



SFB/Transregio 266

ACCOUNTING FOR
TRANSPARENCY

November 2023

2022 Global MNC

Tax Complexity Survey

Executive Summary

Harst | Schanz | Siegel | Sureth-Sloane

*This report presents the first descriptive results of
the 2022 Global MNC Tax Complexity Survey.*

CONTENTS

Foreword	2
Key Findings	3
About the Survey	
Background	4
Motivation & Mission	5
Overview	6
Countries Covered	7
Respondent Profile	9
Results	
Role of Tax Complexity	10
Insights into Tax Code Complexity	11
Insights into Tax Framework Complexity	13
OECD Countries in 2020 & 2022	15
Website	18
Publications	19
Acknowledgments	20

FOREWORD

Dear Reader,

We are delighted to present you a summary of our fourth Global MNC Tax Complexity Survey, a comprehensive exploration of intricate tax challenges faced by multinational corporations (MNCs) in 2022.

Within the constantly evolving arena of global taxation, noteworthy transformations have transpired since the inception of our previous survey in 2020. The ratification of the OECD's proposals for Pillar 1 and Pillar 2, both within the European Union and beyond, underscores the imminent prospect of fundamental tax reforms. Concurrently, numerous nations continue to enact and adapt national anti-tax avoidance legislation.

Our summary provides nuanced insights into OECD member countries. Interestingly, a larger proportion of 2022 respondents from these countries note predominantly negative tax complexity impacts, potentially prompting MNCs to shift their business activities.

Responding to the growing influence of digitalization on global taxation, we rigorously evaluated the effects of digital technologies on legislative and administrative processes. Digital tech has significantly transformed tax filing and payment, while its impact on tax appeals remains relatively moderate.

In our commitment to open science, we publish the survey's results via www.taxcomplexity.org. This platform empowers you to engage in cross-country comparisons, generate customized Tax Complexity Index assessments, and track changes in complexity over time.

We hope you find the insights presented in this summary both informative and valuable. Your feedback and comments are greatly appreciated. Our profound gratitude extends to all participants in the Global MNC Tax Complexity Survey, whose invaluable contributions have been instrumental in the realization of this research endeavor.



Prof. Dr. Deborah Schanz
LMU Munich



Prof. Dr. Dr. hc Dr. hc Caren Sureth-Sloane
Paderborn University

KEY FINDINGS

WORLDWIDE 2022



OVERALL TAX COMPLEXITY REMAINS STEADY

For the first time in our survey, tax complexity is reported to be increasing in fewer than half of the participating countries. In about a third of the countries, respondents can neither determine an increase or decrease.



TRANSFER PRICING: MOST COMPLEX TAX REGULATION

Among all tax regulations examined, regulations on transfer pricing are perceived as the most complex regulations of the tax code for MNCs in 65 of 95 countries.

OECD COUNTRIES IN 2020 & 2022



TAX COMPLEXITY INCREASING FACTOR TO SHIFT BUSINESS ACTIVITIES

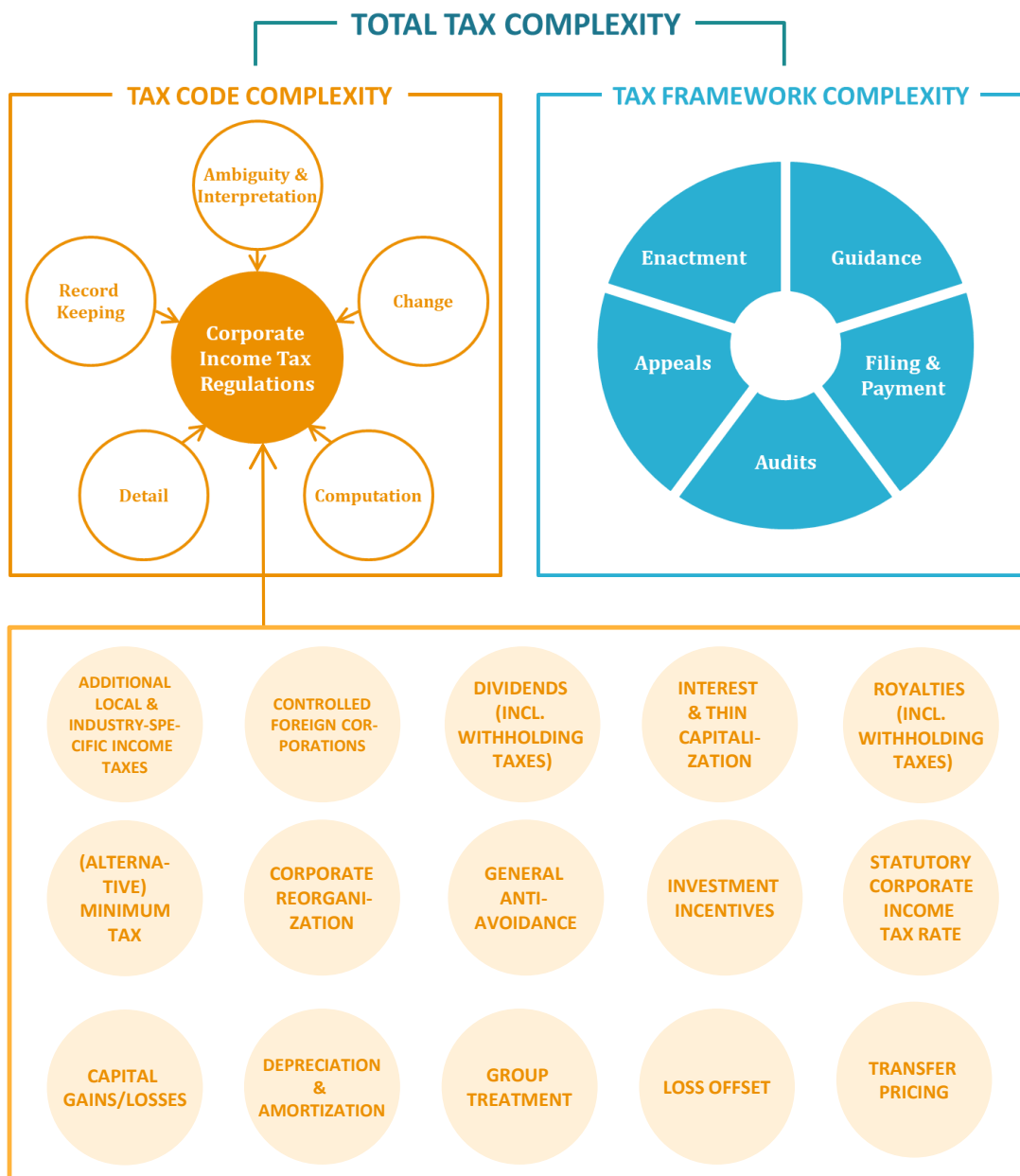
Compared to the previous 2020 Global MNC Tax Complexity Survey, our results indicate that a larger proportion of OECD countries perceive that tax complexity has only negative implications for MNCs and may be a factor for them to shift business activities abroad.

