Tax in focus: Navigating complexity and enabling transformation

Global Reframing Tax Survey 2025: Middle East findings

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Executive summary

Tax at the core: The critical role of tax in business strategy

In the Middle East, new and changing tax regimes and evolving tax authority practices are keeping tax and finance functions busy. Business leaders face a growing set of competing priorities: tax must play a central role in the business transformation agenda, while at the same time having to navigate new legislation and rising compliance demands.

In our Global Reframing Tax Survey 2025,[2] we engaged with over 1,000 respondents across 47 countries, more than 80% of whom represented the tax or finance function. The findings reveal a complex landscape with many saying they were under increasing pressure to drive greater efficiency, support business transformation and navigate once-in-a-generation changes in the domestic and global tax environment.

In the Middle East, the urgency for organisations to transform or reinvent themselves is especially pronounced. Findings of our 28th Annual CEO Survey[1] earlier this year revealed that **60% of Middle East CEOs believed they would need to adapt their businesses in 10 years or less to remain viable** - with rapid AI advancements and growing climate-related challenges cited as the main drivers. This recognition of the need for change not only surpasses last year's survey sentiment - it also far exceeds the current global average of 41%.

The sense of urgency around business transformation has also been reflected in our engagement with board members, tax leaders and department heads across large organisations in the region, as part of the Middle East insights of the Global Tax Reframing Survey 2025. Findings show that **90% of Middle East respondents are either undertaking or planning strategic transformation within the next three years.** Therefore, embedding tax functions early in the strategic planning process will enable organisations to ensure tax plays a useful role in this transformation, becoming a catalyst for long-term reinvention.

When asked whether their organisation's tax function is involved in strategic decisions, **74% of regional respondents said tax is not involved in the strategic stage - suggesting that tax is still often not at the table** during business transformation and technology conversations. This indicates the need for Middle East tax functions to move beyond tax reporting and compliance to drive and enable business planning and decision-making.

The objective of this survey is to assess how tax functions in the Middle East - and globally - are positioned to cope with a rapidly changing domestic and global tax environment, what business leaders expect from their tax function in the context of broader business transformation initiatives and why it is important for tax functions to free up resources for more value-adding work. The survey also explores the adoption of technology and other actionable strategies for reframing the tax function as a strategic, value-adding partner across the organisation.

Our survey findings highlight four key areas

that are essential for building a resilient and future-ready tax function.

Revisiting the tax operating model

Embedding tax considerations in strategic planning.

Human-led technology driven compliance

Partnering with external tax experts will enable organisations to leverage technology investments to navigate complex regulations.

Harnessing AI and automation

Leaders should embrace AI optimism which can then be cascaded successfully through the organisation.

Integrating tax and sustainability priorities

Tax and sustainability are converging - data and regulatory complexity remain as barriers for many.

“Business transformation requires tax to be involved early on during the planning phase of strategic business decisions such as an asset acquisition, a change in the supply chain model, or a broader finance and technology transformation. By adopting a proactive approach and leveraging technology and AI, tax functions can drive efficiency, enhance decision-making and support long-term business growth.”

Jochem Rossel
Partner, Middle East Tax & Legal Services Leader
PwC Middle East

01

Revisiting the tax operating model

Revisiting the tax operating model

Embedding tax considerations in strategic planning.

Ongoing tax reforms in the Middle East, along with the rollout of complex global frameworks like Pillar Two, are driving the need for greater collaboration across departments - particularly tax, finance and human resources (HR). According to our Middle East findings, 86% of regional respondents (in line with their global peers) expect the current global minimum tax reform to have a noticeable impact on their business, yet only 57% feel well-prepared to manage the future change of tax reform.

Ongoing tax reforms in the Middle East, along with the rollout of Too often, businesses realise too late that managing existing and new tax obligations requires the proactive and strategic integration of tax into a company's overall business strategy and operating model. This disconnect is often rooted in the perception of tax as a compliance - only function, rather than a strategic enabler. This limited view also contributes to risk: 40% of respondents indicated that a major challenge in managing future tax risks was the lack of clarity about the tax function's role in risk and governance.

In a region, where governments and businesses are racing to diversify beyond hydrocarbons, digitise operations and deliver on ambitious national visions, tax teams can no longer remain on the sidelines. CEOs and board members are increasingly eager to bring tax leaders to the table from day one - to advise on the implications of strategic decisions. Over 80% of regional survey respondents believe that tax functions should play a strategic role in business transformation efforts, mirroring the global sentiment.

