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TAX

RESEARCH REPORT

Global Tax Management

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EXECUTIVE SUMMARY

IN TODAY'S RAPIDLY EVOLVING BUSINESS LANDSCAPE, GLOBAL TAX MANAGEMENT IS A STRATEGIC IMPERATIVE.

As companies navigate digital transformation, regulatory complexity, and cross-border growth, tax leaders are under increasing pressure to modernize their approaches. In this year's SAPinsider research report, what we learned is that the most influential drivers reshaping tax strategies include the growing complexity in compliance and governance (40%), the digital transformation of tax and finance functions (35%), and the rising demands from global tax authorities (25%).

These forces, combined with talent shortages and the need for advanced e-invoicing and analytics, are compelling organizations to rethink how they manage tax across jurisdictions. This report explores how leading enterprises are responding to these challenges—and the technologies and strategies enabling smarter, more agile global tax operations.

To capture real-world experience from professionals shaping today's tax management practices, SAPinsider surveyed its community through June of 2025. The results reflect the increasing burden placed on tax departments to navigate diverse and evolving regulatory landscapes across jurisdictions. Notably, the heightened demands from revenue authorities (28%) and the need for improved reporting and analytics (25%), both point to a broader trend toward transparency and real-time compliance.

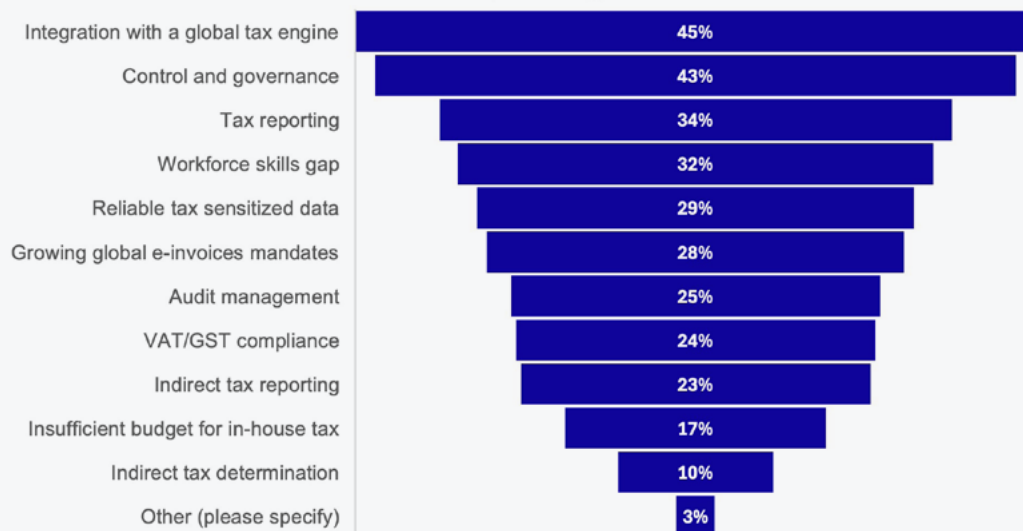
For tax and finance leaders, this means accelerating plans to modernize tax operations to improve agility and accuracy. Our findings emphasize the need to invest in integrated, intelligent tax solutions that can adapt to regulatory change, support business growth, and mitigate risk through enhanced visibility and control. Examples of investments include SAP S/4HANA migrations, tax automation, and emerging technologies such as AI and RPA.

Navigating Operational Complexity and Regulatory Scrutiny

Tax leaders managing SAP environments expressed that integration with a global tax engine is their most pressing challenge, with 45% of respondents identifying it as a key pain point (**Figure 1**). Whether achieved by using an SAP-centric approach or integration with a third-party, this highlights the critical importance of seamless interoperability between core financial systems and tax engines to ensure accurate, real-time compliance across jurisdictions. Control and governance challenges (43%) and concerns about tax reporting (34%) further emphasize the operational complexity and regulatory scrutiny that tax functions must navigate.

