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Intelligence Benchmark SERIES

Benchmarking the Capabilities that Define SAP Leaders

Global Tax Management

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Executive Summary

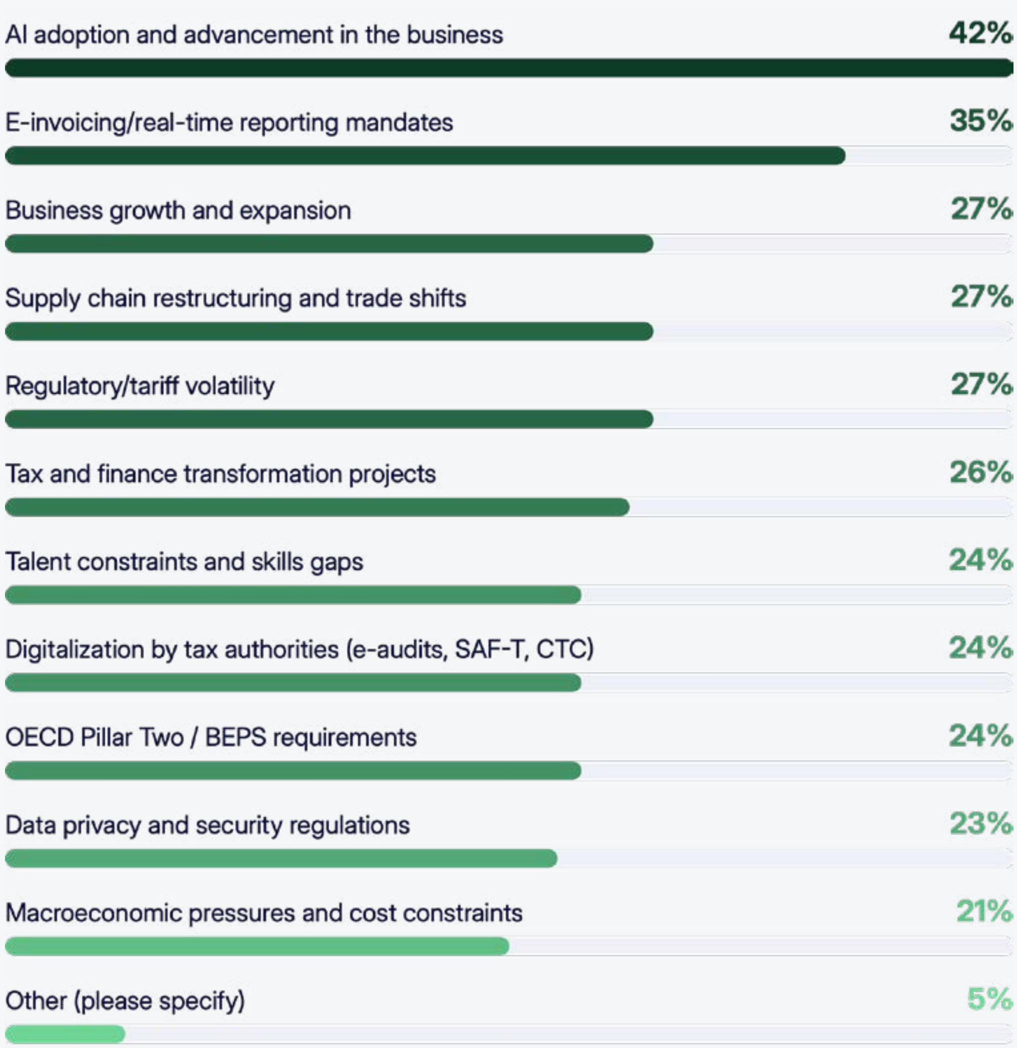
Global tax functions are at an inflection point. External factors such as AI adoption across the enterprise, expanding e-invoicing mandates, regulatory volatility, and supply chain restructuring are accelerating faster than most organizations can absorb with the tools and architectures they currently have. The data shows that tax leaders understand this acutely. They are prioritizing automation, standardization, and data governance because they recognize that the compliance challenges of 2026–2028 cannot be managed the way the challenges of 2020 were. The problem is execution: the gap between what tax technology is expected to deliver and what is currently realized is significant. Closing that gap through smarter platform strategy, better data, and governance-first AI adoption is the defining challenge for global tax teams operating on SAP over the next two years.

