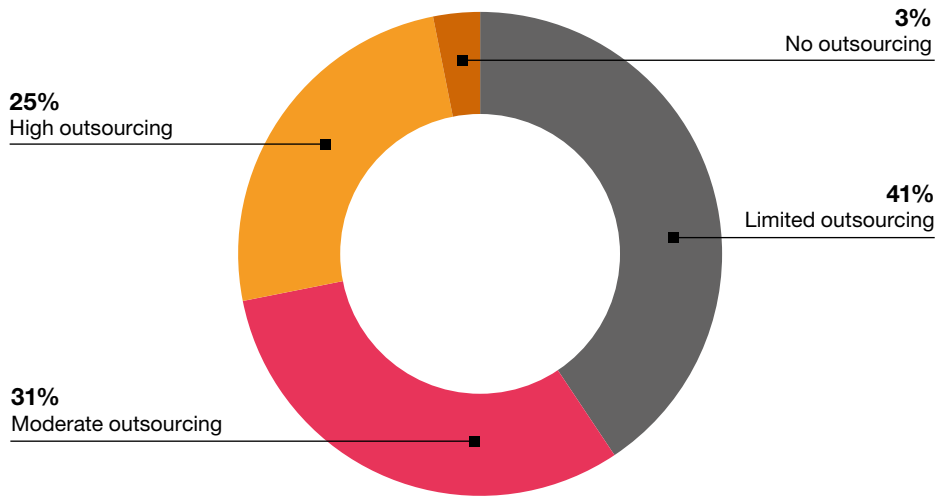


## Utilising outsourcing

The majority of companies surveyed have adopted some level of outsourcing of their tax activities in their tax functions.

Notably, despite the higher degree of outsourcing observed in tax functions with up to 15 FTEs, these groups are still heavily involved in tax compliance activities. This suggests that while they rely on external expertise and support, they're actively engaged in ensuring compliance with tax regulations. This dual approach allows smaller tax functions to benefit from specialised assistance while maintaining control and oversight of their tax compliance responsibilities.

### Level of Outsourcing



Limited outsourcing – up to 30% outsourcing

Moderate outsourcing – between 31% and 75% outsourcing

High outsourcing – above 75% outsourcing

No outsourcing

Figure 4: Level of outsourcing

Higher outsourcing levels found in tax functions with less than 15 FTEs

## Major future influences

Nearly one-third of participating groups have identified addressing new tax compliance obligations as their top priority and area of impact in the next three years. This highlights their commitment to staying updated and compliant with evolving regulations in the future.

What's more, 22% of participating groups expect that meeting their organisational goals and objectives will highly impact their tax function in the next three years. Additionally, 13% of participating groups expect to be focused on the global expansion of their business, indicating a proactive mindset towards exploring new markets and opportunities.

Limited time capabilities were particularly highlighted by the participating groups with tax functions with up to five FTEs.

Other participating groups highlighted various internal factors relating to the tax function that will have the highest impact on the organisation, including cost pressure and budget constraints, skill shortages, limited time capabilities and staff turnover levels.

### Which of these factors will have the highest impact on your organisation in the next three years?

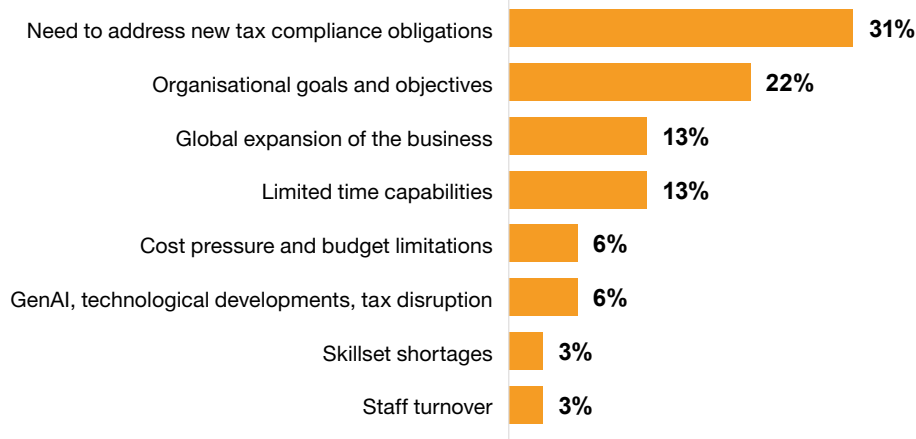


Figure 5: Key future influences

Addressing new tax compliance obligations has been identified as the major influence in the next three years among the participating groups

## Top priorities

Pillar 2 remains the top priority for more than half of the participating groups.