ABOUT THE SURVEY

BACKGROUND

We understand tax complexity to be a feature of the tax system that is characterized by two sub-constructs: On the one hand, tax code complexity describes the difficulty of reading, understanding and complying with tax regulations that are affected by five complexity drivers. Therefore, we identified 15 internationally comparable tax regulations serving as dimensions for tax code complexity.

On the other hand, tax framework complexity describes the complexity that arises from the legislative and administrative processes and features within a tax system and is measured in five dimensions.



ABOUT THE SURVEY

MOTIVATION & MISSION

Our motivation:

In recent years, MNCs have faced increasing levels of tax complexity, making it an important aspect to consider. We suppose this development is shaped by, among other things, multiple trends in global tax systems, each of them with potentially ambivalent effects on tax complexity.

CLOSING LOOPHOLES

In past years, governments have introduced numerous new regulations to close loopholes, e.g., through the implementation of the OECD's BEPS project. Criticism arises that this trend results in an overregulation of corporate tax law and increases complexity. Further, closing loopholes shifts the tax planning of MNCs, which leads to more complex audits and appeals.

GLOBAL TAX COMPETITION

In a world of increasingly fierce tax competition, more and more governments use tax incentives to attract investments. At the same time, countries improve their tax framework with easy-to-comply procedures and early certainty measures. This creates a tension between new, potentially complex regulations, efficient tax administrations and countries' overall economic competitiveness as locational factors for MNCs.

DIGITALIZATION

Digital technologies show a great potential to simplify tax systems and are increasingly used by tax authorities worldwide, e.g., through electronic tax filings. In contrast, digitalized business models, for example, through the lack of a "brick and mortar" permanent establishment, also present significant challenges to policymakers, potentially resulting in complex new regulations.

Our mission:

The Global MNC Tax Complexity Survey aims to...



... assess the levels of tax complexity across countries and regions.



... investigate the drivers of tax complexity.



... analyze the change of tax complexity over time.

ABOUT THE SURVEY

OVERVIEW



AIM

To collect information about the drivers of tax complexity across countries and over time



ASSESSMENT



Perceived tax complexity for MNCs considered tax resident in the respective countries