Between February and June 2026, SAPinsider surveyed its global community of tax and finance professionals to understand how they are managing the most complex compliance environment in a generation. The respondents are a credible cross-section: 31% come from technology and IT roles supporting finance, 27% from finance management, and 24% from tax management directly with a further 10% being C-level leaders. This is not a practitioner-only sample. The priorities and pain points reflected are those of people who set budgets, approve technology roadmaps, and answer to boards. What is clear is that no tax function operates in isolation from the world around it. When respondents were asked what forces are most strongly shaping their tax agenda for 2026–2028, the answers reveal a compounding set of pressures that are difficult to address in isolation.structures.

AI adoption and advancement across the enterprise tops the list at 42% **(Figure 1)**. This is striking. The most important factor shaping the tax agenda is not a new regulation or a trade policy but is the broader wave of AI transformation inside organizations. Tax departments are being asked how they will contribute to and benefit from AI adoption at the same time as they manage a growing compliance workload. E-invoicing and real-time reporting mandates follow closely at 35%, reflecting the rapid expansion of continuous transaction controls across Europe, Latin America, and Asia Pacific. Business growth and expansion, supply chain restructuring, and regulatory and tariff volatility each register at 27%, pointing to an enterprise reality where tax must flex constantly to support shifting business structures.

FIGURE 1

Forces Shaping the 2026-2028 Tax Agenda



Taken together with requirements such as Pillot 2 OECD and BEPS at 24%, digital audit mandates at 24%, talent constraints at 24%, and data privacy requirements at 23%, these forces paint a picture of a function that is being pulled in multiple directions simultaneously. The message for tax leaders and their technology partners is clear: the agenda is not being driven by any single compliance mandate but by the convergence of technology change, regulatory expansion, and strategic business pressure which are all happening at the same time.

The Operational Reality

What is Challenging Tax Strategy

Understanding what tax leaders want to achieve is given additional nuance in the context of what is standing in their way. To provide insight into this topic, respondents were asked to identify their top operational challenges, and the answers are instructive in ways that go beyond the obvious.

The top two challenges, keeping pace with country-level regulatory changes (37%) and tax-sensitized data quality and integration (37%), point to a foundational problem. The underlying architecture that tax solutions run on is not fit for the pace of change that the regulatory environment demands. Tax-sensitized data, (for example the specific classifications, codes, jurisdictions, and attributes that make financial data actionable for compliance purposes) is either missing, inconsistently maintained, or trapped in fragmented ERP landscapes that 34% of respondents identify as a direct barrier. Technology limitations and legacy tools compound this at 36%.

FIGURE 2

Top Operational Challenges Today

This suggests that many organizations are trying to build modern, AI-enabled tax operations on top of a foundation that was never designed for them. Thirty-four percent of respondents also flag control and governance consistency and audit management and documentation as challenges suggesting that, even where data exists, the frameworks for governing and defending it are inconsistent.

Workforce capacity (30%) and budget constraints (31%) round out a picture where ambition consistently outstrips available resources. AI governance emerges as a challenge for 21% of respondents, which reads as an early warning signal rather than a current crisis but is one that will grow rapidly as AI deployments move from pilot to production..

Building the Foundation First

Given the broader agenda for global tax functions in the future, what have leaders decided to prioritize for the next 24 months? The data is striking for what it reveals about organizational maturity and sequencing strategy.

Automating high-volume processes tops the list at 41%, followed by standardizing processes with global templates at 39%, and master data remediation and ownership at 35%. Before anything else, even before AI, Pillar 2 readiness, or expanding Tax Centers of Excellence, organizations are doing the foundational work. They are cleaning data, standardizing process, and automating the repeatable. Rather than a lack of ambition, it is a pragmatic approach from organizations that have learned the hard way that transformational technologies cannot run on a broken process or dirty data substrate.