When brought in early in transformation programmes, tax leaders can help organisations optimise supply chains, capital structures and operating models, access government incentives and avoid costly risks down the line. In a landscape defined by rapid change and complex incentive regimes, the tax function needs to evolve into a critical partner in every transformation effort.

98%

of Middle East respondents believe that current tax function capabilities are not fully aligned with future demands.

To meet this mandate, tax teams need to build new capabilities. Almost all of the Middle East survey respondents believe that their current tax functions are not fully aligned with future demands, highlighting a growing skills gap - with digital literacy, AI expertise and regulatory knowledge identified as top priorities. This is where AI, tax technology and managed services partnerships come into play. While they can certainly be leveraged to reduce costs, their true potential lies in rewiring core functions, boosting productivity and driving business growth through a transformed tax operating model. When used strategically, these tools and partnerships can turn regulatory complexity into a catalyst for greater efficiency and agility.

Organisations can:

01 Challenge the status quo

Involve tax early in new business and planning decisions and assess risks and foster cross-departmental collaboration.

02 Maximise tax structures

Optimise across all tax domains - including direct taxes (such as Transfer Pricing), indirect taxes, credits and incentives, and tax asset planning.

03 Turn regulation into opportunity

Use new regulations as a catalyst for the 'first time right' principle. Tackle challenges in other tax domains through interconnected strategies, including Pillar Two and broader direct tax considerations.

02

Human-led technology driven compliance

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Partnering with external tax experts will enable organisations to leverage technology investments to navigate complex regulations.

To drive and support transformation efforts, our survey findings have indicated that organisations are increasingly relying on external service providers - highlighting a shift toward more agile, collaborative models of change. Nearly half of regional respondents are preparing their tax functions for the future by partnering with external tax advisory, compliance and tax technology providers - a figure, significantly higher proportion than the global average. The reasons are clear - nearly 40% of regional respondents cited staying ahead of regulatory changes as the top reason for seeking external support, followed by protecting brand and reputation and managing increased compliance burdens.

Looking ahead, 84% of regional respondents expect their reliance on external support for tax compliance and reporting to increase over the next three years. Beyond compliance, reasons include staying ahead of regulatory changes, managing brand and reputational risks (especially for regional businesses, built on legacy and heritage), the need for global reach paired with local expertise, access to advanced technology and better cost management.

Many organisations in the Middle East are still reliant on outdated infrastructures that are no longer fit for purpose in an environment of real-time data sharing, evolving digital tax regimes, and heightened scrutiny. Rather than investing in capital-intensive technology, which comes with high implementation and maintenance costs, organisations in the region are now turning to external tax experts, who also specialise in tax technology, to enhance accuracy, increase efficiency, and build resilience in a fast-evolving regulatory environment. At the same time, cross-border complexity, diverse languages, and local tax nuances are raising the demand for specialised tax knowledge and multilingual expertise.

84%

expect use of external support for tax compliance and reporting to increase over the next three years

Our survey findings also highlight a broader trend: tax compliance and reporting are moving towards a more automated, intelligent and collaborative future. Cloud-based tax technology tools, such as PwC's ITX Edge for VAT and Sightline - a connected tax technology platform that brings together, data collection, collaboration, governance and analytics in one place - are enabling organisations to streamline operations, improve accuracy and respond more effectively to evolving regulatory demands.

But while senior executives in the region view automation as a strategic tool for driving efficiency, insight, and resilience, tax teams often feel uncertain about the impact on their roles - and the growing need to upskill. This disconnect highlights the need for clearer communication, shared vision and focused change management to fully realise the benefits of emerging technologies. Without alignment, these technologies risk falling short of their potential.

Ultimately, maintaining a competitive edge in this landscape will require more than tools - it will require a commitment to effective change management, future-ready tax capabilities and a collaborative mindset across the entire organisation.

Organisations can:

