

DETAILED FINDINGS

From The State of the Market Report:

Tax Technology in SAP Environments Automation and AI

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About this Report

This year's tax technology report highlights global AI and automation practices, including regional insights. Research was conducted in 2025. 115 respondents throughout the year shaped this global view of tax technology and automation in SAP® environments. Surveys are conducted anonymously. Respondents have the option to provide their email at the end of the survey. Interviews are conducted post research to validate findings. Responses are counted when email addresses and IP addresses are unique. Findings are rounded to the nearest percentage.

This report wholistically looks at the people, processes, and technologies driving Tax technology practices in organizations within SAP technology landscapes worldwide. SAPinsider uses a proprietary DART Model Framework to set context for the environmental factors driving approaches to technology adoption, then identifies the actions, requirements, and technologies organizations use to manage how they address these impacts through their practices, partnerships, and technology ecosystems.

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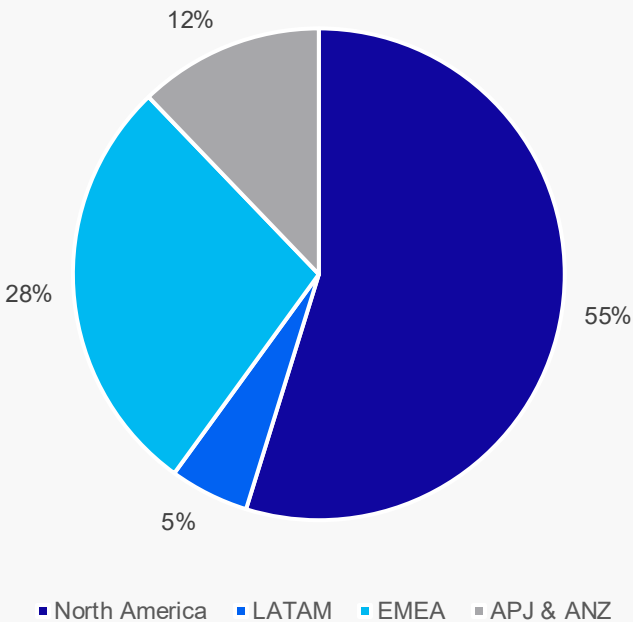
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About this Report

Respondent Demographics

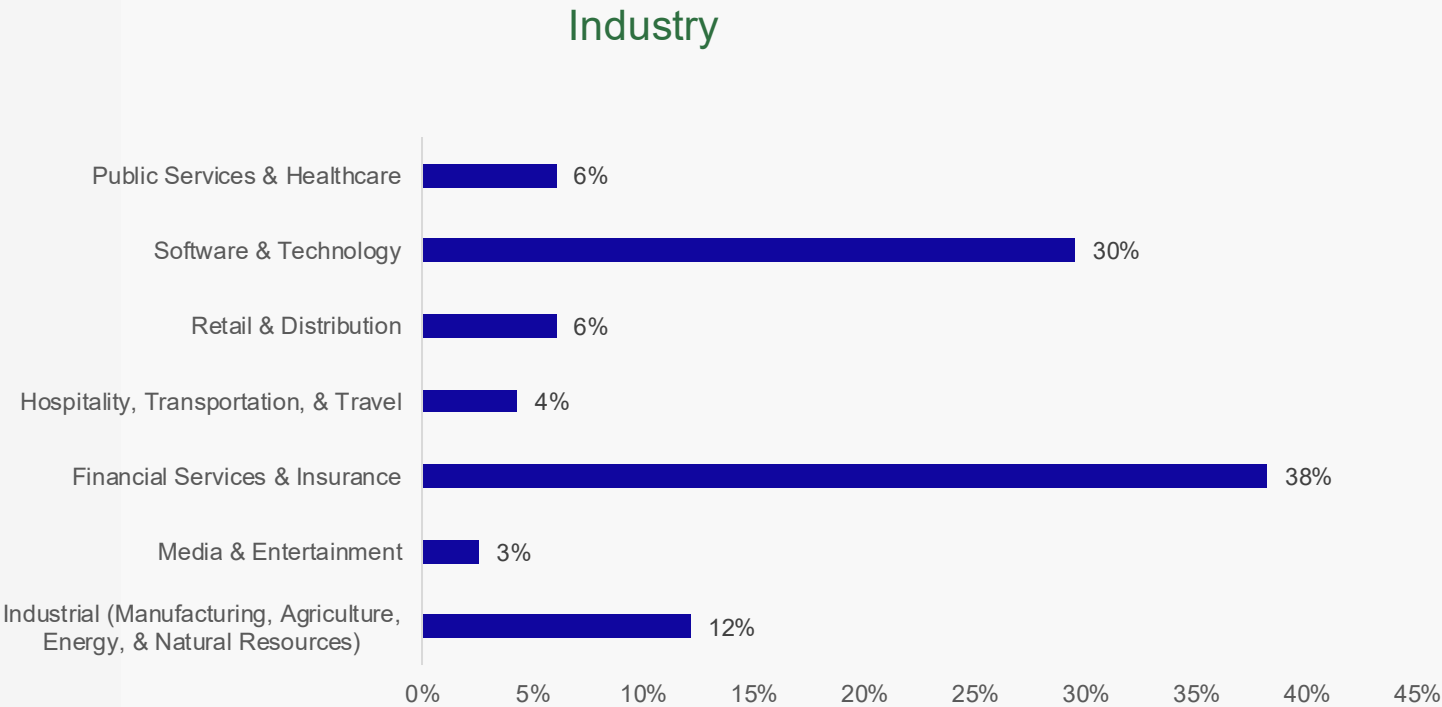
Regions of Operation



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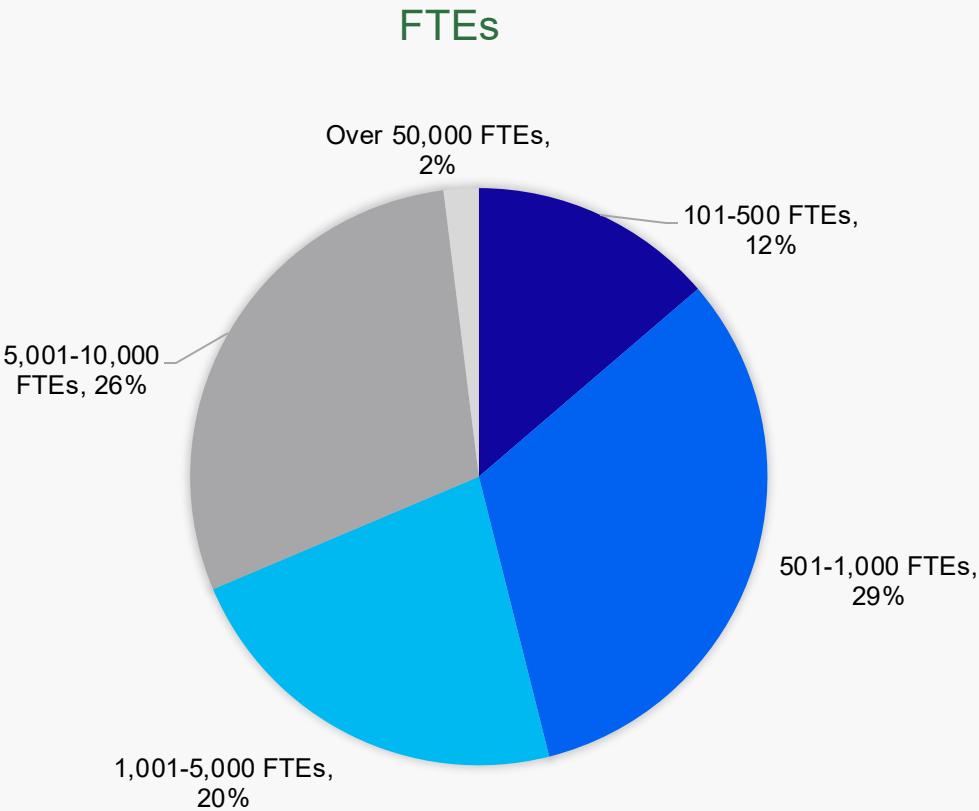
Respondent Demographics