41%

of organizations report that automating high-volume processes is their most important strategic priority.

37%

of organizations report keeping pace with country-level regulatory changes is their top operational challenge.

INSIDER
INSIGHT

"The ongoing changes in global regulations have required us to invest in new people, processes, and technologies. Because many of these regulations are highly specialized or locally nuanced, we've had to ensure that our systems are properly prepared. We are hoping that Ai will allow us to address this more readily in the future."

TAX MANAGER,
GLOBAL MANUFACTURER

FIGURE 3

Strategic Priorities for the Next 24 Months

The next group of strategic priorities, deploying AI/ML and advanced analytics (33%), establishing or expanding a Tax Center of Excellence (27%), deploying or consolidating tax engines (27%), and scaling e-invoicing compliance (27%) represents the second wave. These are the strategic moves that become possible once the foundation is stable. Pillar 2 readiness (23%) and outsourcing expansion (14%) round out the list, suggesting that while external mandates and managed services matter, tax leaders are primarily betting on in-house digital capability as their long-term competitive advantage.

35%

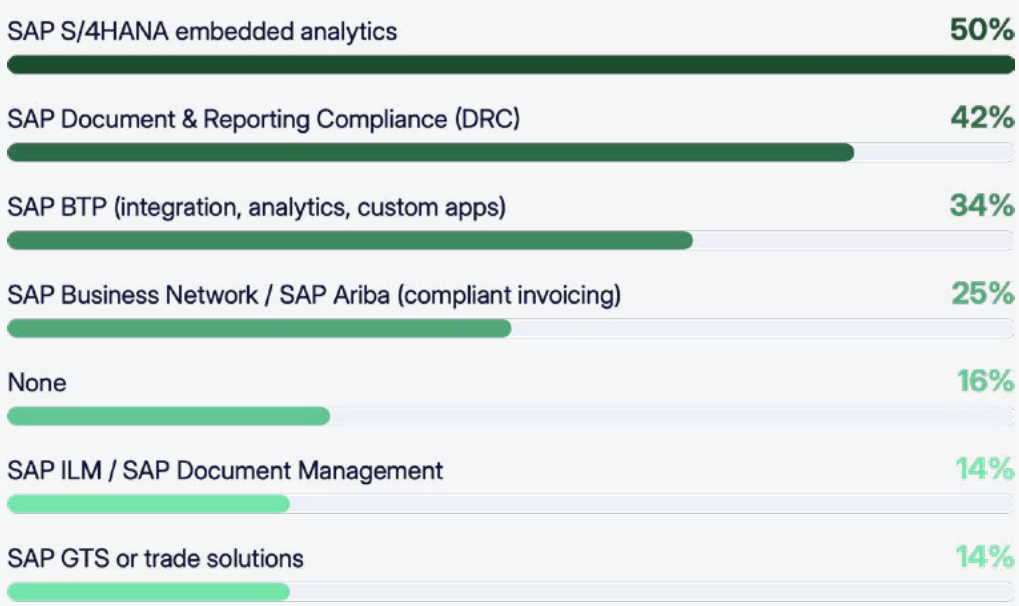
of organizations are focused on master data remediation and ownership.

SAP and the Architecture of Compliance

When it comes to the SAP solutions in scope for tax and compliance, the data reveals a clear center of gravity. Half of all respondents have SAP S/4HANA embedded analytics in scope for the next 24 months. SAP Document and Reporting Compliance, the platform's purpose-built solution for e-invoicing, statutory reporting, and digital tax submissions, is in scope for 42%. SAP Business Technology Platform (BTP) rounds out the top three technologies in focus for the year ahead at 34%, signaling a push toward extensible, integration-led architectures where partners and custom applications can be layered on top of the SAP S/4HANA core without compromising it.