Corporate income tax system applicable in 2022



METHODOLOGY



Online survey of local tax consultants around the world who work with MNCs



Link to survey shared in 16 international tax services networks and firms



Individual responses aggregated at country level



RESPONDENTS



486 tax consultants

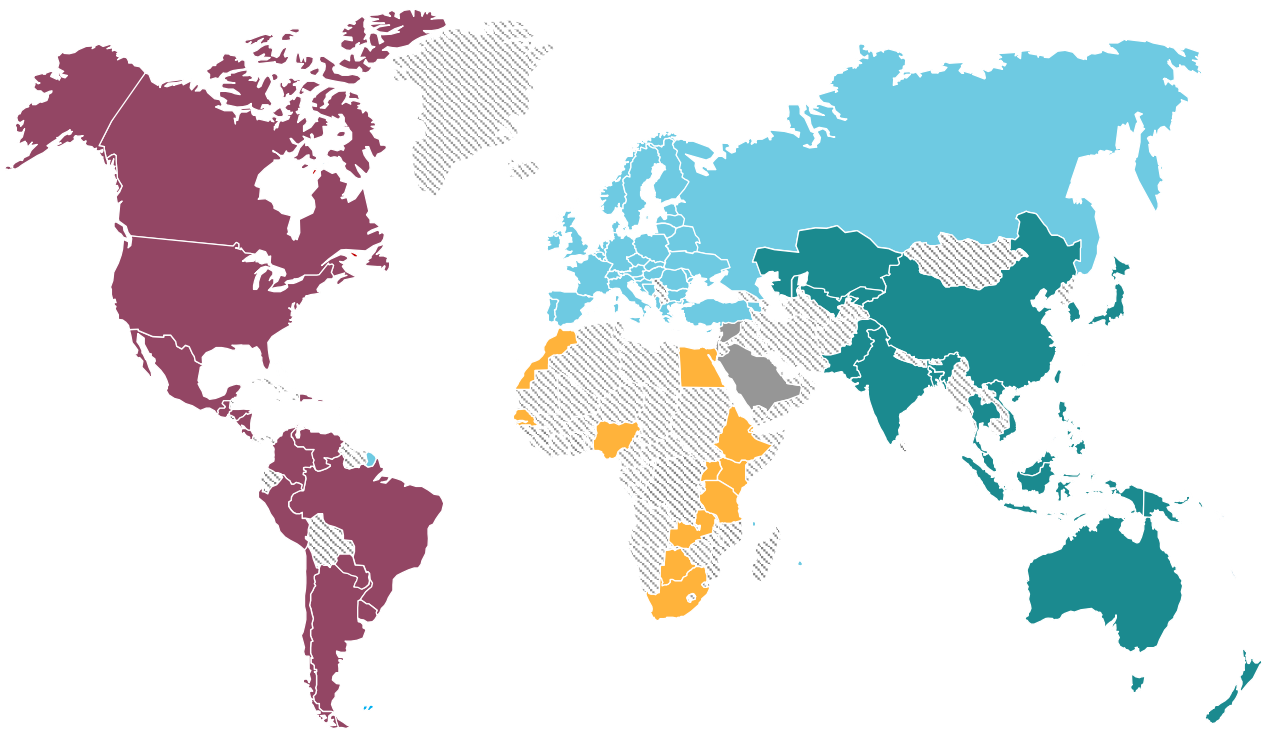
from



95 countries

ABOUT THE SURVEY

COUNTRIES COVERED



■ AFRICA ■ AMERICAS ■ ASIA PACIFIC ■ EUROPE ■ MIDDLE EAST ■ NO DATA AVAILABLE

The map presents all 95 countries for which we have received responses in our 2022 Global MNC Tax Complexity Survey. All subsequent analyses in this Executive Summary are based on these 95 countries. However, to construct our Tax Complexity Index, we only include countries with a minimum of three responses. The number of countries on our website (www.taxcomplexity.org) may therefore deviate from the ones shown above.

ABOUT THE SURVEY

COUNTRIES COVERED

Africa 12 Countries 21 Respondents					
Botswana	1	Kenya	3	South Africa	4
Djibouti	1	Morocco	1	Tanzania	2
Egypt	1	Nigeria	3	Uganda	1
Ethiopia	2	Senegal	1	Zambia	1

Americas 18 Countries 79 Respondents					
Argentina	3	Costa Rica	4	Paraguay	1
Aruba	2	Dominican Rep.	1	Peru	4
Brazil	4	Guatemala	2	Puerto Rico	3
Canada	5	Honduras	1	USA	14
Chile	7	Mexico	16	Uruguay	4
Colombia	5	Nicaragua	1	Venezuela	2

Asia Pacific 20 Countries 114 Respondents					
Australia	17	Kazakhstan	3	Philippines	6
Bangladesh	2	Korea (South)	4	Singapore	6
China	14	Kyrgyzstan	1	Taiwan	5
Hong Kong	4	Malaysia	7	Thailand	5
India	17	New Zealand	7	Uzbekistan	2
Indonesia	3	Pakistan	4	Vietnam	3
Japan	3	Papua New Guinea	1		

Europe 41 Countries 262 Respondents					
Albania	1	Germany	40	Norway	5
Armenia	3	Greece	8	Poland	5
Austria	8	Hungary	3	Portugal	6
Belarus	1	Ireland	7	Romania	6
Belgium	10	Italy	15	Russian Fed.	1
Bosnia and Herzegovina	2	Jersey	1	Slovakia	5
Bulgaria	7	Kosovo	1	Slovenia	4
Croatia	3	Latvia	3	Spain	11
Cyprus	6	Liechtenstein	1	Sweden	5
Czech Republic	4	Lithuania	4	Switzerland	11
Denmark	4	Luxembourg	6	Turkey	9
Estonia	5	Malta	4	Ukraine	3
Finland	4	Moldova	2	UK	21
France	9	Netherlands	8		

Middle East 4 Countries 10 Respondents			
Israel	6	Saudi Arabia	2
Qatar	1	Syria	1

ABOUT THE SURVEY

RESPONDENT PROFILE

Our 2022 Global MNC Tax Complexity Survey relies on the expertise of 486 highly skilled tax consultants around the globe. The majority occupy leading positions in tax services firms, have worked in the field of taxation for at least a decade, and have a master's degree or higher. On average, the respondents spend more than 60% of their total working time on MNC tax issues.

Position		
Partner/Director/Principal	352	72.43%
Manager	90	18.52%
Senior assistant	28	5.76%
Junior assistant	6	1.23%
Other	9	1.86%
Not specified	1	0.21%

Tax Experience		
More than 15 years	324	66.67%
Between 10 years and 15 years	87	17.90%
Between 5 years and 10 years	52	10.70%
Less than 5 years	21	4.32%
Not specified	2	0.41%

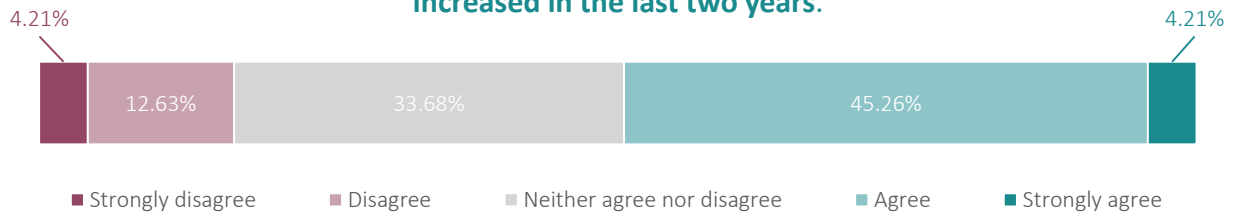
Level of education		
Doctoral level	43	8.85%
Master level	321	66.05%
Bachelor level	115	23.66%
Secondary level	4	0.82%
Other	2	0.41%
Not specified	1	0.21%