FIGURE 1

Pain Points Impacting Global Tax





"Manually handling Safe Harbor calculations for BEPS Pillar 2 [Global Minimum Tax] isn't practical, especially given the uncertainty around how country-specific regulations may evolve."

**GLOBAL TAX TECHNOLOGY,
MANAGER EYE CARE DEVICE
MANUFACTURING, SWITZERLAND**



"Our lack of good candidates with tax and technology experience has become critical."

**GLOBAL HEAD OF TAX,
MANUFACTURING, DENMARK**

The workforce skills gaps (32%) and unreliable tax-sensitized data (29%) add to the strain, limiting the ability of tax teams to respond effectively to growing global mandates such as e-invoicing and VAT/GST compliance. The skills gap continues to grow, driven by staffing shortages and the continuing digitization of tax. The "Taxologist," a role in which tax and the science of IT harmoniously blend, can be difficult to fill. This presents challenges as "Required full time staff" is also a highly identified performance metric used by tax departments (40%).

Performance Measurement & Control Systems

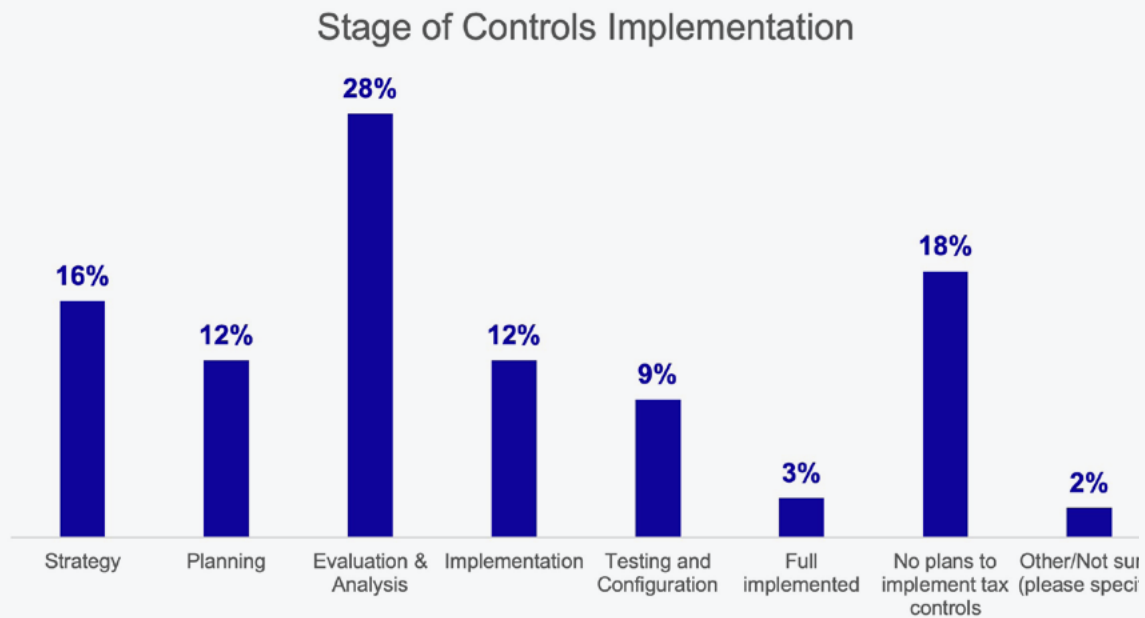
The lens through which these drivers and challenges are viewed is global tax management maturity. Just under one-third (29%) of respondents consider their global tax management strategy to be "very mature," suggesting there is room for improvement. With 23% of respondents neutral and another 24% identifying as "somewhat mature," the data points to a middle ground where many tax functions are in transition.

Measurement is proof of performance across a standard metric (1/M dash) tax departments are heavily measured. Seventy-two percent (72%) of organizations measure the effectiveness of their global tax management strategy by the timely filing of tax returns. It's no surprise accuracy and timeliness are longstanding measures of performance for tax.