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About this Report

Respondent Demographics

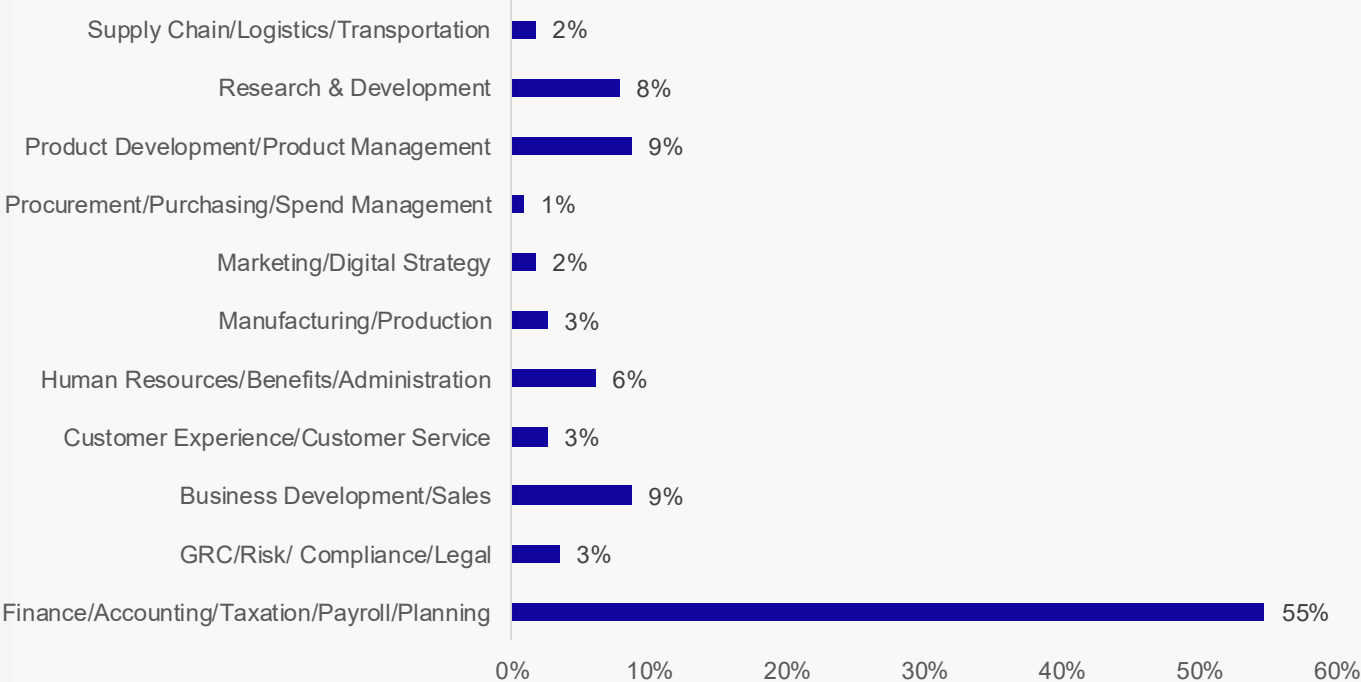


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About this Report

Respondent Demographics

Roles

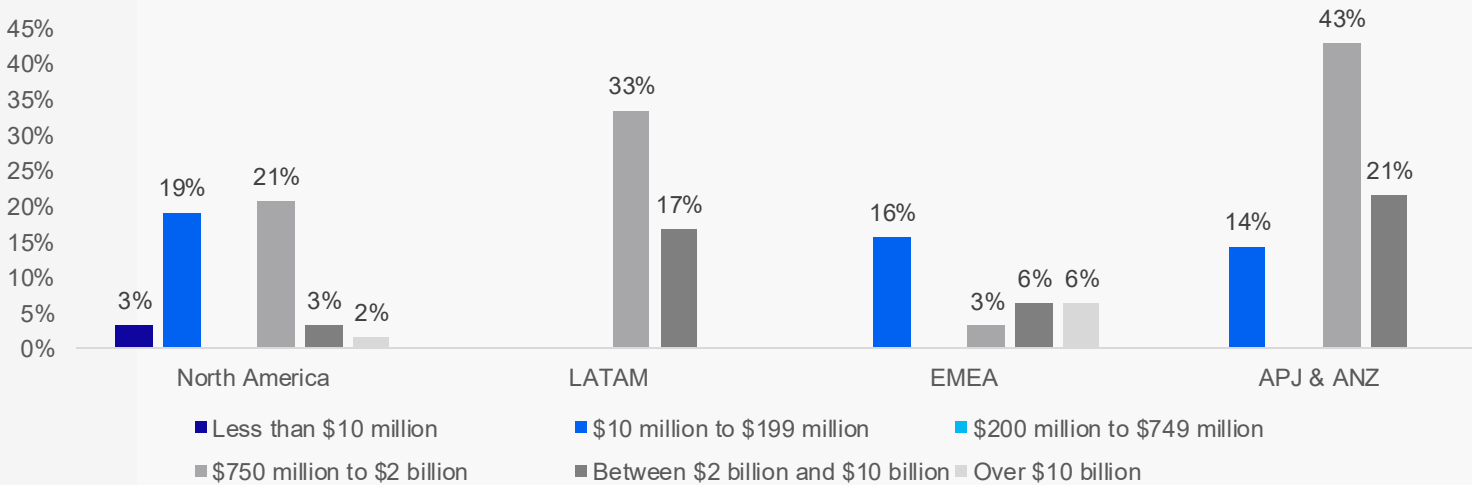
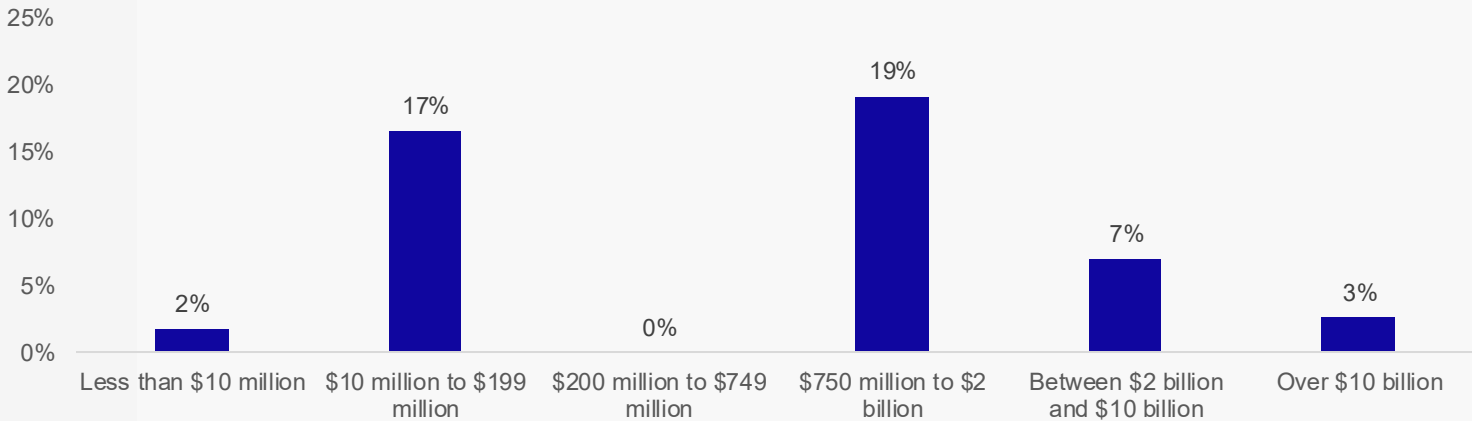


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About this Report

Respondent Demographics

Revenues





State of the Market GRC



DRIVERS

Global Priorities

- Advancement in AI and machine learning globally (36%), LATAM (50%) adoption is highest
- Regulatory complexity and compliance requirements (32%)
- Need to scale tax operations to meet business growth and expansion (30%)
- Gain real-time tax data (30%)

Key Regional Highlights

- EMEA – Sustainability (100%) and real-time reporting (96%) requirements
- LATAM – Reduce tax costs (50%)



ACTIONS

Global Priorities

- Increasing reliance on external applications (42%)
- Increased use of AI and automation (40%)

Key Regional Highlights

- LATAM – Integrating tax with other business functions (67%)
- EMEA – Integrating tax with other business function (63%)
- NA – AI and ML adoption (46%)
- APJ & ANZ – Cost reduction and efficiency improvements (43%)



REQUIREMENTS

Global Priorities

- Implementing end-to-end tax automation (57%)
- Integrating tax across the enterprise (65%)
- Automating to ensure compliance in direct and indirect tax (41%)
- Aligning tax strategies to SAP S/4HANA migrations (39%)
- Improving data management and quality (37%)

Key Regional Highlights

- LATAM – Incorporating AI into tax processes (67%)