Gender		
Female	134	27.57%
Male	338	69.55%
Prefer not to say	12	2.47%
Not specified	2	0.47%

ROLE OF TAX COMPLEXITY

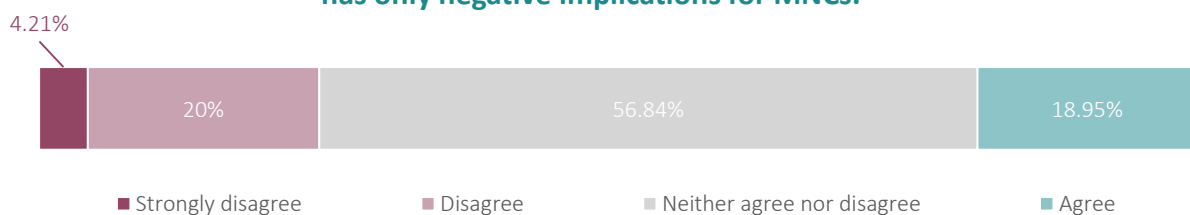
As a first step, participants had to evaluate the relevance of tax complexity in their country in the past, present, and future:

PAST: In my country, tax complexity has substantially increased in the last two years.



In less than half of the countries (49.47%), respondents, on average, indicate that tax complexity has substantially increased in the last two years.

PRESENT: In my country, tax complexity currently has only negative implications for MNCs.



On average, the respondents of most countries do not agree that tax complexity has only negative implications for MNCs. This shows that complexity is not negative per se.

FUTURE: In my country, tax complexity will be one factor forcing MNCs to shift their business activities to other countries in the future.



The respondents in the majority of countries, on average, do not agree with the statement that tax complexity will force MNCs to shift their business activities to other countries. However, respondents in almost 15% of the countries do, on average, agree with this statement. Although this finding seems to be somewhat ambiguous, it still implies a call for action for policy makers to reduce tax complexity.

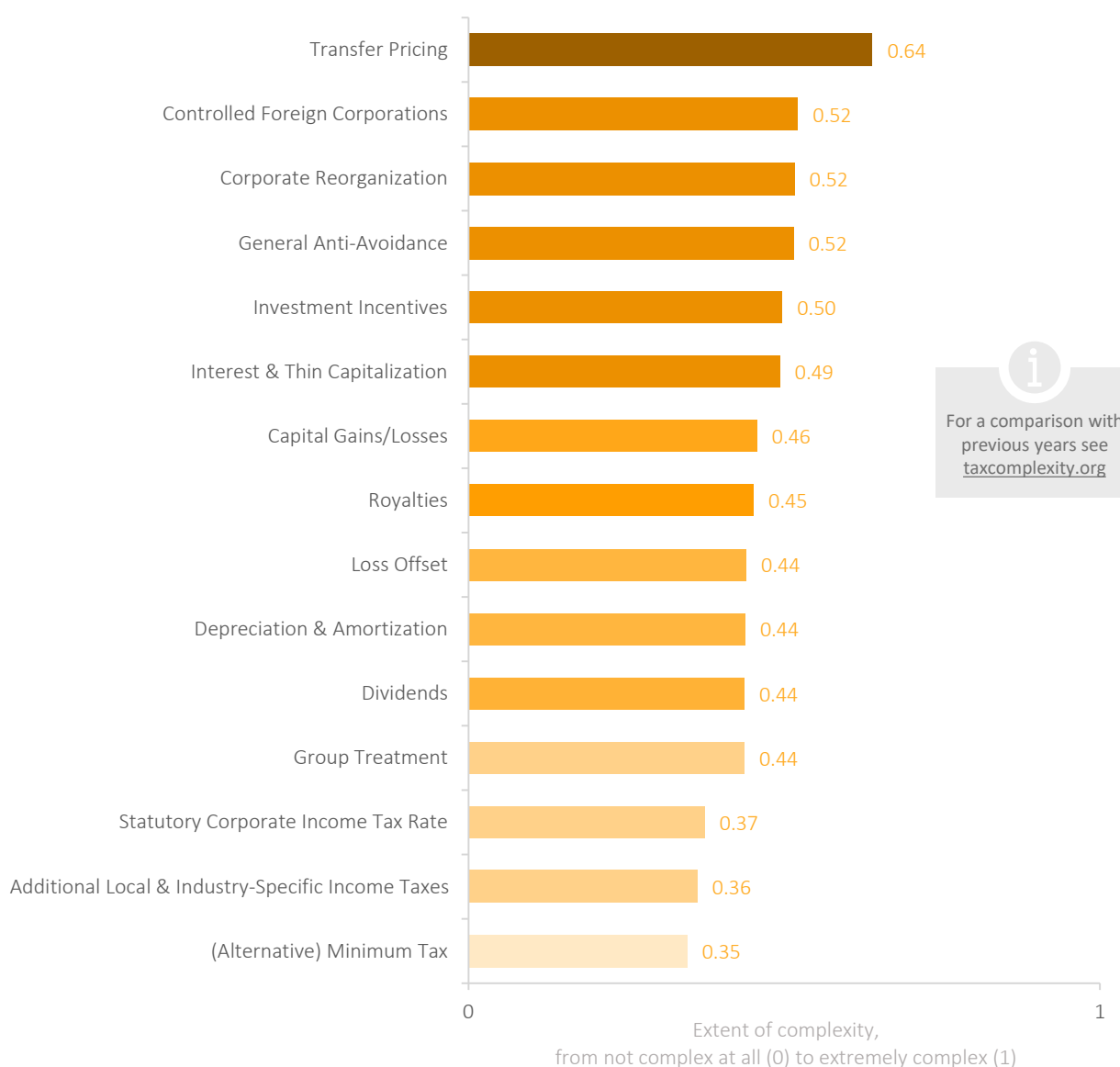
Individual responses are aggregated at country level. If the resulting country-level aggregate of responses lies between two response categories, it is attributed to the nearest category.