Over half of respondents (52%) believe that growing global regulatory compliance significantly increases the need for accuracy in tax management. Incidence of penalties and interest from audits (61%), the number of tax corrections (50%), and measurement of error rate (47%) also support the need for accuracy and audit preparedness. This underscores the mounting pressure on tax functions to deliver precise, audit-ready data in real time—especially as jurisdictions worldwide adopt more stringent and digital-first compliance mandates.

Surprisingly, global tax control implementations remain in their infancy for businesses using SAP technology (**Figure 2**). Only 3% of respondents have fully implemented tax controls, while the largest group (28%) is still in the evaluation and analysis phase. Alarming, 18% report having no plans to implement tax controls at all, suggesting that a sizable portion of companies may be exposed to compliance risks and inefficiencies due to a lack of structured oversight.

FIGURE 2

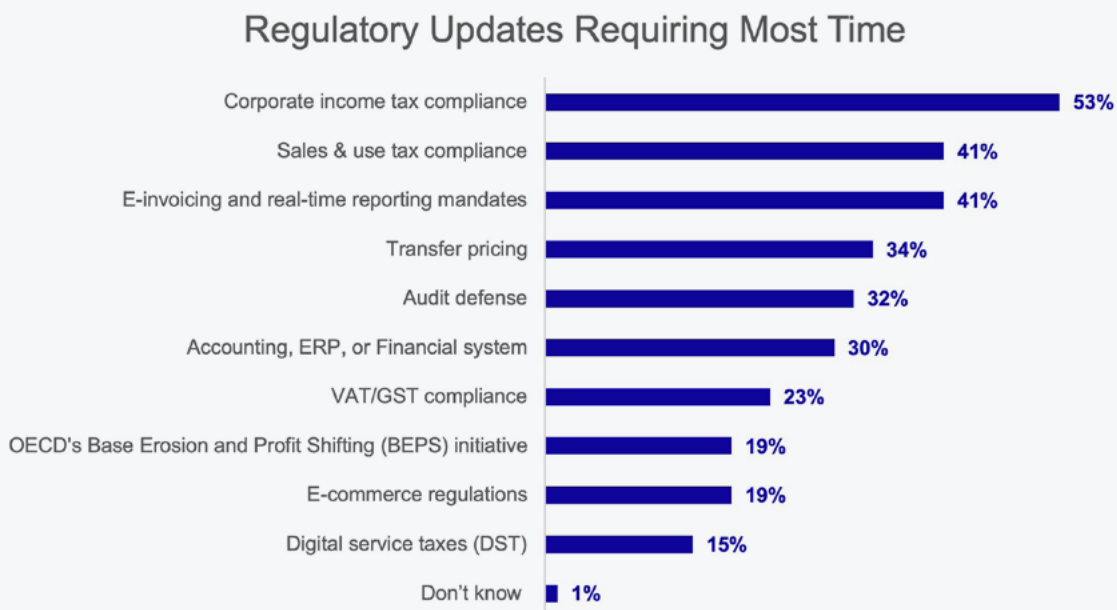


Compliance Time Constraints

In addition to control systems, tax, and finance professionals (41%) are addressing compliance time constraints by turning to a combination of new processes and technologies to support their most time-intensive activities to prevent a drain on resources. These activities include **(Figure 3)**:

- Corporate income tax compliance (53%),
- E-invoicing and real-time reporting mandates (41%),
- Sales & Use tax compliance (41%), and
- Transfer Pricing (34%).