01 Leverage third-party service providers

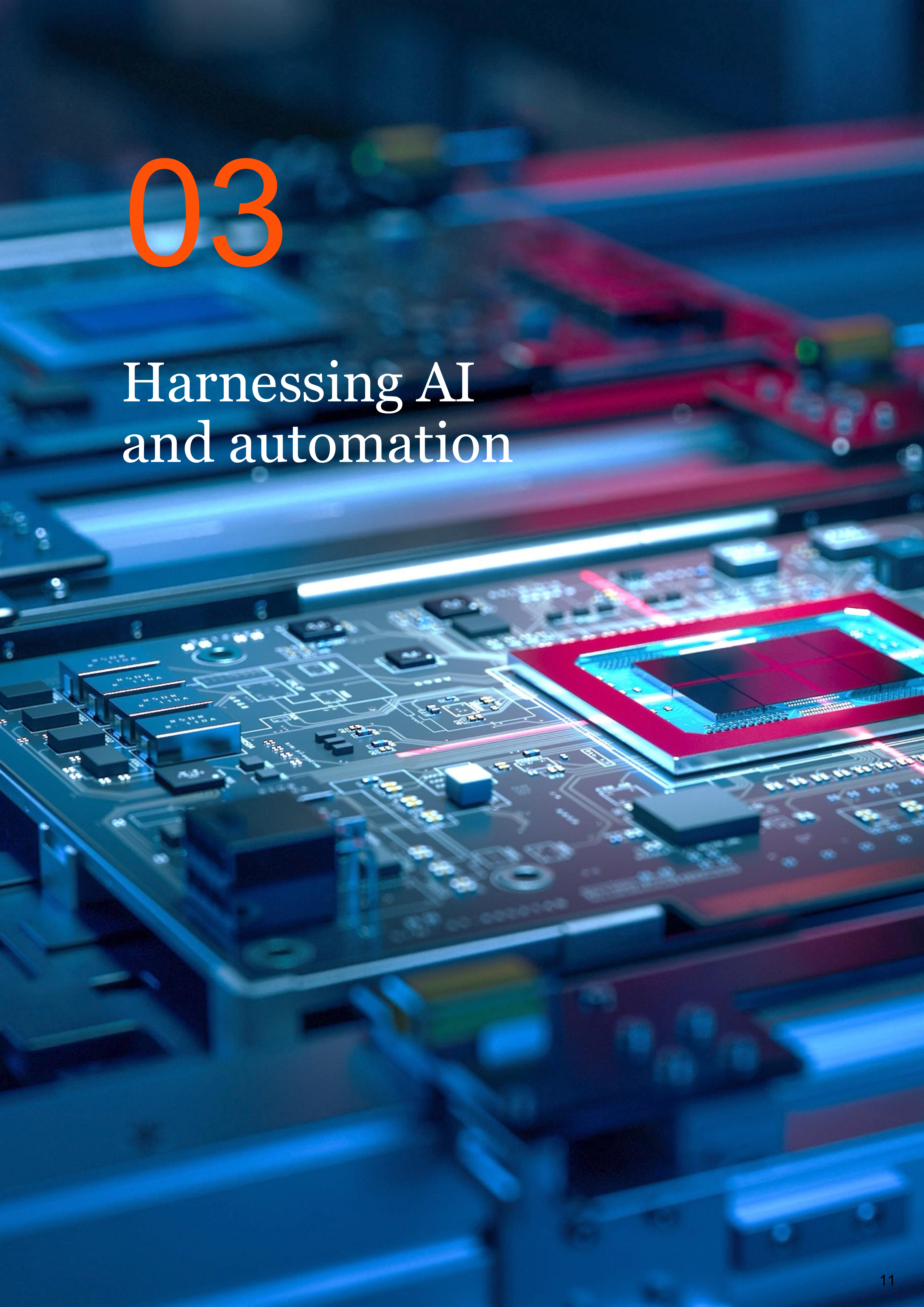
To ensure long-term success, businesses must move beyond legacy systems and manual processes, embracing global best practices in tax governance, tax technology, and reporting. Achieving this requires collaboration with tax experts to develop scalable solutions that streamline compliance processes. By reducing administrative burdens - such as data collection and cleansing - organisations can ensure greater accuracy without the need for significant capital investment, while also gaining access to territory specialists.

02 Implement effective change management

Internal business partnering is key to ensure that all stakeholders align early on and understand the strategic value of the tax function, as well as the efficiencies and opportunities that technology and AI can bring to broader operations.

> "AI is revolutionising the tax process by automating data analysis, improving accuracy, and streamlining compliance, ultimately reducing errors and offers significant opportunities to enhance tax efficiency by enabling predictive analytics."

Client quote - Dilay Tüzün Arslan
Bosch - Regional Tax Director - Türkiye & Middle East



03

Harnessing AI and automation

Harnessing AI and automation

Leaders should embrace AI optimism which then can be cascaded successfully through the organisation.

Organisations in the region are increasingly recognising the potential of AI - especially GenAI - to increase productivity, minimise manual work and enable more data-driven decision-making. Findings of our survey have indicated that while adoption of AI in tax functions is still in its early stages, interest is clearly gaining momentum. An overwhelming 87% of survey respondents shared a strong sense of optimism about the potential of GenAI to transform the tax function, signalling that the future of tax is not just digital, but increasingly intelligent. Also, 60% of our regional respondents expect GenAI to significantly improve tax processes within the next three years, especially in areas such as data collection, reporting automation and risk detection.