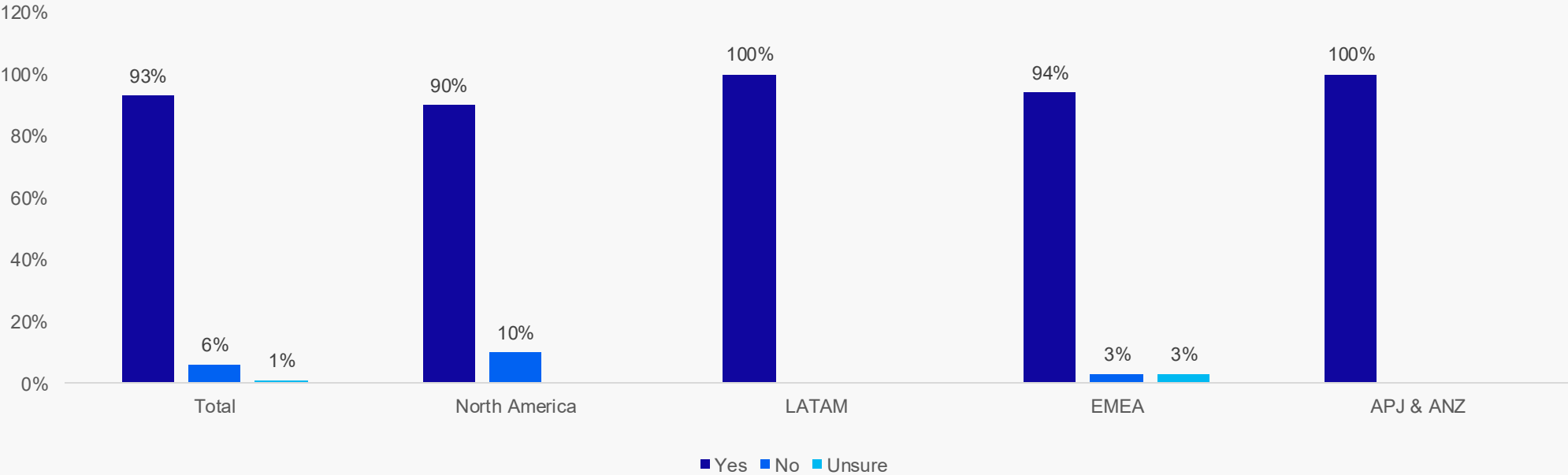


TECHNOLOGIES

- Sales & Use Tax determination (44%)
- Single point of truth for data (43%)
- Intelligent mapping (43%)
- E-Filing and e-document management (41%)
- Tax control frameworks (37%)
- Global Indirect Tax reporting (37%)
- Tax localization solutions (36%)
- Audit management software (31%)

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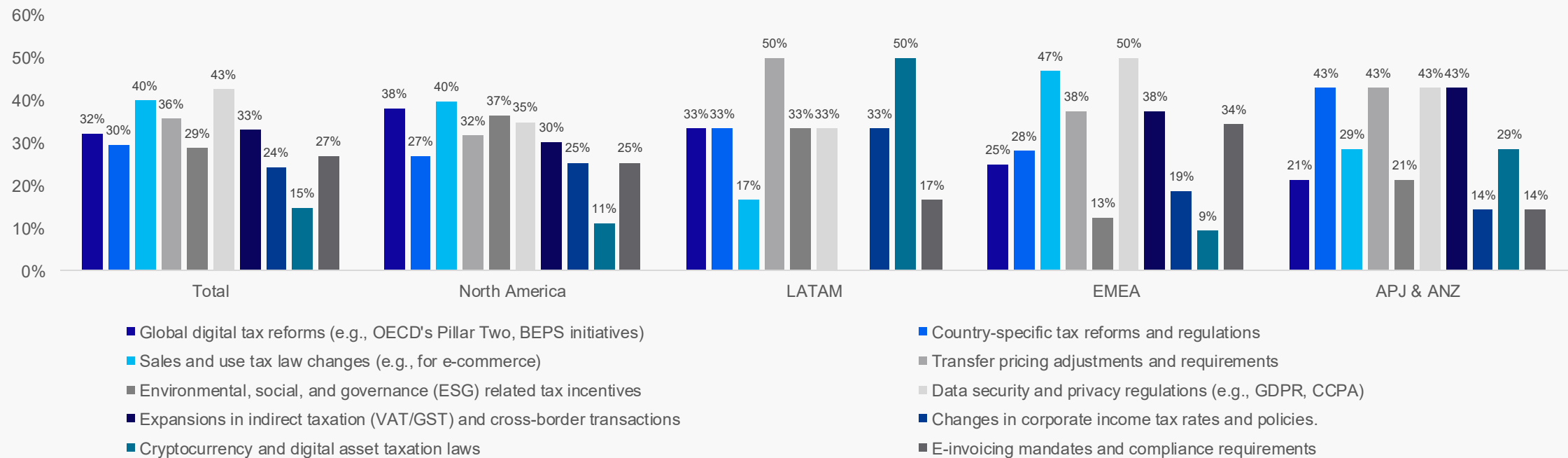
Transformation Strategy Includes Tax



Across regions respondents (90% or greater) are including Tax teams as part of transformation strategies.

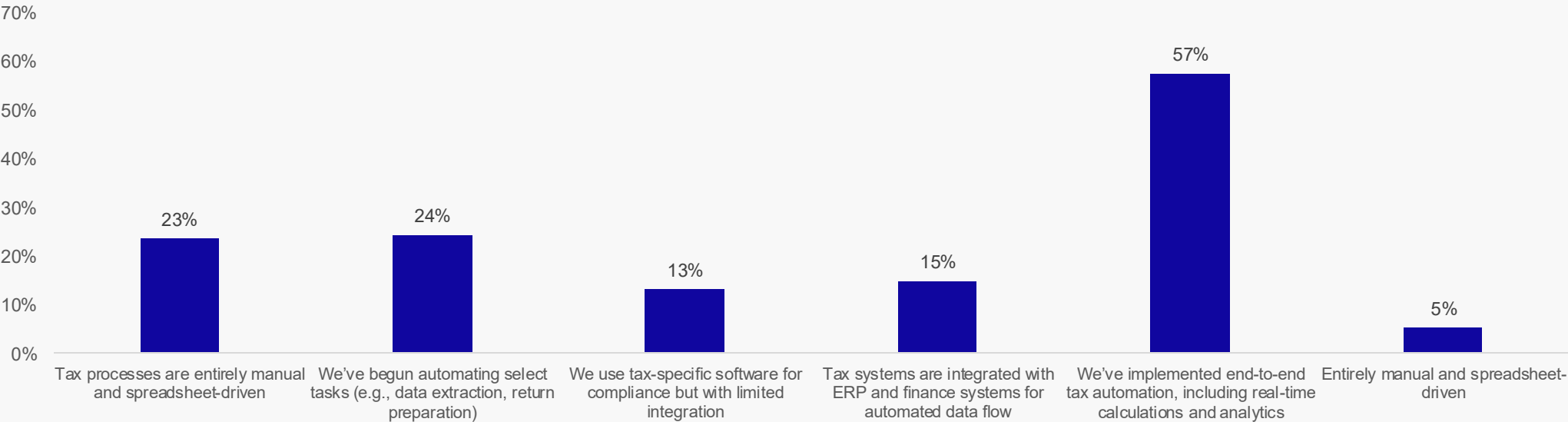
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Changes in Tax Law Most Significantly Impacting Technology and Automation Strategies



The top challenges globally include data security and privacy regulations (43%), sales and use tax changes (40%), transfer pricing requirements (36%), and global digital tax reforms (32%). EMEA struggles most with data security (50%) and e-commerce tax (47%), while APJ & ANZ face country-specific reforms (43%) and indirect tax expansions (43%). LATAM ranks transfer pricing (50%) and crypto taxation (50%) as key hurdles.