FIGURE 3

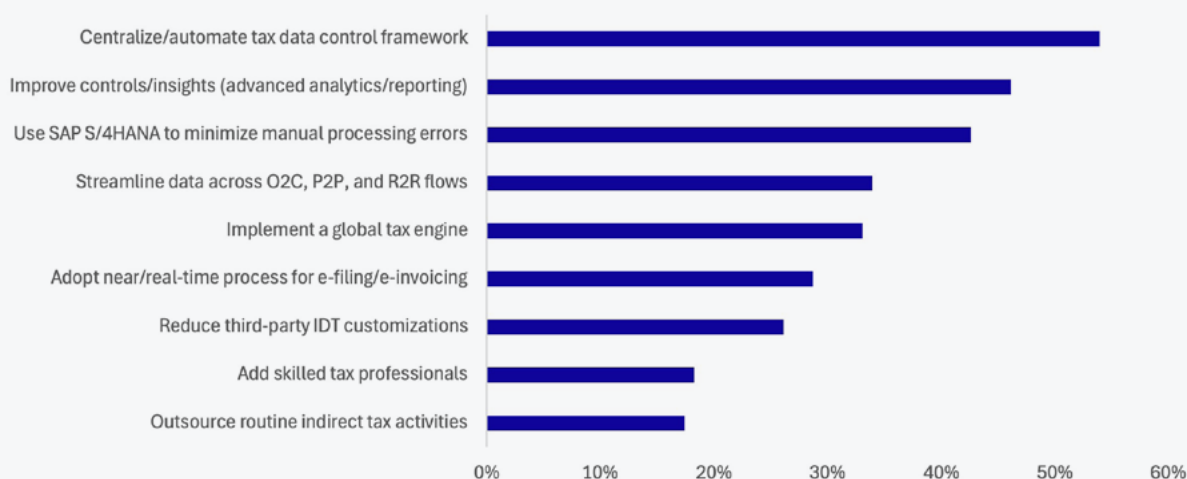


The primary causes of these time demands include fragmented data sources, manual processes, and the need to comply with diverse and evolving jurisdictional rules. Processes and technologies being prioritized to overcome time constraints include **(Figure 4)**:

- Centralized automation of tax data control frameworks (54%),
- Advanced analytics for improved tax insights (46%),
- Leveraging SAP S/4HANA capabilities to reduce manual processing errors (43%) and
- Streamlining data across core financial flows like O2C, P2P, and R2R (34%).

FIGURE 4

Actions Prioritized to Meet Global Tax Management Strategy



One looming compliance challenge is Brazil. Navigating the Brazilian unification of taxes starting in 2026 requires considerable coordination now. Survey results show that while 59% of respondents are at least somewhat aware of Brazil's upcoming tax reforms, only 27% feel prepared to handle them. A significant 32% are aware but unsure how to respond, and 15% are not aware at all. Tax and finance leaders are at risk if not already proactively planning for this new compliance regulation.

SPOTLIGHT ON BRAZIL

Brazilian reforms, formalized under Complementary Law No. 214/2025, will unify five existing taxes (i.e., ICMS, ISS, IPI, PIS, and COFINS) into a dual VAT system—CBS (federal) and IBS (state/municipal)—along with a new Selective Tax (IS). The transition will begin in 2026 and continue through 2033, requiring businesses to manage both legacy and new systems during the interim.



“Tax needs to be a part of decisions with Finance, especially when they are technology decisions about systems that can elevate the value tax delivers to the business.”