FIGURE 4

SAP Solutions in Scope for Tax and Compliance in the Next 24 Months



The meaning of this pattern is significant. Tax and finance teams are not looking for point solutions to compliance problems. They are doubling down on the SAP S/4HANA ecosystem as the platform of record for global tax management. A platform that delivers embedded analytics, native document compliance, and the integration layer needed to connect third-party engines and emerging AI capabilities.

The third-party tax engine landscape reinforces this architecture story. Vertex and Thomson Reuters ONESOURCE both command 37% adoption, emerging as the clear preferred partners for indirect and direct tax determination in the SAP ecosystem. Behind them, Sovos (19%) and Edicom (15%) represent the next tier of e-invoicing and compliance specialists.
The fact that a quarter of respondents (26%) report that they are either not using, or are not sure whether their organization is using, a third-party tax engine is a reminder that a meaningful portion of the market has not yet made strategic commitments on third-party tooling. This represents a significant opportunity for partners who can help organizations rationalize and govern their tax technology stacks.

AI: Enthusiasm ahead of Execution

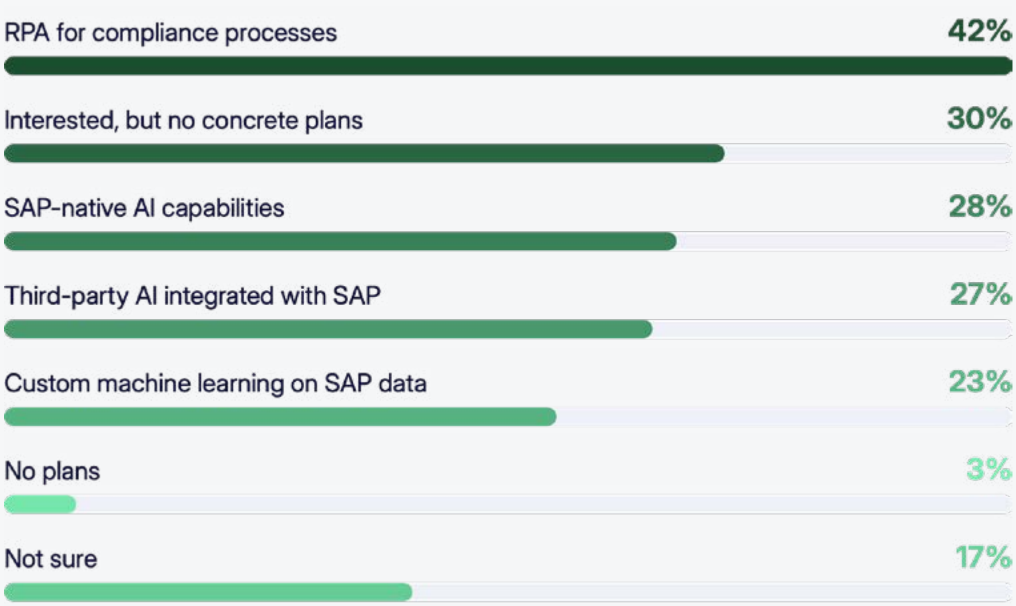
If automation is the foundation of the next-generation tax function, AI represents the future superstructure. However, the data tells a more complicated story.

Robotic Process Automation (RPA) for compliance processes leads AI and automation adoption at 42%, reflecting the fact that rule-based automation has been maturing in tax for several years and has established real operational value. From there, the picture fragments. Roughly 30% of respondents express interest in AI but have no concrete plans. SAP-native AI capabilities are in use or planned by 28%, third-party AI integrated with SAP by 27%, and custom machine learning by 23%. Critically, only 3% have no plans for AI at all meaning the question is not whether AI is coming to tax, but when, where, and how fast.

42% of organizations are using robotic process automation in tax processes.