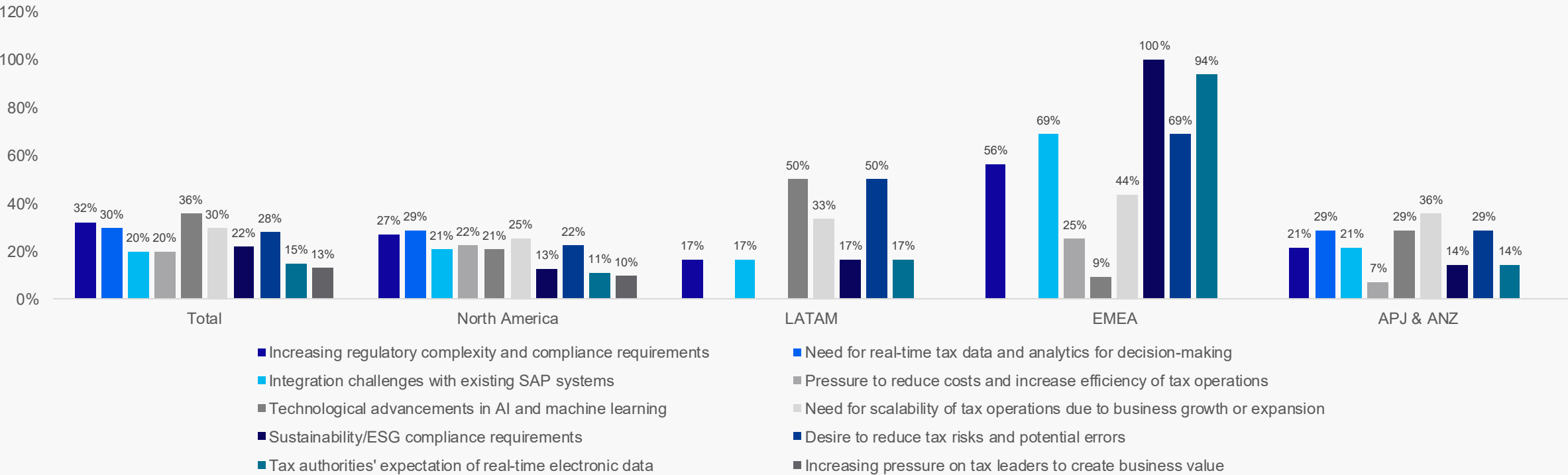
Approach to Tax Process Automation



Tax automation maturity varies widely, the most popular approach being to implement end-to-end tax automation (57%), followed by beginning by automating select tasks (24%). There are still many organizations not automating tax using manual spreadsheets (23%), which is surprising given respondent demographics, the regulatory environment, and rapid changes to taxing and reporting requirements across global jurisdictions.

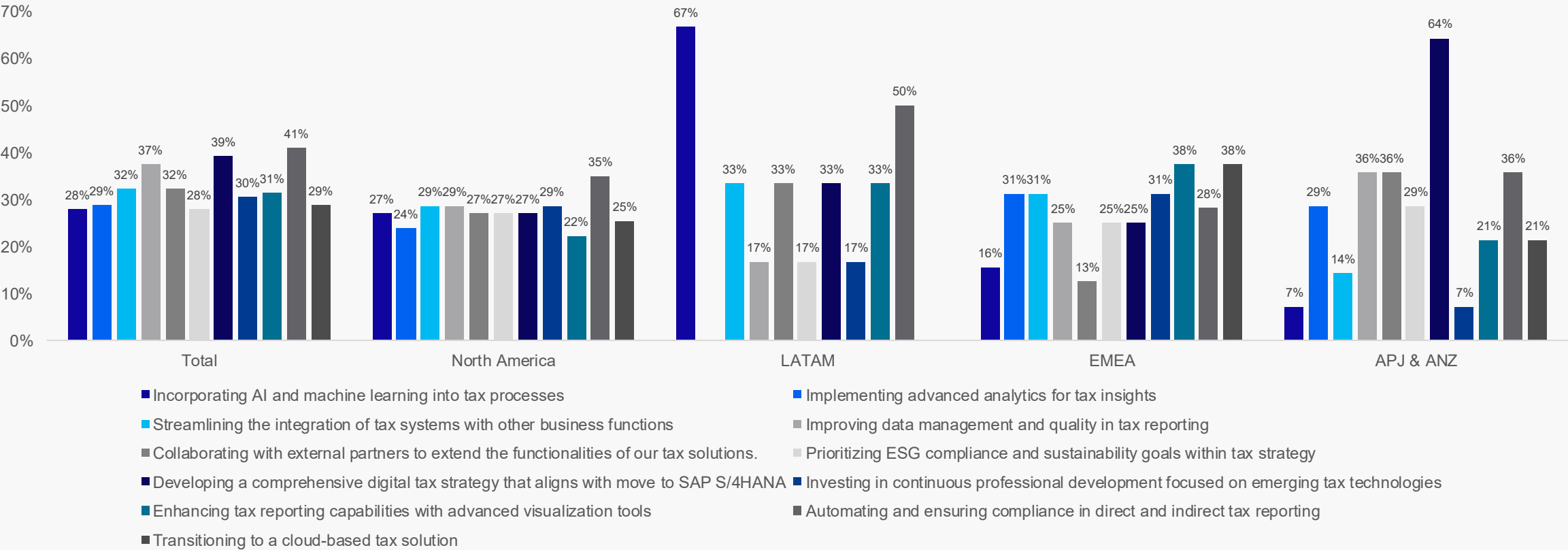
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Drivers of Tax Technology and Automation Approach



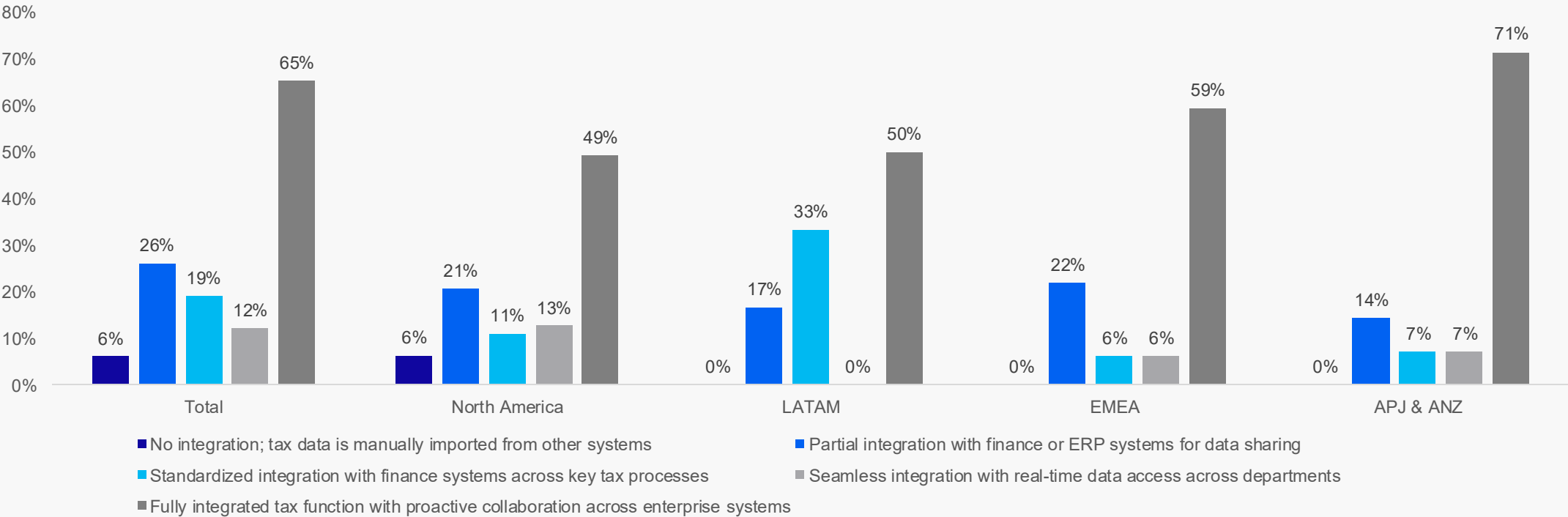
Tax automation is being driven by technology advancement in AI and machine learning (36%) with the highest adoption rate in LATAM (50%). Increasing regulatory complexity and compliance requirements (32%) along with the need to scale tax operations to meet business growth and expansion (30%) are also driving automation approaches. EMEA stands out with 100% citing a focus on ESG and 94% challenged by real-time electronic data requirements. Across regions lowering tax risks and potential errors remains a driver, with greater emphasis in EMEA (69%) and LATAM (50%).

Tax Technology and Innovation Strategies



Organizations are prioritizing automation (41%) and digital tax strategies aligned with SAP S/4HANA (39%). Data management (37%) and system integration (32%) follow closely. APJ & ANZ are actively working on developing digital strategies (64%), while LATAM is approaching tax innovation using AI adoption as a strategy (67%) combined with automation (50%). EMEA is focused on visualization (38%) and cloud transition (38%), whereas North America respondents indicate a balanced approach across all areas.