INSIGHTS INTO TAX CODE COMPLEXITY

COMPLEXITY OF TAX REGULATIONS

Of the 15 tax regulations examined, transfer pricing is perceived as the most complex: for 65 of 95 countries, it was ranked as most complex. This is in line with transfer pricing being one of the main concerns of the OECD’s BEPS project. Moreover, it is currently one of the core features of the OECD’s Pillar 1, which shall serve to fight tax avoidance and enhance the fair allocation of tax revenues across countries. However, Pillar 1 also has the potential to further increase tax complexity of transfer pricing. The aim of tackling tax avoidance also applies to general anti-avoidance regulations as well as to controlled foreign corporation rules, which, together with transfer pricing, are among the most complex regulations.

Complexity of regulations



Individual responses are aggregated at country level. The analysis only includes countries in which the respective regulation is considered existent.

INSIGHTS INTO TAX CODE COMPLEXITY

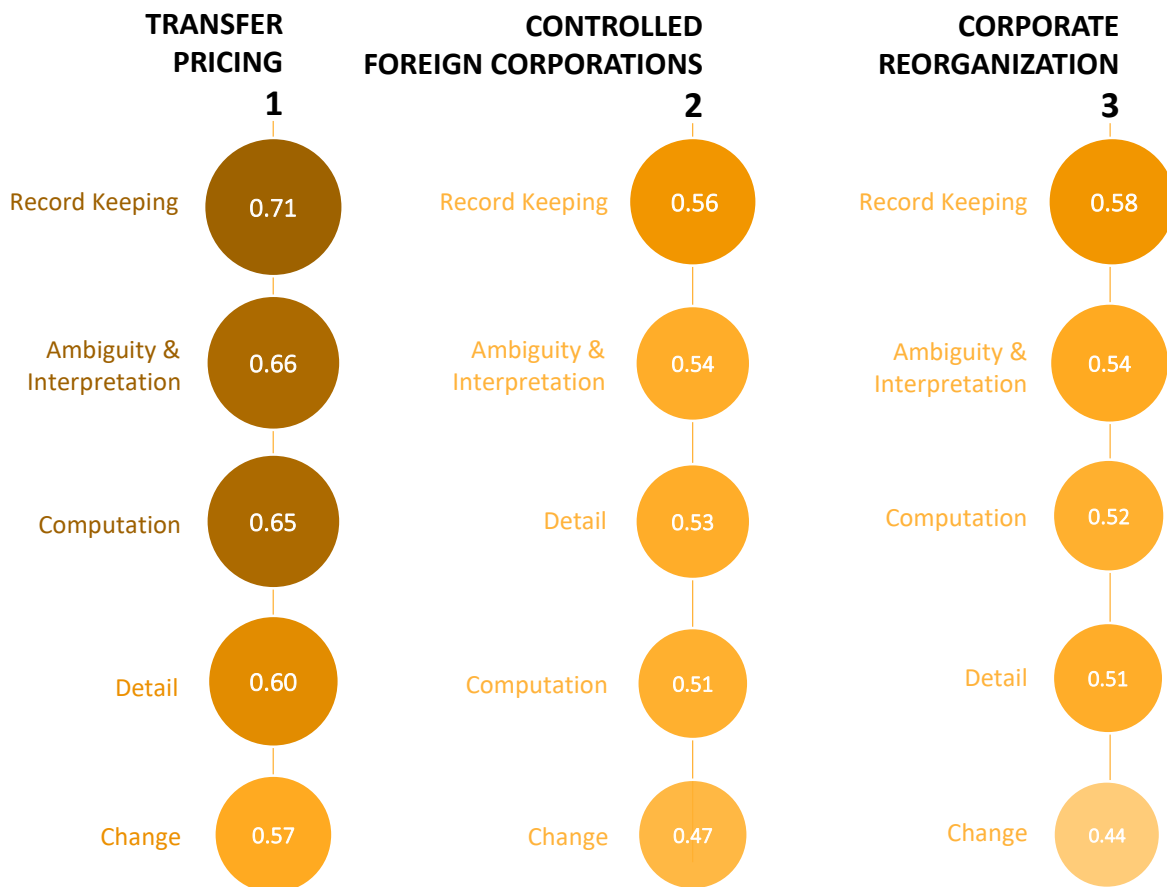
DRIVERS OF TAX CODE COMPLEXITY

On average, record keeping is perceived as the driver which contributes most to the complexity of tax regulations. Hence, keeping many records and documents to substantiate tax claims or to complete tax returns seems to be the greatest challenge in the application of tax regulations.



Average contribution to complexity, from no contribution at all (0) to extremely high contribution (1)

However, individual regulations may be affected differently by the drivers of tax complexity, which is outlined by a closer look at the three most complex regulations: The main driver of the complexity of regulations on transfer pricing, controlled foreign corporations and corporate reorganization is record keeping. The complexity of those regulations is least driven by change.



Average contribution to complexity, from no contribution at all (0) to extremely high contribution (1)

Individual responses are aggregated at country level. The analysis only includes countries in which the respective regulation is considered existent.

INSIGHTS INTO TAX FRAMEWORK COMPLEXITY

TAX AUDITS

Tax audits describe the examination of the tax returns by the tax authority as well as the extent to which they can be anticipated and prepared.

ANTICIPATION OF TAX AUDIT

Which of the following are serious problems in your country?