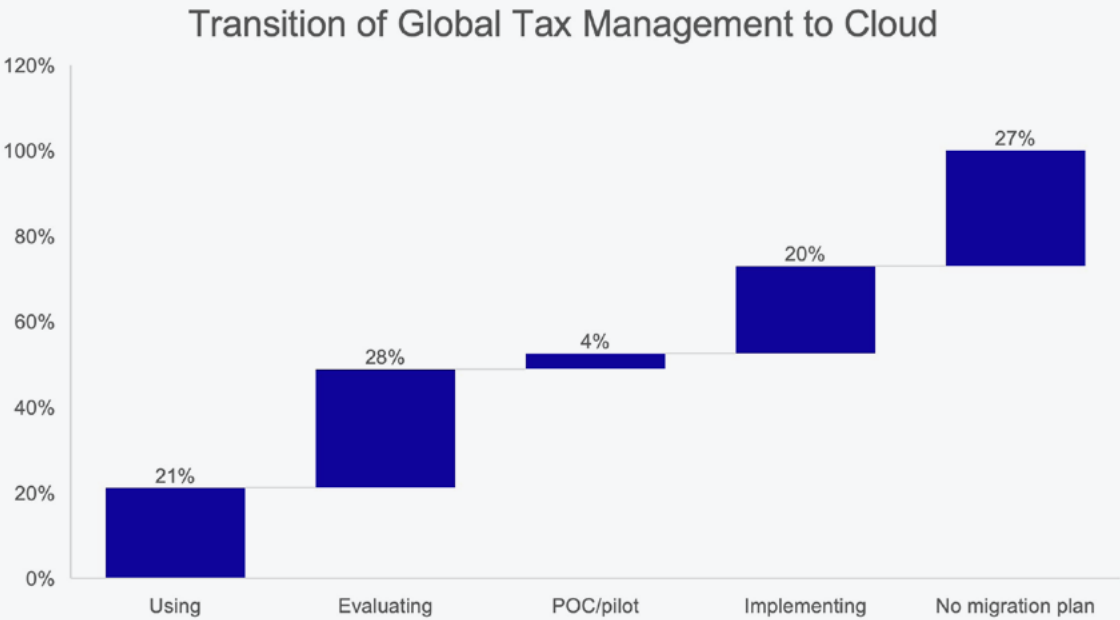
GLOBAL HEAD OF TAX
MANUFACTURING
DENMARK

ERP Transformation and Cloud Adoption

Cloud adoption for global tax management is gaining traction but remains uneven across organizations. While 21% of respondents have already adopted a cloud-based solution and 20% are in the implementation phase, a sizable portion—28%—are still evaluating their options (**Figure 5**). Only 4% are running pilot projects, and 27% report no plans to migrate, indicating a cautious or delayed approach to cloud transformation.

Tax, finance and IT professionals are starting to more proactively move in step. Survey data shows that tax professionals are playing an active role throughout SAP-centric ERP transformation, with 56% included in the implementation phase and 52% in planning. Nearly half (46%) are playing a part in shaping strategy, and 39% are participating in evaluation and analysis. Despite this momentum, 19% of respondents report no plans to collaborate with tax professionals during their ERP journey—a significant oversight given the increasing complexity of global tax compliance. Without early tax involvement, organizations risk misaligned configurations, delayed compliance, and costly retrofits.

FIGURE 5





“Our goal with the SAP S/4HANA implementation is to become better, quicker and faster and to leave a legacy for the next generation.”