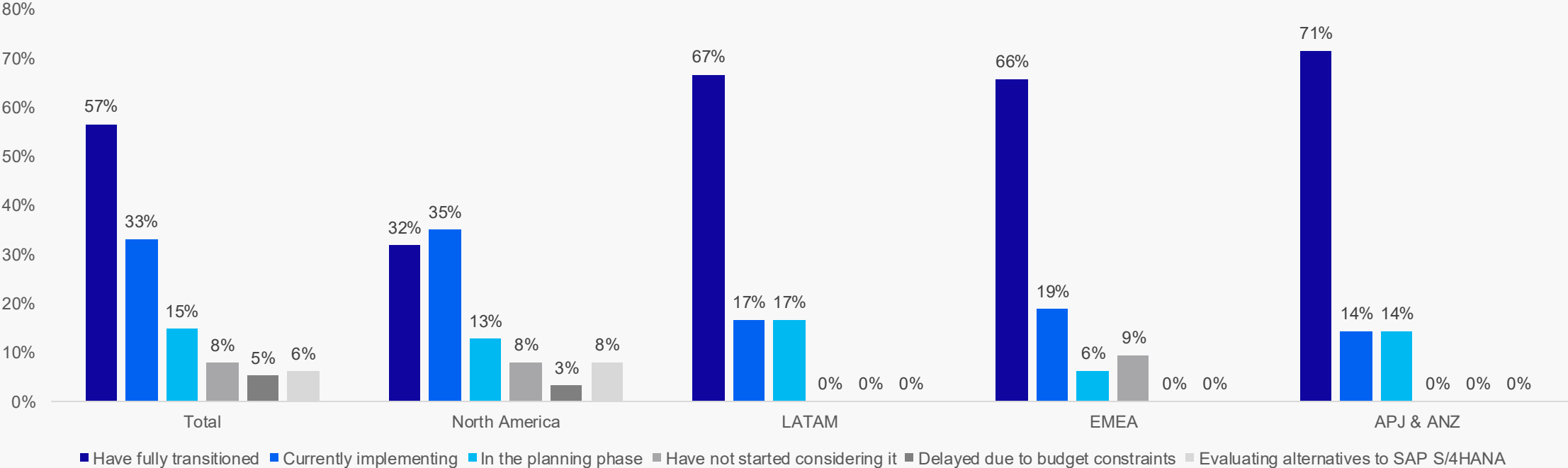
Technology Landscape
Integration Between Tax and Enterprise Systems
ERP, Finance, Procurement



Tax integration maturity is advancing globally, with 65% of organizations achieving full integration and proactive collaboration. APJ & ANZ lead at 71%, followed by EMEA (59%) and North America (49%). LATAM shows progress with 33% standardized integration but no seamless or full integration. Manual processes remain minimal at 6% overall, signaling strong movement toward connected tax ecosystems.

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Technology Landscape Path to Adopting SAP S/4HANA

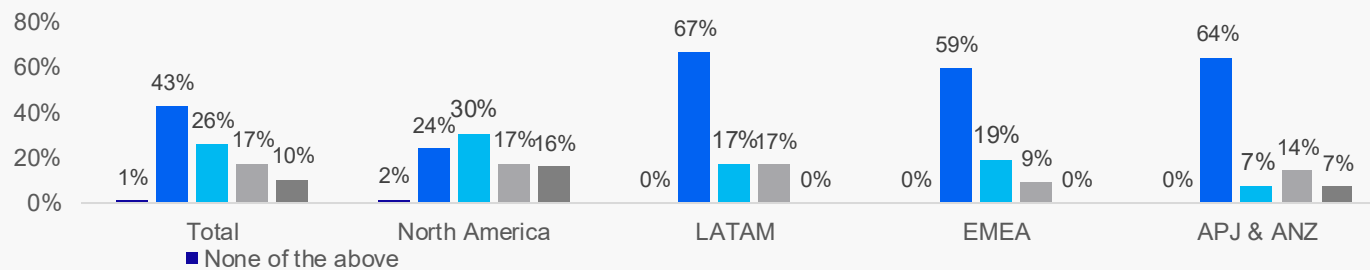


We continue to see SAP S/4HANA adoption accelerating, with 57% of organizations fully transitioned. APJ & ANZ lead at 71%, followed by EMEA (66%) and LATAM (67%). North America lags at 32%, with 35% still implementing. Planning remains modest globally (15%), which strengthens our confidence that the majority of organizations globally will be complete with SAP S/4HANA migrations within 12 to 18 months.

Technology Landscape

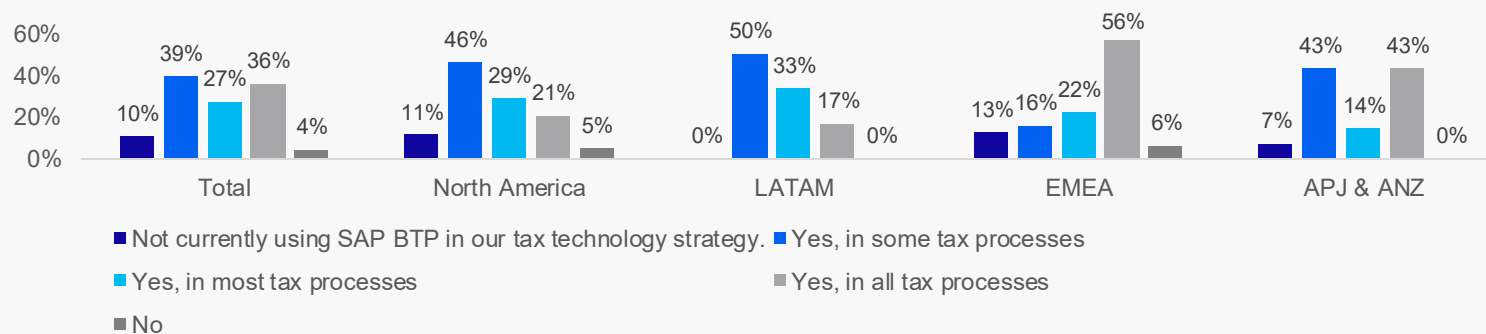
Use of SAP BTP to Support Tax Innovation and Automation

Use Cases



- None of the above
- Using SAP BTP to integrate various tax technologies and automate manual tasks.
- Utilizing SAP BTP to develop custom tax applications to meet specific business needs.

Tax Process Penetration

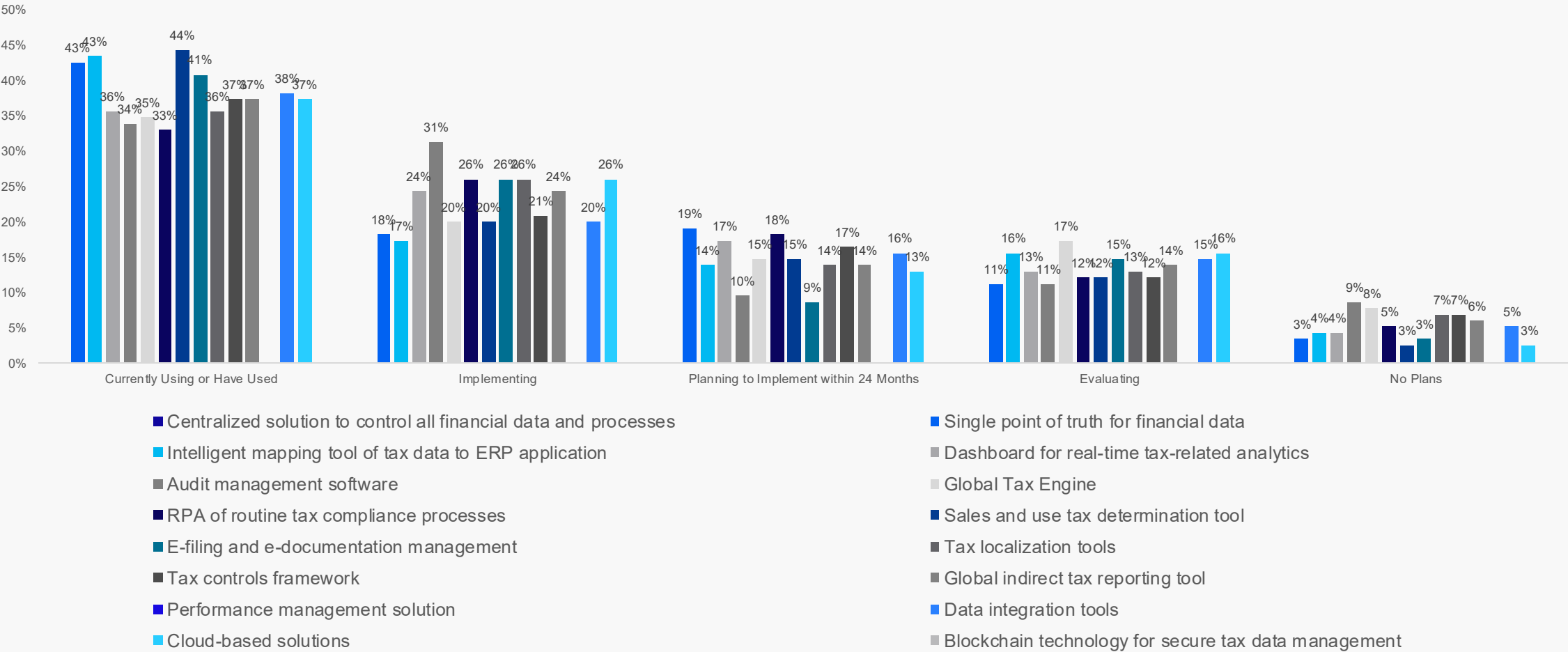


SAP BTP adoption is growing, with 43% using it for integration and automation and 26% for custom apps. EMEA (56%) is leading in adoption while APJ & ANZ (43%) is a close follower. LATAM shows strong use of BTP for integration (67%), while North America is prioritizing its use for custom development (30%).