One trend worth highlighting is the increasing priority placed on public tax disclosures, particularly among tax groups with up to five FTEs. This is largely driven by the fact that larger tax functions are already participating in the public disclosure of tax data due to sustainability requirements (such as GRI:207) and industry trends.

Preparation for tax controversies and audits continues to be another top priority for the participating groups. It's anticipated that the number of tax audits and the tools employed by tax authorities will only increase in the future.

Although environmental taxes and tax incentives aren't considered top priorities due to other more pressing regulatory measures such as Pillar 2, tax-related sustainability matters are increasingly becoming important aspects of the company's risk profile due to the amount of new regulations. This shift also presents a significant opportunity for businesses to proactively address sustainability in their tax strategies, potentially gaining a competitive edge and enhancing their reputation among stakeholders.

### Which of these topics is the top priority for your organisation?

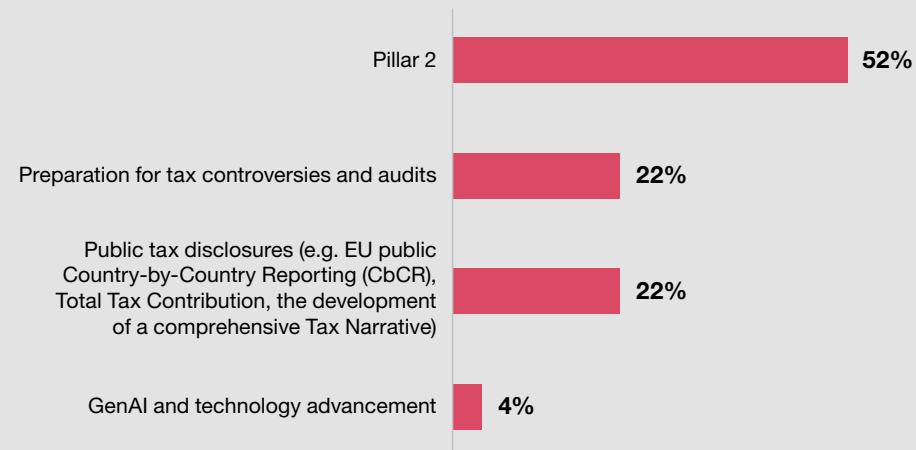


Figure 6: Top priorities

## Level of preparation

At the same time, we also asked the participating groups how well prepared they are for these priority topics. Here, we obtained particularly interesting results regarding the preparation for Pillar 2 and advancements in GenAI and technology.

All the participating groups rated their level of preparation for Pillar 2 as at least satisfactory. This indicates relatively stronger readiness and confidence among the groups in addressing the issues and tasks associated with Pillar 2 than for other topics.

In contrast to the readiness for Pillar 2, more than 60% of the participating groups aren't yet ready for advancements in GenAI and technology.