0.47

Bad disclosure of selection criteria



0.43

Absence of a regular audit cycle



0.34

Bad communication of audit topics



0.30

Late/no notification of audit

Extent of the problem, from no problem at all (0) to extremely problematic (1)

In 60 of 95 countries, lacking or only limited disclosure of selection criteria for tax audit targets is, on average, perceived as the most serious problem in the anticipation of tax audits. This lack of transparency in selection criteria seems to challenge MNCs.

TAX AUDIT PROCESS

Which of the following are serious problems in your country?



0.65

Inconsistent decisions by tax officers



0.58

Lack of experience or technical skills by tax officers



0.25

Offensive or unethical behavior by tax officers



0.10

Ineffectiveness of sanctions

Extent of the problem, from no problem at all (0) to extremely problematic (1)

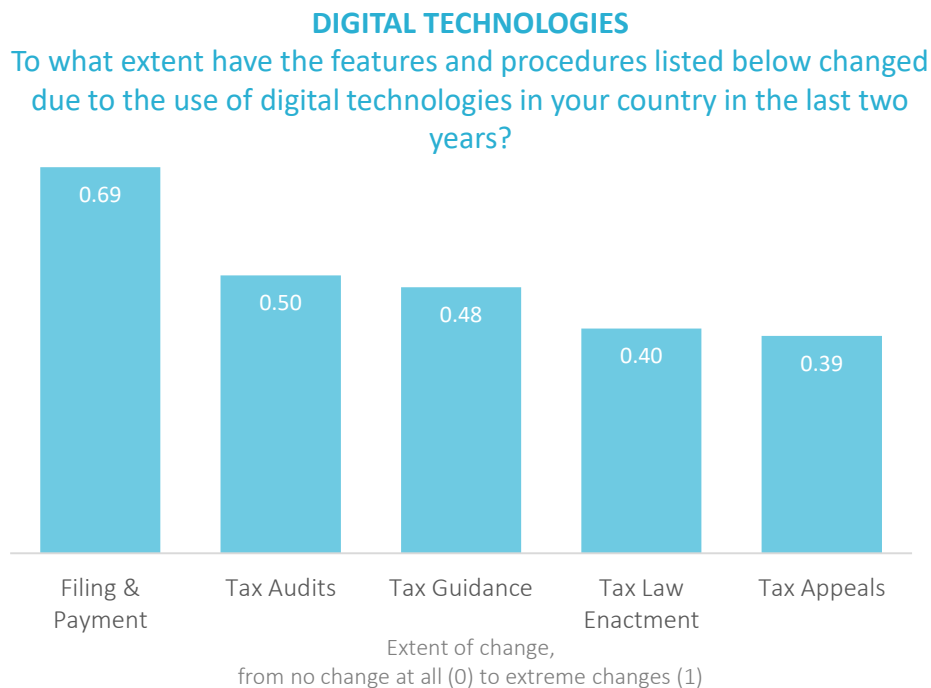
Rules or written guidelines that clearly outline the tax audit process exist in about three quarters of countries. Even though this suggests uniformity in the performance of tax officers, in 70 of 95 countries the inconsistency of tax officers' decisions is perceived as the most serious problem in the tax audit process. This contrast may exist because tax audit guidelines often leave discretion to tax officers, which leads to varying decisions on similar cases from officer to officer or even inconsistency with the same officer.

Individual responses are aggregated at country level.

INSIGHTS INTO TAX FRAMEWORK COMPLEXITY

DIGITAL TECHNOLOGIES

Digitalization is fundamentally reshaping many legislative and administrative processes worldwide. Nevertheless, not all processes are affected in the same way. Therefore, we included a new question in our 2020 and 2022 survey about the extent to which digital technologies have changed the different processes and feature of the tax framework.



In 77 of 95 countries, filing and payment has changed the most due to the use of digital technologies in the last two years. For example, both the remittance of tax payments and the transmission of tax returns are rather standardized procedures in which digital technologies can be introduced comparably easily.

The dimension of the tax framework least affected by digital technologies is appeals. Despite efforts by the OECD to make appeals, and more specifically MAPs, more efficient, the high level of perceived complexity of appeals indicates that there is still room for improvement in the digital access to appeal procedures.

OECD COUNTRIES IN 2020 & 2022

OECD BACKGROUND

The OECD is one of the main players in the international tax environment. In the following section, we therefore present the major changes in tax complexity in 2022 as compared to our 2020 Global MNC Tax Complexity Survey for the OECD member countries. The 38 member countries are among the most developed countries worldwide and almost exclusively represent high-income economies.

After having implemented the recommendations issued by the BEPS project in previous years, the agreements on Pillar 1 and 2 in the EU in the end of 2022 marked a breakthrough for new and even more substantial tax reform soon to come. Our results show that, in contrast to the worldwide average on page 10, an even increased number of approximately two-thirds of OECD member countries perceive tax complexity to be increasing. In addition, our results indicate that a larger proportion of OECD countries perceive that tax complexity has only negative implications for MNCs and may be a factor for them to shift business activities abroad.