FIGURE 5

AI and Automation Usage in Tax Processes



The use case data adds important texture. Across every AI scenario explored, only 14% to 16% of respondents are using or implementing these scenarios. This is true for data aggregation, tax code determination, generative AI for policy and procedure drafting, automated mapping and classification, audit readiness, e-invoice validation, and real-time exception monitoring, However, evaluation rates range from 36% to 54%. Generative AI for policy and procedure drafting shows the highest evaluation rate at 54%, suggesting enormous latent interest in AI assistance for the documentation and knowledge management work that consumes significant tax team bandwidth.
The 12–18 month planned deployment rates tell the fast-follow story: 25% plan to deploy automated tax data mapping, 27% plan audit readiness tools, 27% plan document-based AI. These are the use cases that will move from evaluation to production in the near term, and they are precisely the scenarios where SAP's own Joule AI assistant and the broader BTP-hosted AI layer will play a critical role.

The Expectation Gaps

Where Technology is Failing to Deliver

There is a moment that many tax or technology leaders will recognize. A program is approved, a solution is deployed, a partner delivers the information, and the team goes live. The tool works. The integrations function. The dashboards populate. And yet, months or a year later, the close is not meaningfully faster, the audit response not noticeably sharper, and the visibility into global tax positions that was promised still requires significant manual assembly. The technology did not fail, but the transformation didn't deliver either.

This is the expectations gap, and it is the most important finding in this report. Perhaps no finding in this research is more actionable than the data on expected versus realized outcomes from tax automation and AI. Across every outcome category the gap between what was expected and what has been realized is striking. This was true for the duration of close cycles, better visibility into tax positions, faster audit response, reduced manual effort, and improved accuracy.

The gap is widest where ambitions were highest. For example, 43% expected automation to deliver faster close and reporting cycles, but only 6% realized that expectation. A third (36%) expected better visibility into tax positions, but only 11% saw it.

INSIDER **INSIGHT**

"Although our budget for tax has not increased significantly, we have allocated funds towards projects that need immediate investment. Examples of this are with AI and automation. While we are yet to see major changes, these projects are only in their early phases and we expect to be able to see greater value later this year."

FINANCE MANAGER, HEALTHCARE COMPANY

Of those anticipating faster audit response (36%), only 9% report achieving it. For AI, the pattern is similar though slightly stronger: 36% expected improved accuracy, and 18% realized it. 36% expected faster audit response, and 13% achieved that goal.

The improvements that have been realized, incremental gains in accuracy and modest reductions in manual effort, are meaningful but also represent the easiest part of the value chain. They are point-in-process improvements rather than end-to-end operational changes that move the needle significantly for finance leadership teams.

These numbers should be read carefully. They are not an indictment of automation or AI as technologies. They are a diagnosis of how those technologies are being deployed. Faster close cycles, better audit response, and improved visibility are system-level outcomes and require end-to-end process integration, high-quality data, governance, and change management working together. They are not the features of any one tool. Organizations that have deployed individual tools without addressing the underlying architecture and process substrate are finding that the promised outcomes remain out of reach.

For tax leaders, this is the central call to action of the report: technology investment alone does not close the expectations gap. Operating model transformation including clear KPIs, defined governance, active change management, and leadership-level accountability for realization, separates organizations that achieve the outcomes from those that continue to accumulate tools without results.

Ultimately, building the foundation for the platforms and capabilities in use requires the organization to perform the less visible, less exciting, but more consequential work of putting in place data governance, process standardization, and cross-functional alignment between tax, finance, and IT. Creating this foundation should be the focus of tax and finance organizations over the next two years.

43%

of organizations expected automation to deliver faster close and reporting cycles