### What's the current level of preparation for the following topics?

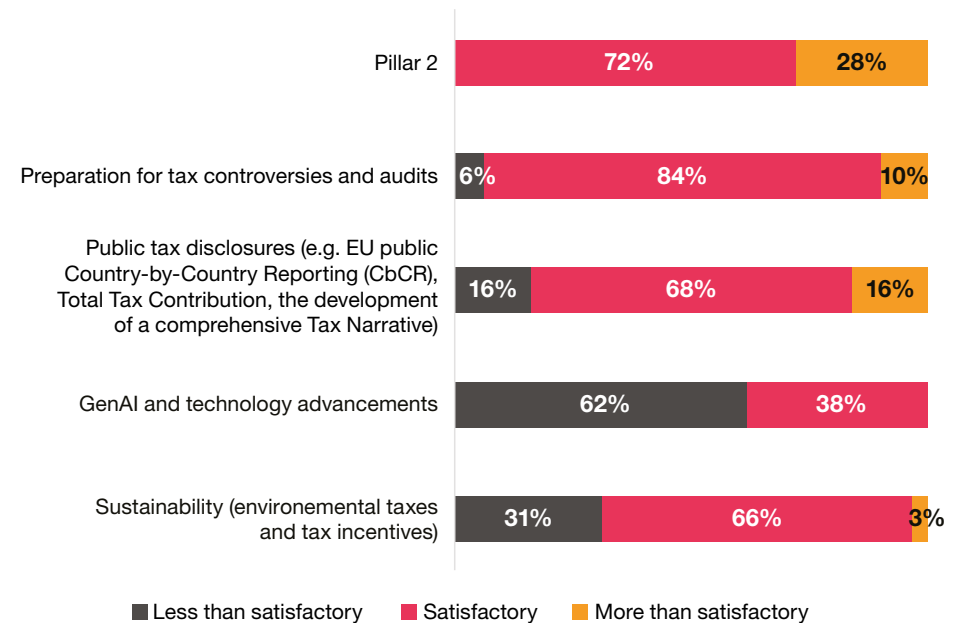


Figure 7: Level of preparation

## Deep dive into Pillar 2 topics

While none of the participating groups reported their Pillar 2 readiness as less than satisfactory, a notable number of respondents identified specific areas within Pillar 2 that could benefit from further enhancement.

A significant majority, 91% of the participating groups, rated their level of preparation for assessing the additional data requirements as at least satisfactory. This indicates a positive level of readiness and commitment towards meeting the evolving demands in this area.

However, it's important to acknowledge that there's room for improvement in evaluating the necessary technology capabilities. Over one-third of the participating groups have rated this aspect as less than satisfactory. This presents an opportunity for these groups to focus on enhancing their technological infrastructure and capabilities to better support their operations and ensure a seamless transition to the new requirements.

Another area that presents an opportunity for improvement is the establishment of robust processes and controls, as approximately 31% of the participating groups have rated their level of preparation in this regard as less than satisfactory.