However, for many, adoption remains largely exploratory. 63% of Middle East respondents indicated they are still figuring out how best to integrate the technology into their tax operations. This is aligned with what we see in the market, with many tax teams in the region still transitioning from outdated methods and manual processes - a shift that brings its own set of challenges. Yet, this is precisely where GenAI holds the greatest promise - relieving tax teams of repetitive, resource-heavy tasks and transforming them into efficient, intelligent workflows.

This rising interest in GenAI is reinforced by a strong executive-level trust in AI overall. According to the PwC 28th Annual CEO Survey: Middle East findings, half of GCC CEOs trust AI to a 'large' or 'very large' extent - notably higher than the global average of just one third. This leadership confidence sets the tone for wider adoption, opening the door for tax functions to take bold steps forward in their digital transformation journeys.[1]

Despite the growing interest, our survey identified several challenges holding back the full adoption of GenAI in tax functions in the region. A key barrier cited is data quality and processing limitations - AI models are only as effective as the data they are trained on, and many tax departments still rely on unstructured, incomplete or siloed data.

Regulatory uncertainty further complicates adoption, with concerns around AI-driven tax decision-making, compliance risks, and alignment with evolving legal frameworks. In addition, a significant skills gap and resistance to change persist, as many tax teams lack AI expertise and remain hesitant to move away from processes they know and are familiar with. Finally, security and trust issues continue to be a concern, with organisations wary of the reliability, auditability, and governance of AI-generated tax insights.

There is also misalignment across organisational levels. While 88% of regional respondents told us that C-suite and board-level leaders are highly confident in AI's transformative potential, 60% observed a more cautious stance among direct reports to the C-suite and boards. This signals a gap in perception and readiness between strategic leadership and senior operational teams. In some cases, what's perceived as 'AI fatigue' - particularly among middle management - was less about disillusionment and more about the lack of true innovation capability or clarity on how to use GenAI effectively.

Together, these findings highlight the need for clearer communication, a shared vision and cross-functional alignment around GenAI adoption and its business value - especially if tax functions are to realise their full transformative potential.

Organisations can:

01 Enhance tax advisory and guidance

Leverage AI to support regulatory advice, address tax technical queries, and identify and collate relevant legislative clauses.

02 Optimise compliance and planning

AI can streamline tax and data processes, validate tax treatments, manage compliance queries and recommendations more efficiently.

03 Automate reporting

Use AI to generate reports automatically, draft responses to tax authorities, and analyse emerging tax trends to stay ahead of regulatory developments.

04 Upskill teams and improve operations

Develop tailored training content on AI, use performance and productivity analytics to identify skills gaps, and deliver personalised learning to build future-ready tax teams.

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The integration of advanced technologies, such as PwC's Tax Automate and Tax AI Assist, is revolutionising the tax function - transforming it from a traditionally manual, resource-intensive process into a dynamic, intelligent operation. By automating repetitive tasks, managing real-time regulatory changes and enhancing advisory capabilities, these tools are not just streamlining compliance - they are empowering tax teams to deliver faster, smarter, and more strategic insights.

Lachlan Roos
Partner, Tax & Legal Services Transformation and AI Leader
PwC Middle East

04

Integrating tax and sustainability priorities

Integrating tax and sustainability priorities

For most, tax and sustainability are converging — but data and regulatory complexity remain barriers.