6%

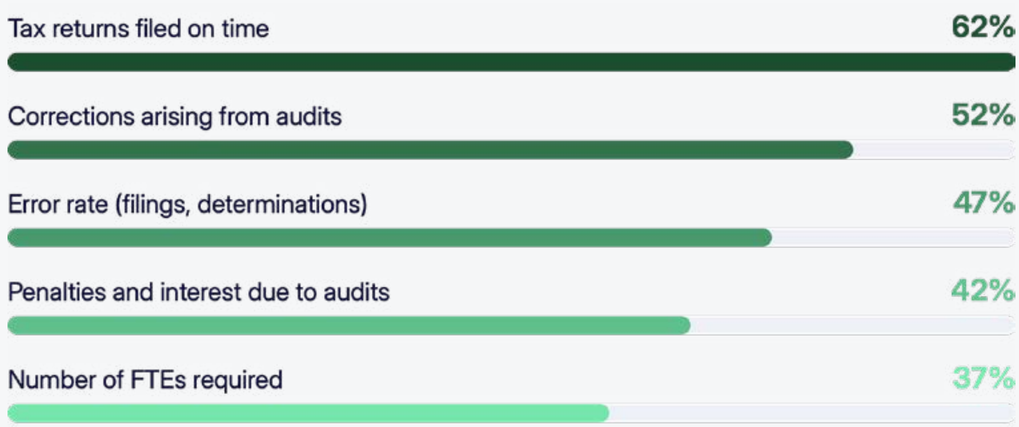
of organizations realized the goal of delivering faster close and reporting.

Measuring What Matters: The Control and Accuracy Imperative

How do global tax leaders measure success? The performance metrics data reveals a consistent hierarchy: compliance outcomes first, efficiency second. Tax returns filed on time are the most important measure of success, selected by nearly two thirds (62%) of respondents. This was followed by corrections arising from audits (52%), error rate in filings and determinations (47%), penalties and interest from audits (42%), and number of FTEs required (37%).

FIGURE 6

Performance Metrics that Matter Most



This ranking carries an important message for solution providers and technology partners. The value proposition that resonates with tax leadership is not primarily about headcount reduction or cost savings. It is about control, accuracy, and defensibility. Any technology initiative that cannot demonstrate a clear line to improved on-time filing rates, lower error rates, or reduced audit exposure will struggle to secure budget or sustained executive sponsorship.

This also contextualizes the expectations gap. The outcomes that tax leaders want most, timeliness and accuracy, are exactly the ones where realization rates remain low. Closing this gap is not optional; it is the metric by which tax technology programs will be judged.

The Investment Picture: Planned Budgets and Expenditure

The data from respondents on budget and planned spend closes the loop on the strategic narrative. Half of all respondents plan investment in tax engines, either indirect or direct, over the next 24 months, making it the single largest area of planned investment. Data integration through APIs, connectors, and SAP BTP follows at 38%, reinforcing the architecture story that organizations are not just buying tools; they are building connected tax data layers.