### How would you rate your current level of preparation for the following topics related to Pillar 2?

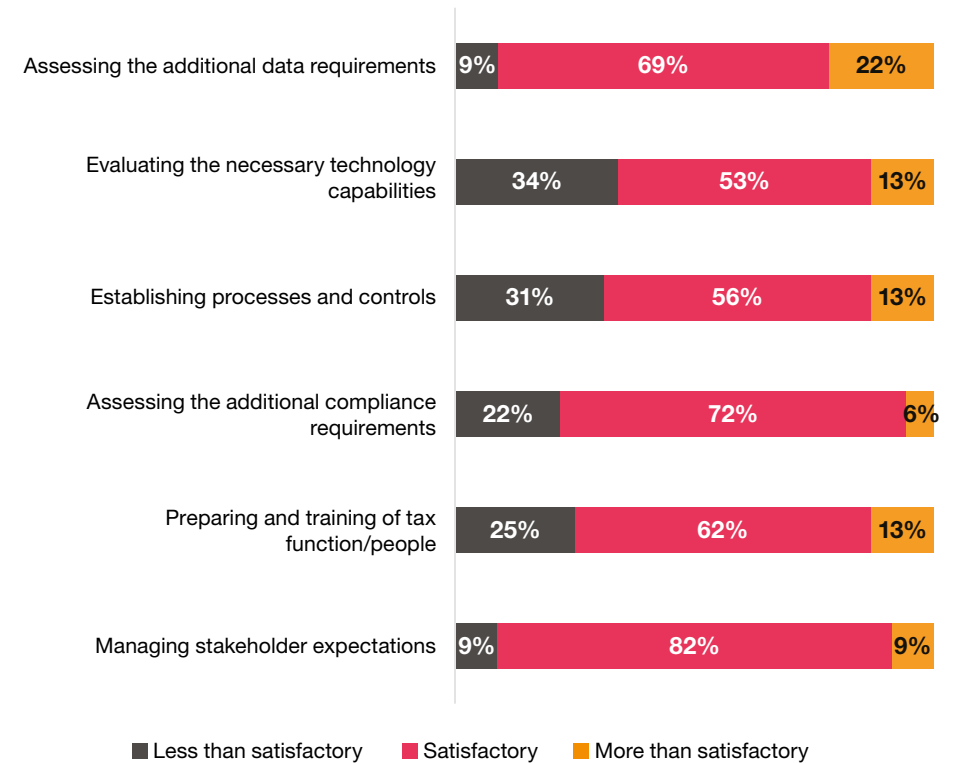


Figure 8: Pillar 2

## Technology integration

The current level of technology integration within tax functions presents some challenges that need to be addressed. While tax functions generally recognise the potential benefits that tax technology can bring, they often lack the necessary resources to fully harness these opportunities.

It's worth noting that approximately 38% of tax functions strongly disagree and 28% rather disagree with the statement that they have dedicated resources to support tax technology initiatives. This indicates a significant gap between the recognition of the benefits and the availability of resources to implement and utilise tax technology effectively.

Additionally, the current infrastructure supporting new technology within tax functions is rated at a moderate level. This suggests that there's room for improvement in terms of

the technological capabilities and systems in place to support tax-related processes and operations.

It's essential to emphasise that when considering technology improvements within tax functions, it's crucial to take a holistic approach that encompasses the entire end-to-end process. This encompasses all steps from input data to output data. The tax function must identify its involvement in various processes and collaborate with other participating groups to explore potential technology advancements.

Before implementing technology solutions, it's essential to lay the foundation by creating a comprehensive tax strategy with a clear and actionable roadmap. This roadmap will serve as a guide for implementing key priorities and ensuring successful execution.

### How strongly do you agree or disagree with the following statements regarding your tax function's readiness for tax technology integration?

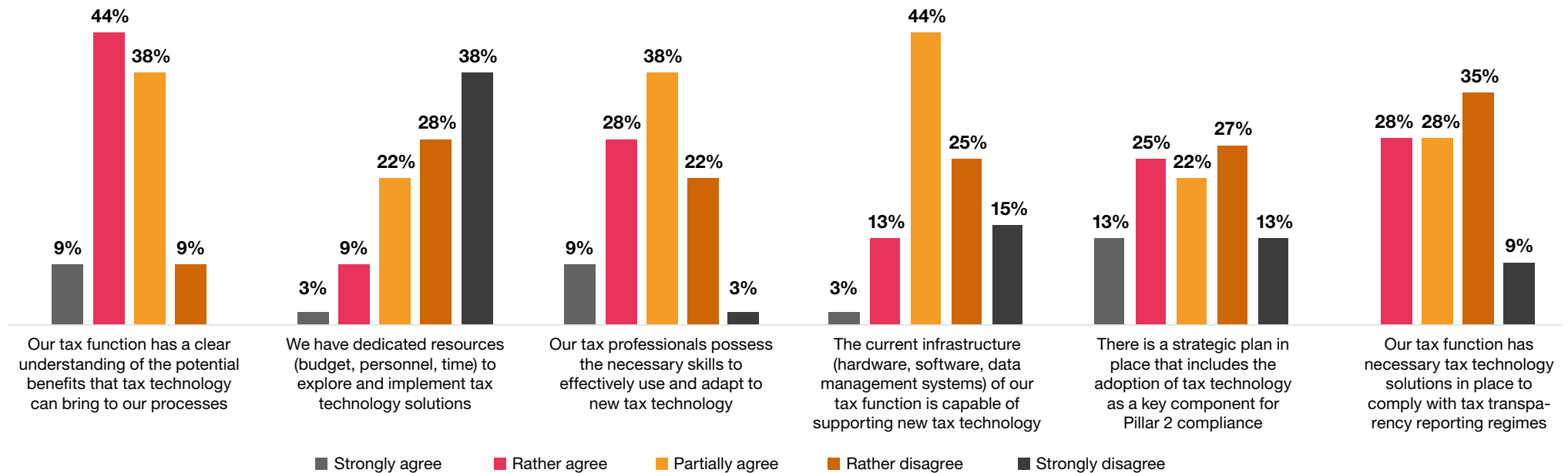


Figure 9: Technology

91% of participating groups acknowledge the advantages of technology integration in the tax function, only 34% indicate having dedicated resources for this purposes

## Automation

The automation of direct taxes compliance activities was rated as being at the most optimal level compared to compliance with other types of tax returns. 45% of the participating groups rated the automation of indirect taxes as well as transfer pricing as below optimal.