TAX AND COMPLIANCE
ACCOUNTANT
MANUFACTURING/NOT-FOR-PROFIT
UNITED STATES

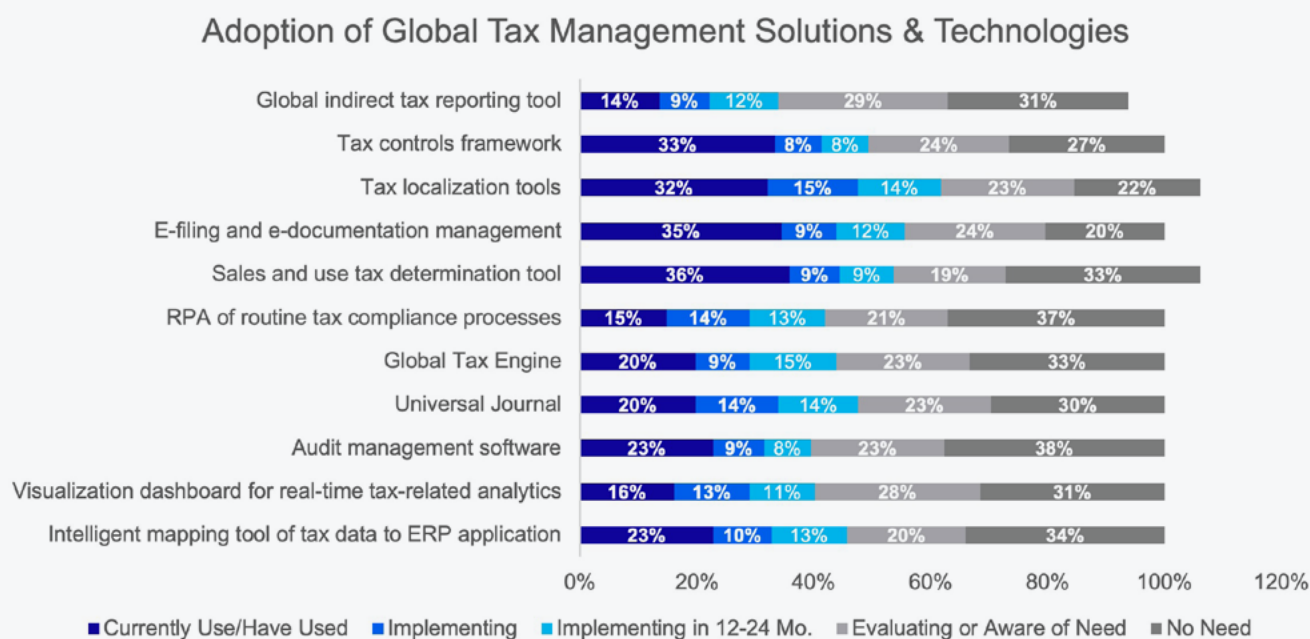
Automation of Tax Processes

As compliance requirements accelerate, so does the need to adopt solutions that improve compliance visibility and automation. These capabilities have the power to elevate the role of tax professionals to partner more strategically with the business and provide the agility needed to quickly adapt to rapid business changes. While some foundational tax technologies—such as sales and use tax determination tools (36%) and e-filing and documentation management (35%)—are in active use, adoption of more advanced capabilities remains limited or in evaluation **(Figure 6)**:

- Intelligent mapping tools to align tax data with ERP systems (23%),
- Real-time analytic dashboards (16%),
- Audit management software (38% no need), and
- RPA for tax compliance (37% no need).

This fragmented adoption landscape supports the finding that many organizations have yet to fully leverage the capabilities of SAP cloud solutions or third-party solutions to modernize their tax functions.

FIGURE 6



Third Party Systems Used for Sales & Use Tax, VAT & GST

Sales & Use Tax Automation

Thomson Reuters (34%) and Vertex (30%) are the most widely used third-party tax engines for Sales & Use Tax among organizations running SAP. These two providers continue to strengthen their market positions through innovation and deep integration with SAP platforms. Thomson Reuters expanded its partnership with SAP by integrating ONE-SOURCE Sales & Use Tax Compliance directly into SAP Document and Reporting Compliance for SAP S/4HANA, seeking to enable users to automate U.S. tax filings from within SAP and streamline compliance workflows. Late in 2024, Thomson Reuters announced general availability of ONESOURCE Indirect Tax with CoCounsel, making it part of their AI-driven platform that aims to automate complex tasks, accelerate document analysis, and standardize processes for tax, audit, and accounting professionals.

Vertex introduced sixty-five new enhancements to its global tax integration ecosystem, including expanded support for SAP, Oracle, Coupa, and Shopify. In addition, they launched Vertex Copilot, an AI-powered assistant embedded in its platform designed to optimize processes, onboarding, and workflow. The first iteration looks to provide customers with an easy-to-use conversational interface to ask and get answers to product questions. Notably, Vertex is also striving to prepare customers for Brazil's upcoming tax reform by enabling simultaneous support for current and future tax models.