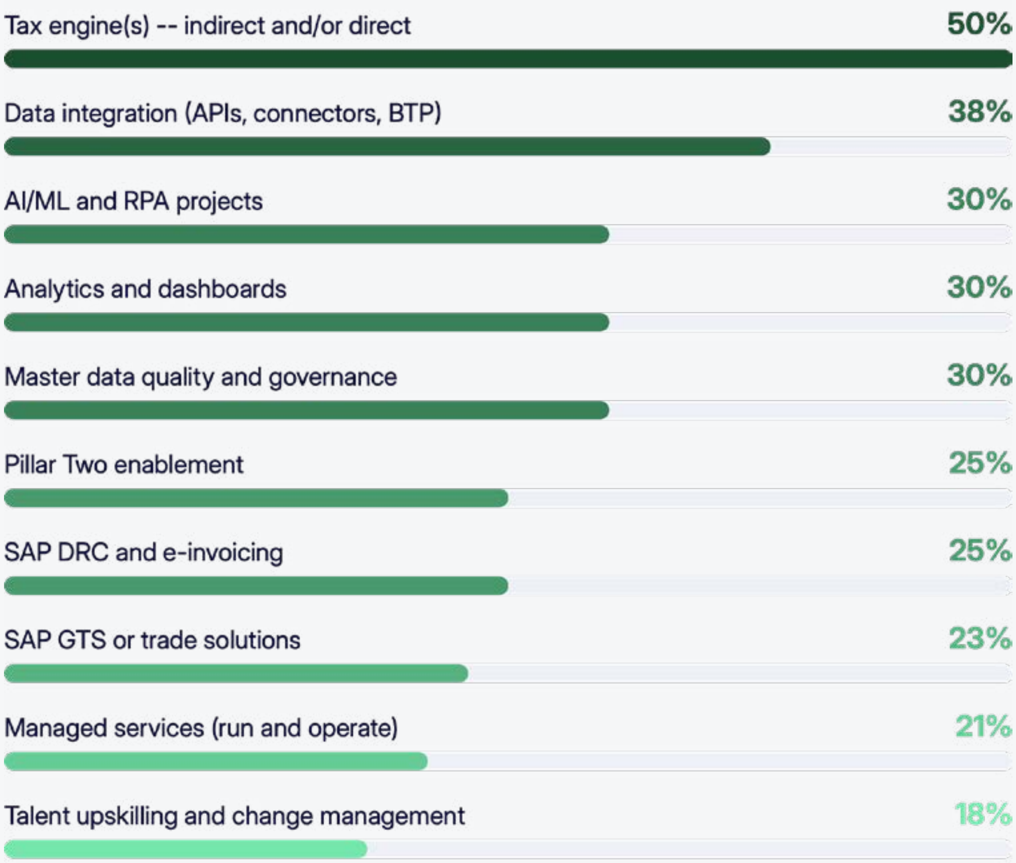
INSIDER
INSIGHT

"Over the last two years we have added more automation capabilities to our finance processes. Although we have seen some benefits from these capabilities the gains have been modest. Part of the challenge has been that adding automation has forced us to address underlying data issues that we had not planned for."

TAX DIRECTOR, MINING CORPORATION

FIGURE 7

Planned Spend Areas Over the Next 24 Months.



.The next areas of planned investment include AI/ML and RPA projects, analytics and dashboards, and master data quality and governance. These investments reflect the convergence of the automation foundation story with the AI ambition story. These three investment areas together represent the infrastructure that will ultimately determine whether the expectations gap closes or widens.

Pillar 2 enablement (25%), SAP DRC and e-invoicing (25%), and SAP GTS (23%) represent the regulatory compliance investment stream running in parallel. These are not discretionary; they are the baseline of statutory compliance that must be met regardless of budget pressure.

The budget reality is that that nearly three-quarters of respondents operate with annual tax technology budgets below $1 million, with the single largest segment at $500,000–$999,000. This means that the transformational programs described in the priorities data must be executed with limited resources and that modularity, phased delivery, and clear ROI milestones are not optional approaches but operational requirements for most of the market.

Required Actions

The 2026 Global Tax Management research describes a profession in transition. Tax leaders understand the forces bearing down on them. They have made clear-eyed decisions about what to prioritize: data, process, automation first; AI and advanced capabilities second. They have identified the tools and platforms they are betting on. And they are investing accordingly.

From this perspective, there is no lack of direction. Global tax leaders understand that the operating models that have served them for the last decade will not be adequate for the regulatory and technological environment of the next one. This is shown clearly in the choices that global tax leaders are making.

What they have not yet fully solved is the realization problem. The expectations gap is real, persistent, and consequential. It will not be closed by acquiring more technology, but by organizations that treat their tax transformation programs as what they are: operating model changes that require the same rigor, governance, and change management investment as any other enterprise-scale transformation. There is also a timing dimension that the data makes visible. The window to build the foundation, cleansing data, standardizing processes, and establishing governance structures that will support AI and regulatory expansion, is open today but won't remain so indefinitely. E-invoicing mandates are expanding across jurisdictions at a pace that demands faster transformation. Pillar 2 obligations are becoming operational realities, and AI capabilities being explored today will be production expectations sooner than expected. Organizations that treat foundational work as a prerequisite will find themselves well ahead of those that continue to defer it and increasingly find themselves in a position of permanent catch-up.

For SAP technology partners, this creates an obligation and an opportunity. The obligation is to help customers move from fragmented, legacy-burdened architectures to integrated, clean-data environments where the platform can deliver its promised outcomes. The opportunity is that the market is primed. Interest in AI is nearly universal, budget is committed, and the demand for trusted guidance on the path from where organizations are to where they need to be in the future has never been higher.