Interestingly, more than half of the participating groups rated the compliance of other tax returns as below optimal. This is likely due to the ad-hoc nature and relatively low financial impact of those tax returns.

The group tax reporting was slightly better rated in terms of automation compared to statutory tax reporting.

### How would you rate the potential for automation in the following areas?

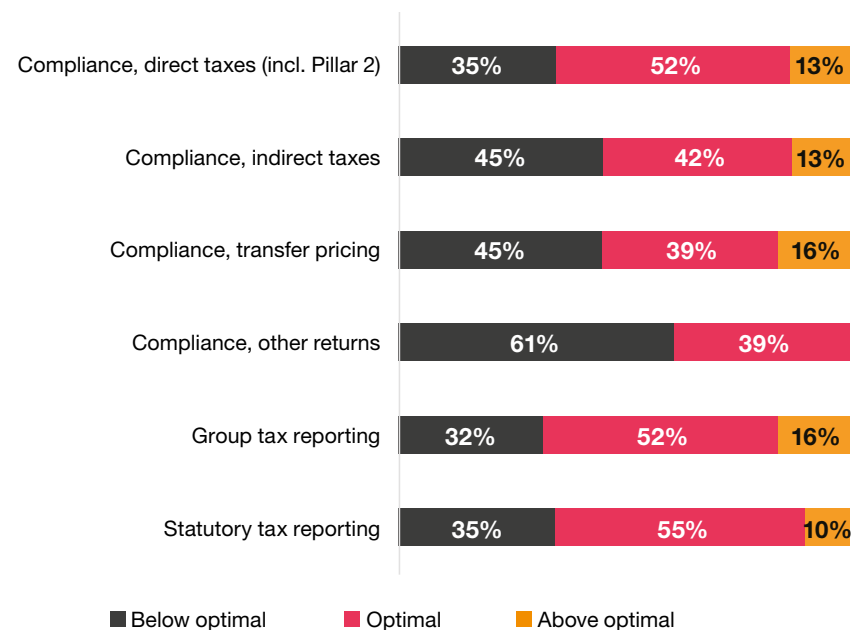


Figure 10: Potential for automation

## Public tax transparency

Another topic we surveyed among the participating groups was the effects of different public tax transparency disclosures, with a specific focus on qualitative and quantitative data disclosures mainly driven by legislative developments and sustainability initiatives.

Overall, it was found that the disclosure of qualitative data such as tax strategy, tax risk and control framework has a more substantial impact. Additionally, we noticed that companies are actively preparing for the mandatory EU Public Country-by-Country Reporting disclosures. In fact, 44% of the assessed tax functions believe that EU Public CbCR will have a high impact, and for 9% it will have the highest impact.

Over 50% of the participating groups anticipate a moderate to highest impact of Total Tax Contribution, even though there's no legal obligation to disclose this information. This highlights the proactive approach and commitment of these organisations towards transparency and accountability.

**How much of an impact do you believe the following new or emerging tax transparency reporting requirements will have on your tax function?**