VAT and GST Automation

Both Thomson Reuters and Vertex are actively enhancing their offerings to support global VAT/GST compliance within SAP environments. Most organizations still rely on ERP/accounting systems (40%) and Excel (18%) for VAT/GST compliance, indicating a heavy dependence on manual or semi-automated processes. Among third-party providers, Thomson Reuters (13%) and Vertex (9%) lead the market, though their

adoption remains modest compared to internal tools (i.e., SAP solutions, other ERP/accounting systems and Microsoft Excel®). This suggests that while awareness of advancements in tax engines is growing, many businesses have yet to fully embrace solutions for VAT/GST automation.

Tax Department Budgets and Decision Support

Budgets & Decision Support

There is good news and bad news on the budget front. Close to a quarter (23%) of organizations have increased their budgets for tax technology and transformation projects, while the majority are maintaining last year's levels (36%). Only 9% report a decrease in funding. This suggests that while some companies are moving forward with digital transformation, many are operating in a holding pattern—potentially delaying critical upgrades to tax systems and processes.

Decision Support

Professional associations (40%) and outside consulting firms (36%) are the most relied-upon sources for information on tax technologies and transformation initiatives. This reflects a strong preference for peer-driven insights and expert advisory support when navigating complex decisions around SAP and global tax compliance. In contrast, only 23% of respondents turn to software vendors, indicating a gap in direct engagement with solution providers and their technical content.

Required Actions

Based on this year's survey responses, organizations should consider the following when making their global tax management plans for SAP systems.

- **Invest in native or integrated tax platforms** and develop talent capable of managing increasingly digital and decentralized tax operations.
- **Start tax control framework projects** to improve regulatory compliance and establish a framework for enabling automation, improving audit readiness, and aligning tax operations with broader digital transformation goals.
- **Eliminate compliance time constraints** by investing in scalable, automated tax with data harmonized across systems to reduce compliance burdens, improve accuracy, and free up resources for strategic initiatives. For example, to handle Brazil's evolving regulatory environment.
- **Align tax transformation strategies and efforts** with SAP transformation efforts to reduce risk and improve operational efficiency needed to better respond to evolving global tax mandates. This includes projects like automating tax controls, integrating global tax engines, and adopting real-time compliance capabilities such as e-invoicing.
- **Include Tax early as a strategic stakeholder in SAP S/4HANA**, ERP, and technology strategy, planning, and implementations to ensure future-ready global compliance.
- **Transition from spreadsheets to intelligent AI-powered tax engines, platforms, and tools** (e.g., Thomson Reuters CoCounsel, Vertex Copilot, Joule from SAP) to reduce risk, improve accuracy, and keep pace with global regulatory change across the entire global tax management lifecycle.
- **Focus on investments where ROI is high.** These include automating routine compliance tasks, improving data accuracy through intelligent mapping, and leveraging SAP-native or integrated third-party solutions for real-time reporting and global tax compliance.
- **Leverage trusted advisors** for their expertise in high-impact areas—such as automation, real-time compliance, and SAP-integrated tax solutions to avoid costly missteps.

STRATEGY AND NEEDS FOR GLOBAL TAX MANAGEMENT



DRIVERS

- Governance and regulations (40%)
- Digital transformation of tax and finance functions (35%)
- Increasing global tax requirements from revenue authorities (28%)
- Demand for improved reporting analytics and visibility across transaction systems (25%)



ACTIONS

- Centralizing and automating tax data control frameworks across all transactional systems (54%)
- Improving tax controls through advanced analytics (46%)
- Leveraging SAP S/4HANA to reduce manual errors (43%)



REQUIREMENTS*

- Adapt to changing tax laws and regulations (45%)
- Seamless integration of tax solutions with ERP (41%)
- Fully documented electronic audit trail (39%)
- Tools to clean, refine, and improve the quality of tax data to deliver meaningful insights (35%)
- Harmonized financial reporting in a single system (34%)

*Requirements from SAPinsider 2024 Innovation and Automation Report



TECHNOLOGIES

- Global indirect tax reporting tool (41%)
- Visualization dashboard for real-time tax-related analytics (38%)
- Universal journal (37%)
- E-filing and e-document management (36%)
- Tax control framework (32%)
- Global Tax engine (28%)

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