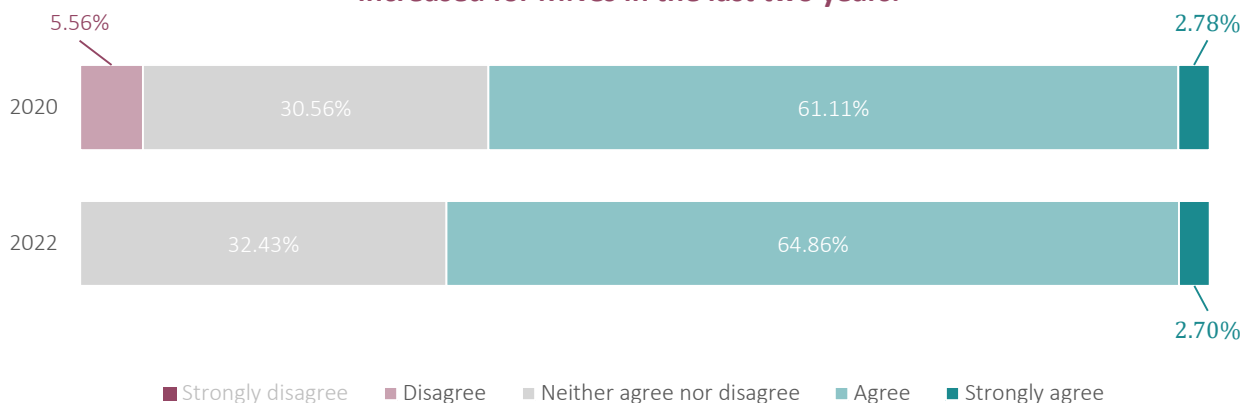
OECD member countries		
Australia	Greece	New Zealand
Austria	Hungary	Norway
Belgium	Iceland*	Poland
Canada	Ireland	Portugal
Chile	Israel	Slovakia
Colombia	Italy	Slovenia
Costa Rica*	Japan	Spain
Czech Republic	Korea (South)	Sweden
Denmark	Latvia	Switzerland
Estonia	Lithuania	Turkey
Finland	Luxembourg	United Kingdom
France	Mexico	United States
Germany	Netherlands	

*Please note that in the subsequent analysis, Iceland is not included in the sample for lack of data. Also, Costa Rica has only become an OECD member in 2021 and is therefore not included in the 2020 dataset. This leaves us with a sample of 36 OECD countries in 2020 and 37 OECD countries in 2022.

OECD COUNTRIES IN 2020 & 2022

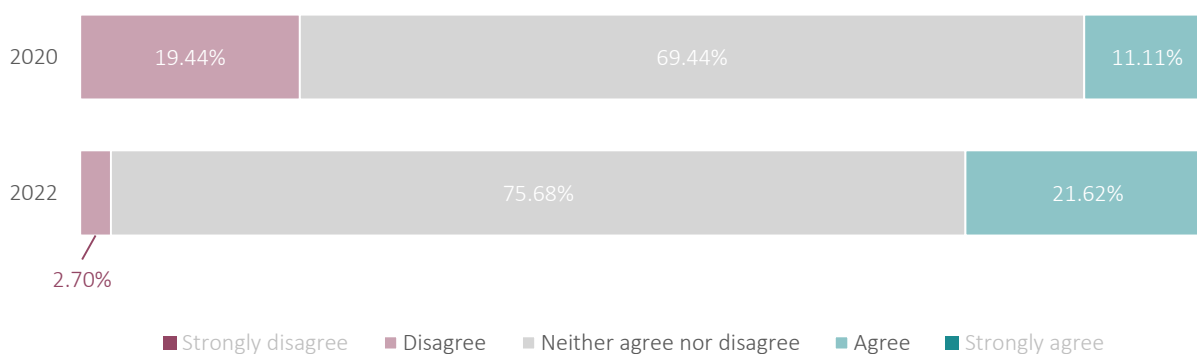
CHANGES IN THE ROLE OF TAX COMPLEXITY

PAST: In my country, tax complexity has substantially increased for MNCs in the last two years.



In 2022, respondents in the vast majority of OECD countries, on average, agree or strongly agree with the statement that tax complexity has substantially increased within the last two years. This majority of 67.56% of respondents who agree or strongly agree to the statement above in 2022 is almost identical to the 2020's share of respondents (63.89%). In no OECD country respondents disagree with the statement that tax complexity has substantially increased for MNCs in the last two years in 2022. This constitutes a decrease compared to 2020 (5.56%).

PRESENT: In my country, tax complexity currently has only negative implications for MNCs.

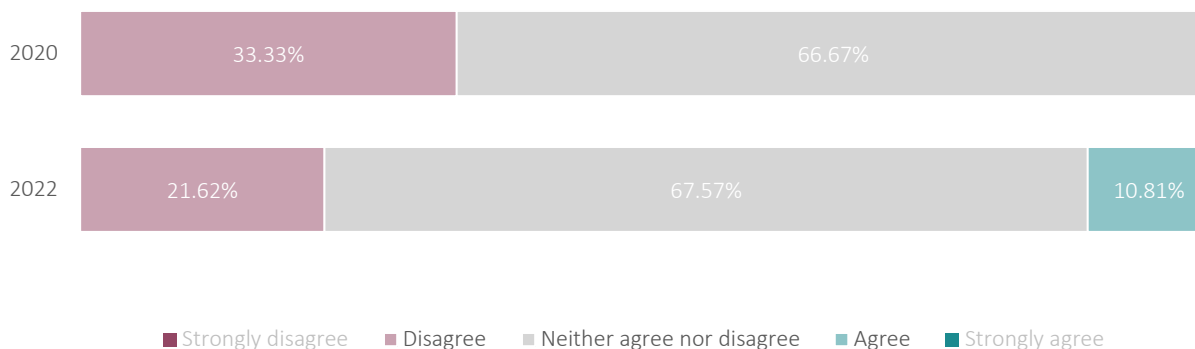


On average, respondents in most OECD countries do not agree that tax complexity has only negative implications for MNCs. This shows that complexity is not negative per se.

OECD COUNTRIES IN 2020 & 2022

CHANGES IN THE ROLE OF TAX COMPLEXITY

FUTURE: In my country, tax complexity will be one factor forcing MNCs to shift their business activities to other countries in the future.



Our results indicate that respondents in more OECD countries, on average, agree that tax complexity has substantially increased in the last two years (see above). In addition, we observe that tax complexity has an increasing impact on MNCs' business location decisions. Respondents in OECD countries in 2022, on average, disagree less (11.71 percentage points) with the statement that tax complexity will be one factor forcing MNCs to relocate their business activities to other countries. In fact, 10.81% of respondents from an OECD country agree with the statement that tax complexity is a factor driving MNCs to relocate their business activities (vs. 0% in 2020).