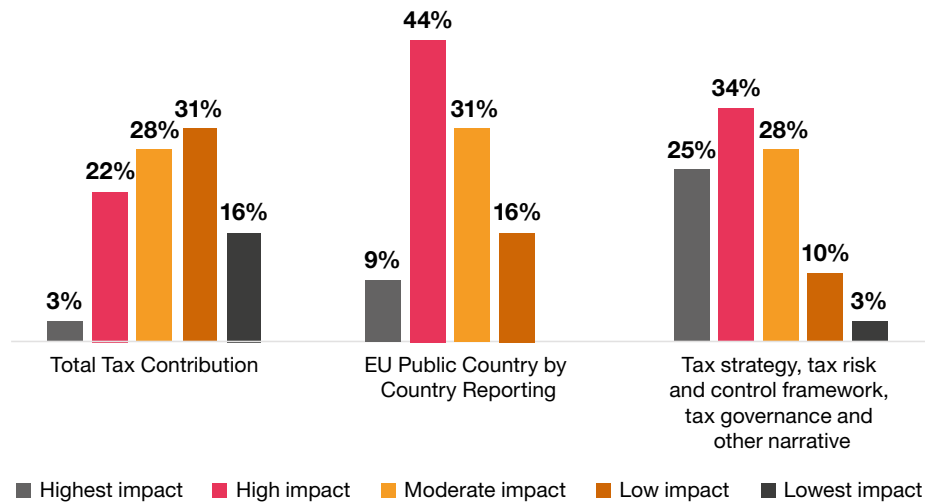


Figure 11: Public tax transparency

**The disclosure of qualitative data such as tax strategy, tax risk and control framework has a more substantial impact**

## Sustainability tax-related topics

There's a growing need for increased awareness and understanding of sustainability tax-related topics by investors, regulators, internal stakeholders and the public in general. Yet, the current level of general awareness by tax functions in this area remains relatively low.

One contributing factor to this low awareness is the limited capabilities of tax functions in addressing sustainability tax matters. As a result, they may not possess the necessary expertise or resources to effectively navigate the complex landscape of sustainability and tax.

Additionally, sustainability topics are typically handled by internal sustainability teams, which often operate separately from tax functions. This segregation can lead to a lack of involvement and collaboration between tax functions and internal stakeholders

in discussions related to sustainability. As a result, tax functions may not have the opportunity to contribute their insights and expertise to the broader sustainability agenda within the organisation. This, in return, might create unnecessary risk to the organisation by potentially overlooking tax implications and compliance issues related to sustainability initiatives and supply chain transformation.

On a positive note, there's evidence of the adaptability of the tax functions when it comes to potential changes regarding sustainability and tax. A significant portion, approximately 38%, demonstrates a high or the highest level of awareness in this regard. In addition, 41% of tax functions exhibit a high or the highest level of awareness for the need to align their internal tax policies and strategies with overall sustainability goals.