Technology Landscape

Technologies in Use or Planned for Tax Automation

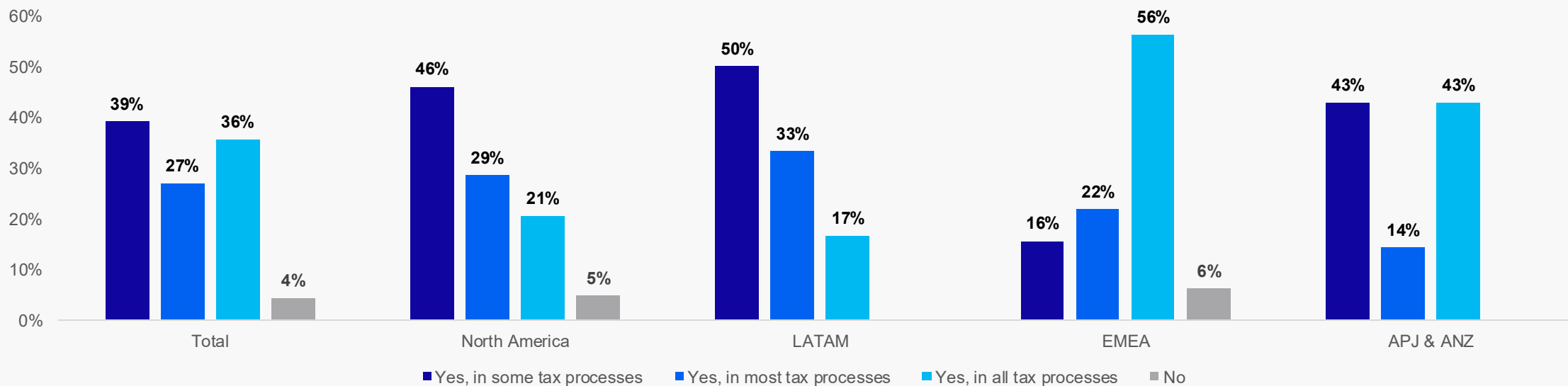
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Data is driving automation activities as organizations are prioritizing a single point of truth for data (43%), mapping tax data to their ERP (43%), and Sales and Use Tax determination (44%) for automation. These priorities align with activities key to digital transformation activities and SAP S/4HANA migrations. Tax control frameworks (38%), tax localization tools (37%), data integration and shifting to cloud-based solution (37%) are also driving automation practices.

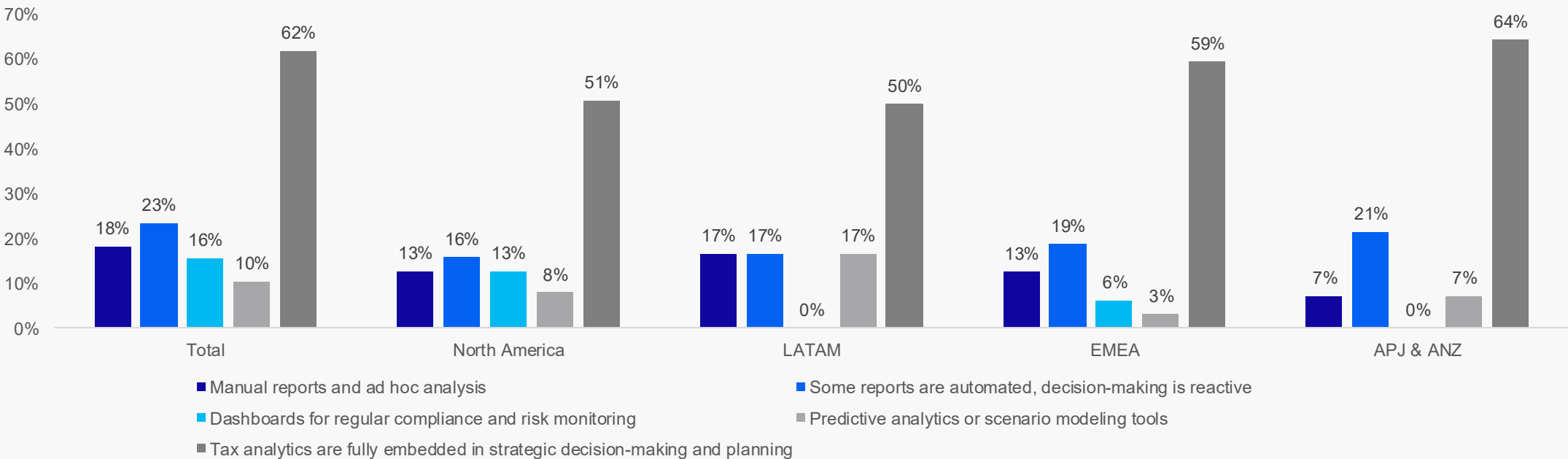
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Technology Landscape Use of AI and Machine Learning in Tax



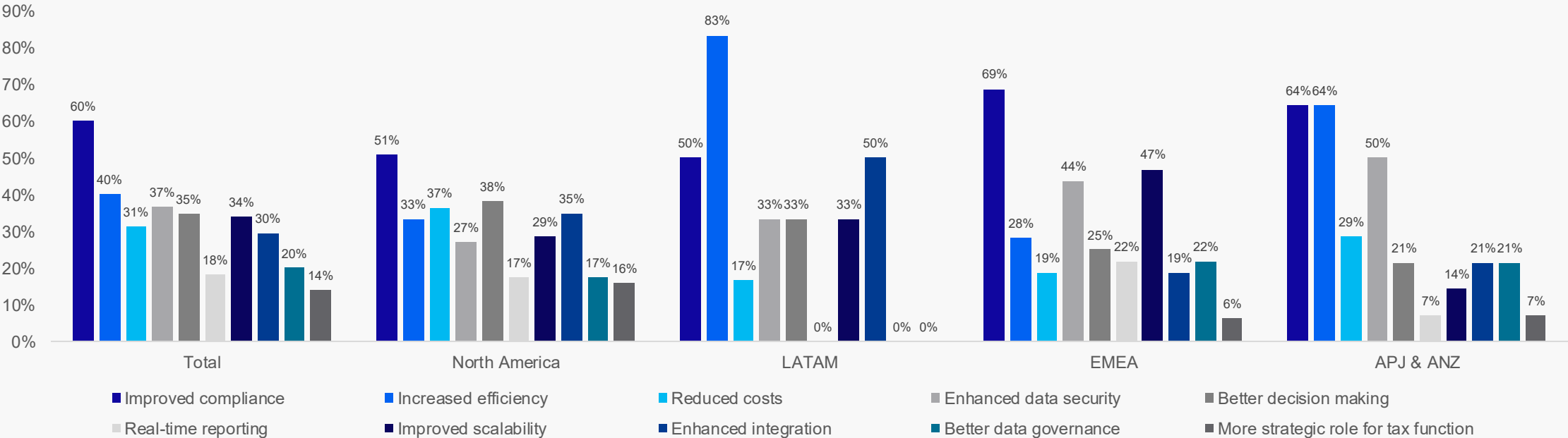
AI adoption in tax processes is strong, with 39% using it in some processes and 36% fully implemented. EMEA leads with 56% full adoption, followed by APJ & ANZ at 43%. LATAM shows balanced progress (50%), while North America focuses on partial adoption (46%) but lags in full implementation at 21%.

Use of Data and Analytics for Tax Decision Making



Tax analytics adoption is advancing, with 62% of organizations embedding analytics into strategic decision-making. APJ & ANZ lead at 64%, followed by EMEA (59%) and North America (51%). Manual reporting persists in LATAM (17%) and EMEA (13%), while predictive tools remain minimal across all regions.