WEBSITE



WWW.TAXCOMPLEXITY.ORG

Based on our survey results, we construct the Tax Complexity Index that measures countries' tax complexity in several dimensions. We include those countries for which we obtained sufficient responses to qualify for the index. For methodological details, see [Hoppe, Schanz, Sturm, and Sureth-Sloane \(2023\)](#).

Data for the 2016, 2018, 2020, and 2022 Tax Complexity Index is available through our interactive website. This website allows you to learn more about tax complexity and facilitate comparative analyses of different countries over time. Additionally, our website enables you to create your own index based on your specific interests and priorities in various dimensions of the tax code and the tax framework.



PUBLICATIONS



2023

Hoppe, T., Schanz, D., Sturm, S., & Sureth-Sloane, C. (2023): **The Tax Complexity Index – A Survey-Based Country Measure of Tax Code and Framework Complexity.** *European Accounting Review*, 32(2), 239-273, available at: <https://doi.org/10.1080/09638180.2021.1951316>

Harst, S., Schanz, D., Siegel, F., & Sureth-Sloane, C. (2021): **2020 Global MNC Tax Complexity Survey**, available at: <https://doi.org/10.52569/JTLN9499>

2021

Sturm, S. (2021): **Income Tax Complexity Faced by Multinational Corporations: A Comparative Study of Canada, the United States, and Other Selected OECD Countries.** *Canadian Tax Journal*, 69(3), 745-790, available at: <https://doi.org/10.32721/ctj.2021.69.3.sturm>

Hoppe, T., Schanz, D., Schipp, A., Siegel, F., Sturm, S. & Sureth-Sloane, C. (2020): **2018 Global MNC Tax Complexity Survey – Executive Summary**, available at: <https://doi.org/10.52569/RPVO1003>

Sturm, S. (2020): **Tax Complexity in Canada: A Comparative Perspective**, *TRR 266 Accounting for Transparency Working Paper Series No. 20*, available at: <https://ssrn.com/abstract=3544366>

Hoppe, T. (2020): **Tax Complexity in Australia – A Survey-Based Comparison to the OECD Average**, *TRR 266 Accounting for Transparency Working Paper Series No. 14*, available at: <https://ssrn.com/abstract=3526193>

2020

Hoppe, T., Schanz, D., Sturm, S., Sureth-Sloane, C. & Voget, J. (2020): **The Relation between Tax Complexity and Foreign Direct Investments: Evidence across Countries**, *TRR 266 Accounting for Transparency Working Paper Series No. 13*, available at: <https://ssrn.com/abstract=3526177>

Hoppe, T., Schanz, D., Sturm, S. & Sureth-Sloane (2019): **Measuring Tax Complexity across Countries: A Survey Study on MNCs**, *TRR 266 Accounting for Transparency Working Paper Series No. 5*, available at: <https://ssrn.com/abstract=3469663>

Hoppe, T., Safaei, R., Singleton, A. & Sureth-Sloane, C. (2019): **Tax Complexity for Multinational Corporations in South Africa – Evidence from a Global Survey**, in: Evans, C., Franzsen, R., & Stack, L. (eds.). *Tax Simplification: An African Perspective*, Pretoria, 267-293

2019

Hoppe, T., Rechbauer, M. & Sturm, S. (2019): **Steuerkomplexität im Vergleich zwischen Deutschland und Österreich – Eine Analyse des Status Quo**, *Steuer und Wirtschaft (StuW)*, 96 (4), 397-412

2018

Hoppe, T., Schanz, D., Sturm, S. & Sureth-Sloane, C. (2018): **What are the Drivers of Tax Complexity for Multinational Corporations? Global Evidence**, *Intertax*, 48 (8/9), 654-675

Hoppe, T., Schanz, D., Sturm, S. & Sureth-Sloane, C. (2017): **Warum ist unser Steuersystem so komplex? Eine befragungsbasierte Analyse**, *Die Wirtschaftsprüfung*, 70 (17), 1026-1033

2017

Hoppe, T., Schanz, D., Sturm, S. & Sureth-Sloane, C. (2017): **2016 Global MNC Tax Complexity Survey – Executive Summary**, available at: <https://www.taxcomplexity.org/>

ACKNOWLEDGMENTS

Thank you for supporting us and participating in the 2022 Global MNC Tax Complexity Survey!



Collaborative Research Center

This research is part of the TRR 266 project “A05 Accounting for Tax Complexity” led by Deborah Schanz and Caren Sureth-Sloane.

The TRR 266 Accounting for Transparency is a trans-regional Collaborative Research Center funded by the German Research Foundation (Deutsche Forschungsgemeinschaft – DFG). Our team of more than 100 dedicated researchers examines how accounting and taxation affect firm and regulatory transparency and how regulation and transparency impact our economy and society. We intend to help develop effective regulation for firm transparency and a transparent tax system. Naturally, we also ensure transparency of our own research.



Contact information

To discuss the survey results, provide further suggestions or make any other query, please contact: info@taxcomplexity.org



Deborah Schanz
LMU Munich



Caren Sureth-Sloane
Paderborn University



Simon Harst
LMU Munich



Felix Siegel
LMU Munich



SFB/Transregio 266

**ACCOUNTING FOR
TRANSPARENCY**

www.accounting-for-transparency.de

DFG Deutsche
Forschungsgemeinschaft

Gefördert durch die Deutsche Forschungsgemeinschaft (DFG) – Collaborative Research Center (SFB/TRR) Project-ID 403041268 – TRR 266 Accounting for Transparency