### How would you rate your tax function's general awareness of the following sustainability-related tax issues?

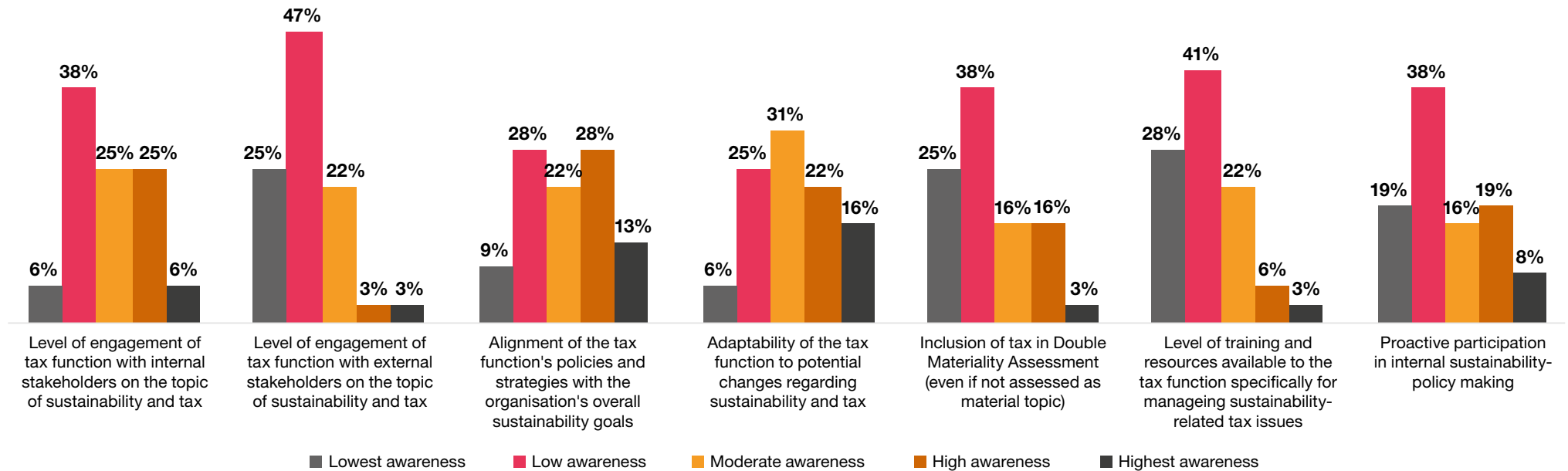






Figure 12: Level of awareness of sustainability tax-related issues



# Key Findings

The Tax Function Operations Survey, conducted by PwC, provides a comprehensive overview of the current state and future direction of tax functions. The survey highlights the significant transformation that tax functions are undergoing due to digital transformation, evolving regulatory landscapes and the increasing emphasis on sustainability reporting requirements.






## Key findings include:

-  **Time allocation and outsourcing:** Tax functions, particularly smaller ones, are heavily involved in tax compliance activities despite higher levels of outsourcing. Group tax functions dedicate more time to tax advisory and governance, while local tax functions focus on tax compliance and accounting. A lack of resources as well as the inability to hire more staff forces tax functions to find alternative strategies.
-  **Pillar 2 readiness:** All participating groups have rated their level of preparation for Pillar 2 as at least satisfactory. However, there's room for improvement in evaluating necessary technology capabilities and establishing robust processes and controls.
-  **Technology integration:** There's a significant gap between the recognition of the benefits of tax technology/AI and the availability of resources to implement and utilise these technologies effectively. Many tax functions lack dedicated resources and infrastructure to support new tax technology and AI advancements.
-  **Sustainability and tax:** Awareness and understanding of sustainability tax-related issues remain relatively low. Tax functions aren't heavily involved with the setting of policies and strategies regarding sustainability within the organisation, resulting in the creation of unnecessary risks.

# Action points

The survey highlights the need for businesses to adapt their tax strategies to align with new developments and to effectively address the increasing emphasis on sustainability. By addressing these areas proactively, organisations can enhance their tax operations, ensure compliance and support broader strategic objectives. It's important to note that there's no optimal level or one-size-fits-all approach to the tax function. Each company's perspective is different and will be driven by several factors, including its needs and regulatory environment. Therefore, tailored strategies that consider these unique factors are essential for achieving effective tax governance.

## Actions to take now:

-  **Enhance tax compliance and advisory balance:** Smaller tax functions might explore further outsourcing or automation to reduce the burden of compliance activities and focus more on advisory and governance.
-  **Improve Pillar 2 readiness:** Invest in technology capabilities and establish robust processes and controls to meet Pillar 2 requirements effectively.
-  **Invest in tax technology:** Allocate dedicated resources to support tax technology initiatives. Develop a comprehensive tax technology strategy with a clear and actionable roadmap for technology and AI integration.
-  **Increase awareness of sustainability tax issues:** Foster collaboration between tax functions and internal sustainability teams. Provide training and resources to enhance the understanding of sustainability tax-related topics.
-  **Prepare for public tax transparency requirements:** Develop and implement strategies for qualitative and quantitative data disclosures. Ensure readiness for EU Public CbCR and other emerging tax transparency requirements.

# We're here to help you

At PwC, we're committed to supporting our clients in building resilient and future-ready tax functions. **We're happy to organise tailored workshops to discuss any of the topics in more detail**, including efficient fit-for-purpose tax operations, Pillar 2 readiness, technology and AI integration, and sustainability in tax with our specialist teams. These workshops will provide valuable insights and practical solutions to help you navigate the evolving tax landscape.

Additionally, to help you define how the time of your FTEs is currently allocated and identify activities that may be performed in a more efficient and simplified manner, at PwC Switzerland we have developed a **Tax Service Catalogue** of more than 200 activities typically performed by a tax function. The activities are divided into four categories: tax governance, tax advisory, tax compliance, and tax accounting and reporting. We're happy to demo our approach and tailor it to your needs.

Contact us to start a conversation about how we can support your tax function to confidently tackle the upcoming challenges ahead.



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**Thank you!**

We wish to thank all those who took part in the survey for their valuable contributions to this publication!