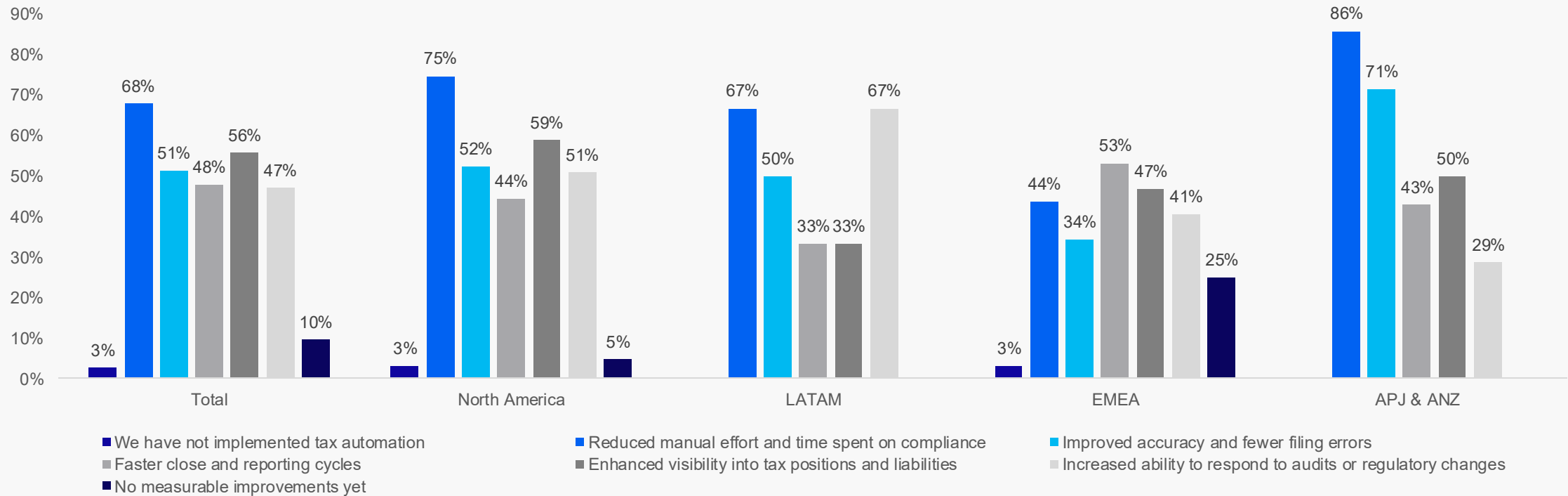
Benefits Expected from Tax Technology Innovation



Organizations expect AI and automation to deliver improved compliance (60%), increased efficiency (40%), better decision-making (35%) and enhanced data security (37%). Regional priorities vary: EMEA expects to benefit from compliance (69%), LATAM in efficiency (83%), and APJ & ANZ in security (50%).

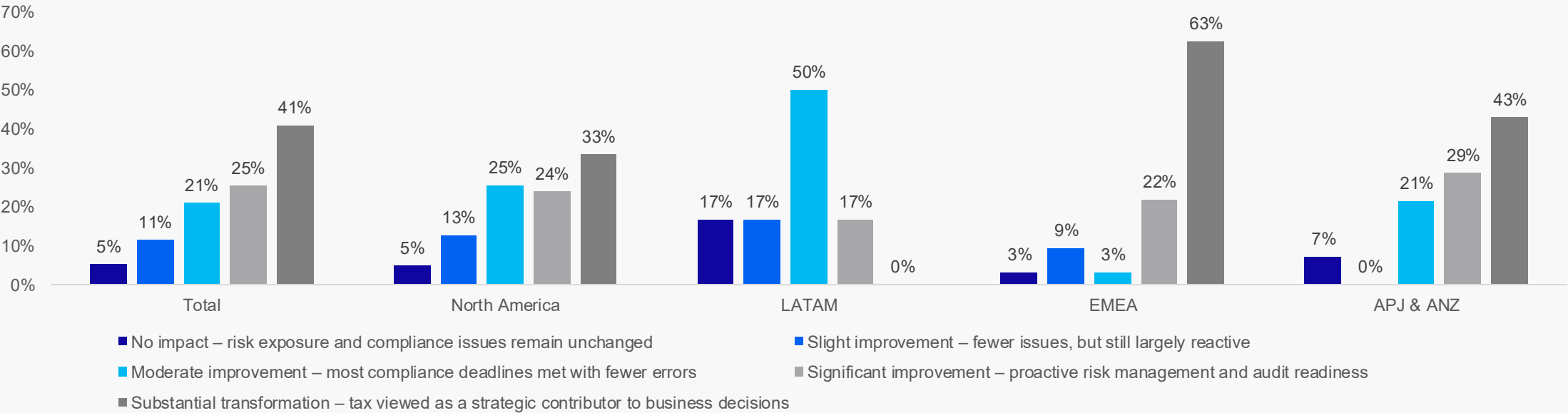
Improvements Experienced Due to Tax Technology and Automation

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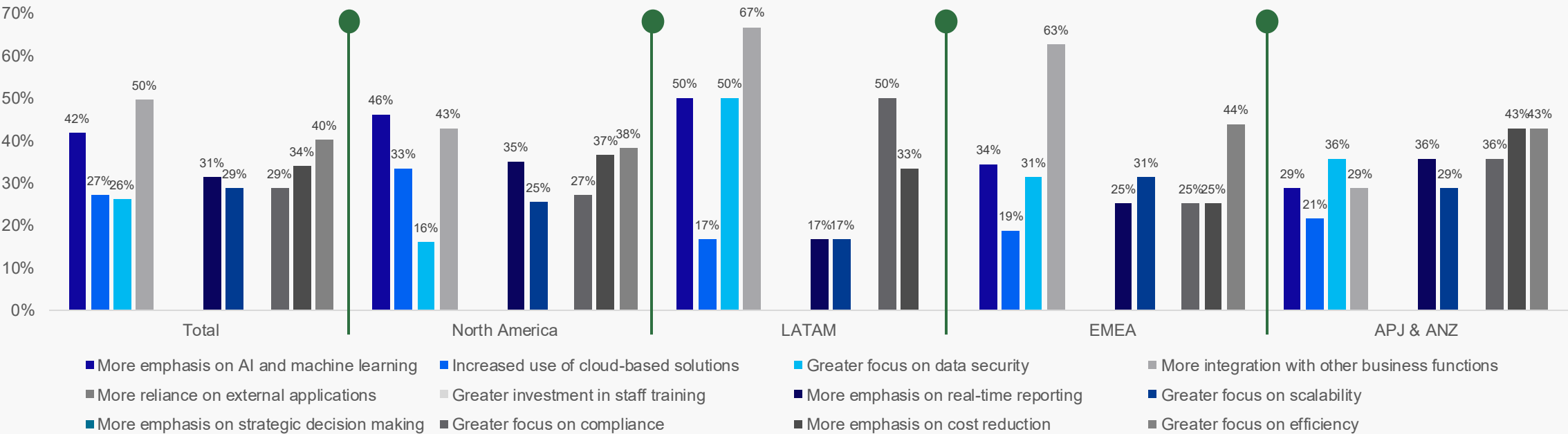
Respondents are experiencing reduced manual effort (68%), enhanced visibility (56%), improved accuracy (51%), faster close cycles (48%), and greater audit responsiveness (47%). APJ & ANZ are eliminating manual activities (86%) and improving accuracy (71%), while in North America respondents are benefiting from visibility (59%). Respondents in LATAM are gaining efficiency (67%) and audit readiness (67%), while those in AMEA are seeing faster close cycles (53%).

