

# *Industrial Products & Services Tax Alert*

**July 14, 2011**

*Assessing Tax: 2011 tax rate  
benchmarking study for  
industrial products and services  
companies*

*Includes special report: "Corporate tax reform -  
President Obama, Congress move forward"*

Each year's **Assessing Tax** publication provides a detailed analysis of tax rate metrics and outlines what drives these ratios for some of the world's largest companies across the industrial products and services industries.

Today's tax executives face increased scrutiny from both internal and external stakeholders, along with expectations for them to generate greater value from their tax departments. Tax rate benchmarking can be an enormously valuable tool for tax executives determined to meet these challenges. It not only provides meaningful insight into sector trends and peer group comparisons, it highlights areas for improvement in planning and shaping the tax function.

In addition to our analysis of tax ratios, this year's edition includes a special report on corporate tax reform. The article focuses on efforts by President Obama and Congress to grapple with reform, and shares the perspectives of several industry tax



executives who are closely monitoring the issue and its potential impact on their companies.

## *More about the benchmarking analysis*

PwC is pleased to share with you [Assessing tax: 2011 Tax rate benchmarking study for industrial products and services companies](#). This report provides a detailed analysis of tax rate metrics and outlines what drives these ratios for some of the world's largest companies across the following industrial products and services sectors:

- Aerospace and Defense
- Chemicals
- Engineering and Construction
- Industrial Manufacturing
- Metals
- Transportation and Logistics

We have reviewed key tax ratios for over 300 companies, and collated and analyzed the ratios to highlight trends by year and by sector. Data was drawn from data providers and individual company reports. Forty-three percent of companies in a 2008 survey<sup>1</sup> indicated that the primary performance measure of the tax department was the effective tax rate (ETR).

Highlights from the report include:

- The average ETR for industrial products and services companies (reflecting all sectors mentioned above) fell between 2008 and 2010 by one percentage point.
- Impact of foreign operations was the largest favorable driver of the ETR in the peer group and reported by the largest number of companies (reflecting all sectors mentioned above).

## *More about the special report*

Efforts currently underway by President Obama and Congress could lead to the most substantial changes to corporate tax law since the 1986 Tax Reform Act, with a range of impacts on different industries and businesses. Faced with a slowly growing economy and expected continuing high rates of unemployment, the president has called for corporate tax reform as one means to improve the economy. The expectation is that a reformed tax system would increase the competitiveness of US companies in the global marketplace, promote investment in this country, and expand hiring. This article discusses the issues and the progress made.

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<sup>1</sup> Total Tax Contribution. PricewaterhouseCoopers LLP 2008 survey for The Hundred Group

## *Benefits to you*

You will find the above topics and deeper sector-specific analysis in this edition of **Assessing tax**. We believe this report can help you further refine your departmental goals for 2011/2012 and beyond by understanding how your organization's tax footprint compares to your peers.

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