To be ready for this future, organizations should consider the following recommendations:

Resolve data quality and ERP fragmentation before expanding your tax technology footprint.

Thirty-seven percent of respondents cited tax-sensitized data quality and integration as a top operational challenge, and 34% flagged their fragmented ERP landscape as a compounding problem. However, 50% plan to increase spending on tax engines and 38% on data integration and SAP BTP. That sequencing is backwards. Tax engines, AI tools, and e-invoicing solutions all depend on clean, consistently mapped master data. Deploying them on a fragmented foundation reproduces existing failures at greater cost and complexity. Master data remediation and global ERP harmonization must be treated as preconditions for technology investment, not workstreams to address in parallel. Organizations that have made SAP S/4HANA migration part of their tax transformation program should use that transition to enforce standardized tax codes, jurisdiction mappings, and document configurations across legal entities because the cost of retrofitting data governance after go-live is significantly higher than building it in from the start.

Deploy AI and automation selectively against high-volume, rules-based processes where data readiness is already confirmed, and hold expansion until measurable results validate the investment.

The expectations gap in this data is clear. A third of respondent organizations (36%) expected AI to deliver improved accuracy but only 18% report realizing it. Similarly, 43% expected automation to accelerate the close, but only 6% confirm the outcome. This gap does not indicate that AI or automation have been implemented incorrectly or unnecessarily. It indicates that most organizations are deploying it against processes that are not yet ready to absorb it. The 30% of respondents who are interested in AI but have no concrete plans are, counterintuitively, in a stronger position than peers who have deployed broadly without the data foundation to support it. RPA for compliance automation, where 42% of respondents are already active, represents the most defensible near-term path: deterministic rules, high transaction volumes, and clear error metrics make outcomes measurable and correctable. Expand AI/ML investment into areas like audit response and indirect tax determination only after close and error rate metrics demonstrate that underlying processes are stable.

Establish governance infrastructure to close the accountability gap that prevents technology investments from delivering documented value.

Only a quarter (27%) of respondents plan to establish a Tax Center of Excellence, yet the same population reports performance measurement concentrated in lagging indicators such as on-time filing rates (62%), audit corrections (52%), and error rates (47%). Without a governing structure that owns data standards, tool configuration, regulatory change management, and performance baselines, technology decisions get made at the local or project level. That produces the fragmentation that a third (34%) of respondents are still trying to escape. A Tax CoE does not require a large headcount mandate. It requires defined ownership of the global tax data model, a formal process for absorbing country-level regulatory changes, and a metrics framework that connects technology spend to realized outcomes rather than anticipated ones. As Pillar 2 obligations mature and e-invoicing mandates expand across more jurisdictions, the organizations with centralized governance infrastructure will absorb that regulatory load materially faster than those still operating through decentralized, country-by-country responses.

DART MODEL FRAMEWORK | GLOBAL TAX MANAGEMENT

DRIVERS

- AI Adoption and advancement in the business (42%)
- E-invoicing and real-time reporting mandates (35%)
- Business growth and expansion (27%)
- Supply chain restructuring and trade shifts (27%)
- Regulatory or tariff volatility (27%)

ACTIONS

- Automate high-volume processes (41%)
- Standardize processes with global templates (35%)
- Deploy artificial intelligence or machine learning and advanced analytics (33%)

REQUIREMENTS

- Tax returns filed on time (62%)
- Limiting corrections arising from audits (52%)
- Reducing error rates, e.g. filings and determinations (47%)
- Minimizing penalties and interest due to audits (42%)
- Reducing the number of FTEs required (37%)

TECHNOLOGIES

- Tax engines (50%)
- Data integration (38%)
- AI/ML and RPA projects (30%)
- Analytics and dashboards (30%)
- Master data quality and governance (30%)
- Pillar 2 enablement (25%)
- SAP DRC and e-invoicing (25%)

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