Impact of Tax Technology on Overall Risk and Compliance



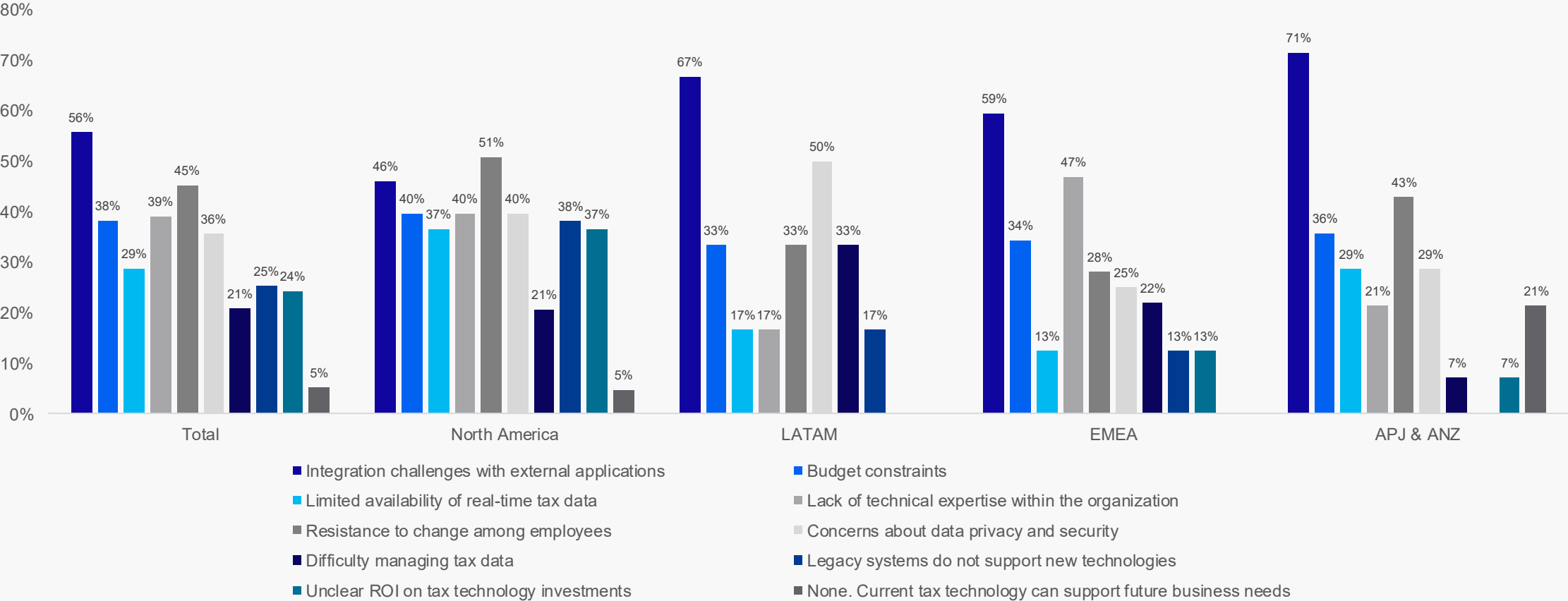
Tax automation significantly improves risk and compliance performance, with 41% of total respondents reporting substantial transformation and 25% significant improvement. EMEA leads with 63% viewing tax as strategic contributor to business decisions, while APJ & ANZ follow at 43%. North America shows moderate gains (33% substantial), and LATAM emphasizes moderate improvement (50%) but lacks transformational impact. Only 5% report no change, signaling strong progress globally.

Tax Technology and Automation Priorities



Top automation priorities are integration with other business functions (50%), greater emphasis on AI (42%), efficiency (40%), and cost reduction (34%). AI is a big focus in North America (46%) and LATAM (50%). LATAM respondents are also advancing AI use to support compliance (50%). EMEA is prioritizing technologies that support integration (63%). APJ & ANZ are prioritizing automation that supports efficiency and compliance (43% each).

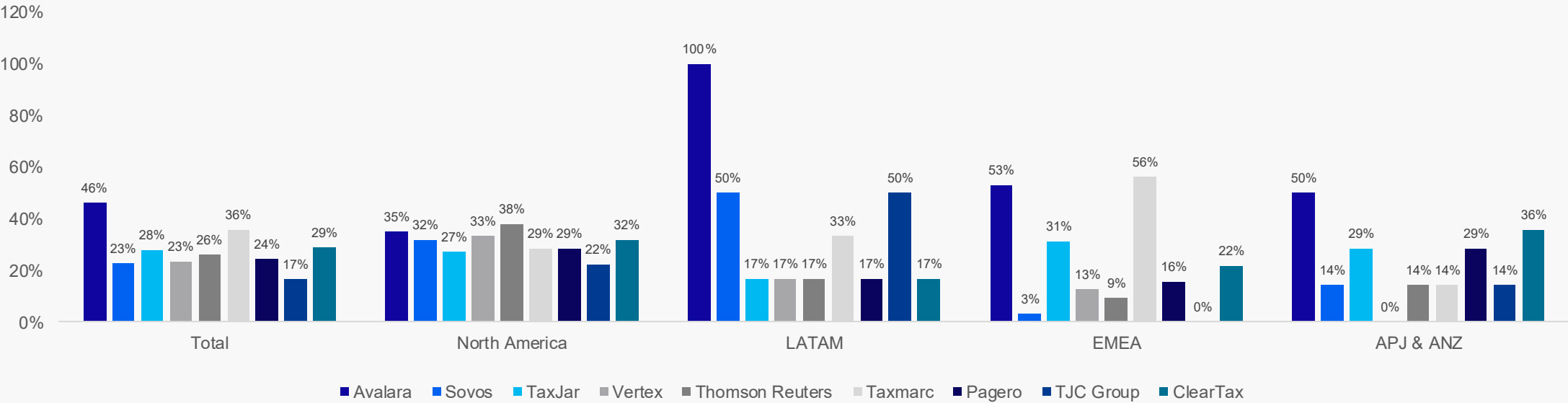
Barriers to Implementing Tax Technology and Automation



The biggest barrier globally is integration challenges (56%) likely due to the heightened focus on SAP S/4HANA migrations, followed by resistance to change (45%), lack of technical expertise (39%), and budget constraints (38%). Data privacy concerns (36%) and unclear ROI (24%) also weigh heavily. APJ & ANZ report the highest integration issues (71%), while North America struggles most with resistance to change among employees (51%). LATAM cites privacy concerns (50%) as a key obstacle.

Third-Party Tax Solutions Used that are Add-ons or Integrated with SAP

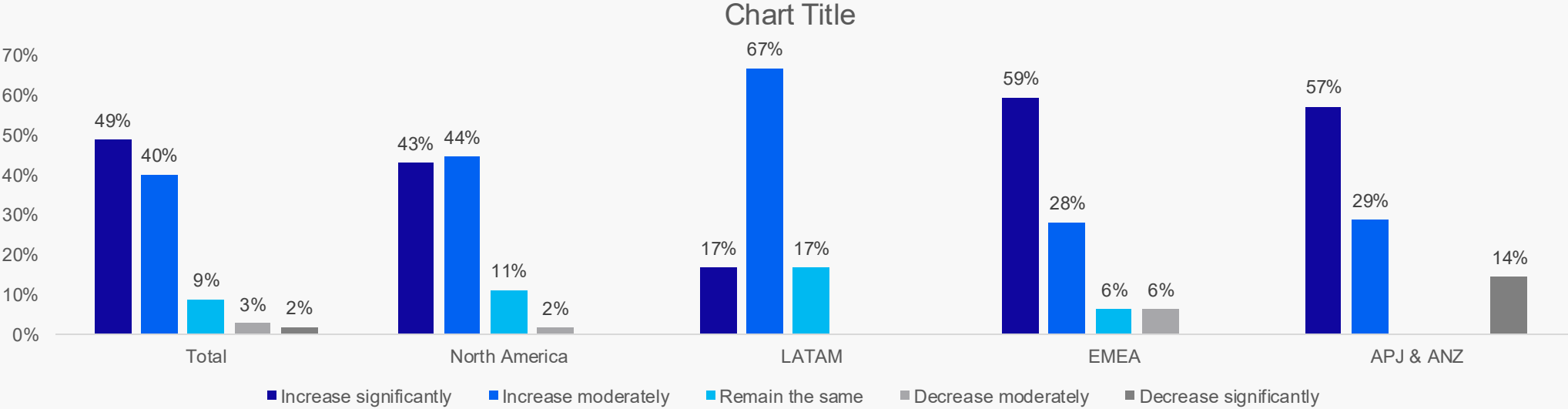
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Avalara (46%) is the most widely used tax vendor globally, followed by Taxmarc (36%), TaxJar (28%), and ClearTax (29%). LATAM overwhelmingly uses Avalara (100%) and TJC Group (50%). EMEA favors Taxmarc (56%) and Avalara (53%), while APJ & ANZ lean toward Avalara (50%) and ClearTax (36%). North America shows balanced adoption, led by Thomson Reuters (38%) and Vertex (33%). Our findings confirm that companies often use multiple vendors to address different tax needs such as compliance, e-invoicing, and regional tax requirements. They may also be using multiple vendors if tax technology footprints remain untouched during M&A activity.

2026 Budget for Tax Technology and Automation over Next Two Years

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Tax technology budgets are rising, which means growing investment in automation, integration, and advanced analytics to meet compliance and efficiency goals. Globally organizations are planning significant increases (49%) over the next two years. EMEA and APJ & ANZ report the largest planned increases. LATAM indicates moderate budget increases (67%). North America budgets are growing steadily (43% significantly, 44% moderately).

THANK YOU

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