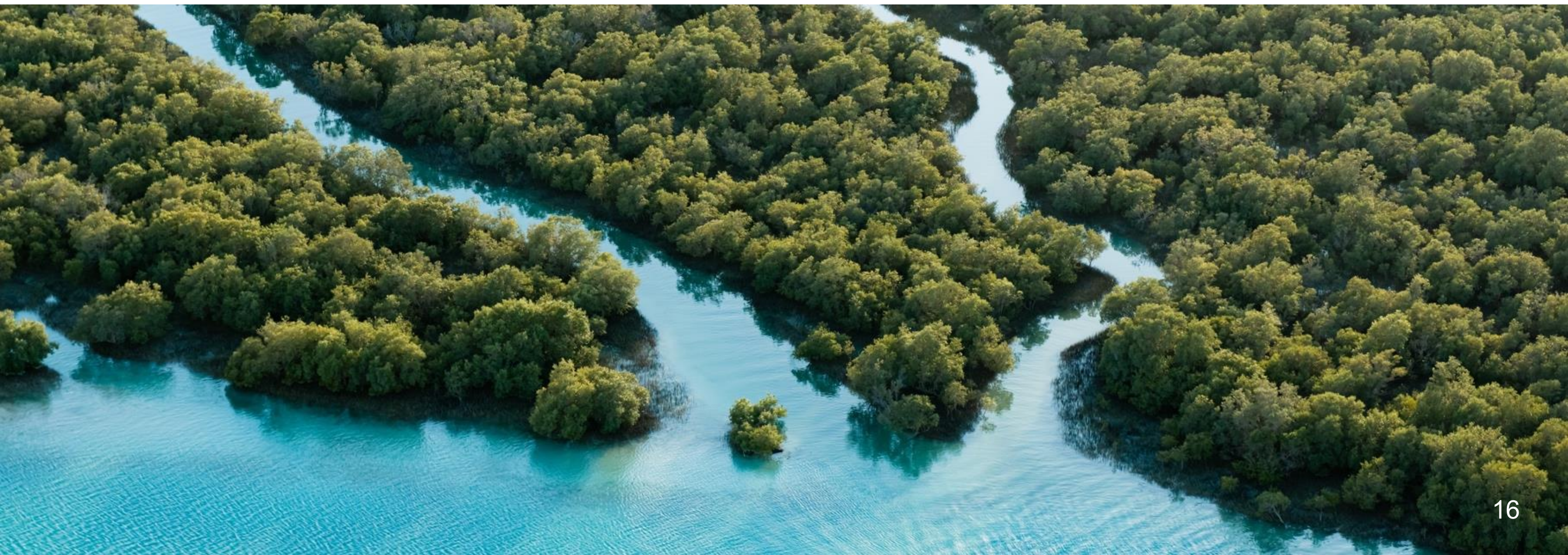
In the region efforts to integrate tax and sustainability are complicated by data quality challenges, limited internal capabilities, and growing regulatory complexity. 38% cite regulatory complexity as the main obstruction their organisations face when pursuing sustainability goals to optimise their tax position.

According to our Global Reframing Tax survey2 - 60% of respondents indicate alignment between their tax strategy and sustainability goals. However, a closer look reveals a disconnect. While three-quarters of C-suite leaders globally believe this alignment is in place, only around half of department-level leaders share that view. This is also evident in the Middle East, where our survey findings indicate a gap between leadership perception and operational reality. Many C-suite leaders in the region assume that sustainability-tax integration is already in place. However, department heads report that limited tools, unclear ownership and lack of visibility are hindering effective implementation.

As sustainability regulations evolve (for example, carbon pricing, green taxonomies and environmental levies), the urgency to strengthen digital capabilities and governance reform is rising. Findings have indicated that 20% of respondents in the region are already investing in technology and data analytics to prepare for environmental tax regulations, while a striking 84% report using GenAI to support new environmental tax requirements.

84%

of organisations report using GenAI to manage new environmental tax requirements.



According to our survey respondents, new environmental taxes and associated reporting obligations are one of the top five areas where organisations expect GenAI to drive transformation over the next three years - reinforcing the potential of AI and digital tools in managing ESG-related tax obligations. Notably, 72% of regional respondents expect external service providers to play a leading role in helping businesses prepare for the impact of environmental tax regulations. To move from alignment in principle to real-world impact, regional organisations must make the tax function an active contributor to sustainability goals. This involves building internal capabilities, integrating sustainability into strategic planning, investing in green technologies, and using tax as a tool to drive sustainable business value.

Organisations can:

01 Align sustainability and tax at both strategic and operational levels

Move beyond compliance and treat sustainability-tax integration as a strategic priority. At the board level, this strengthens governance, enhances transparency and ensures accountability. At the operational level, aligning data strategies across tax, sustainability, finance, and technology functions - often led by the CFO - is becoming critical to drive insight, efficiency, and impact.

02 Accelerate sustainability-tax automation with AI and digital tools

Deploy GenAI and sustainability-focused digital platforms to improve data accuracy, reporting speed and regulatory readiness while bridging capability gaps and paving the way for tech-enabled tax functions.

03 Adopt global standards to disclose sustainability-tax data

Adopt voluntary disclosure standards such as the Global Reporting Initiative 207 (GRI 207), the Task Force on Climate-related Financial Disclosures (TCFD), and the IFRS Sustainability Disclosure Standards (ISSB). This builds investor trust and positions organisations ahead of emerging global regulations.

04 Involve tax in sustainable investment planning

Involve tax teams in sustainable investment decisions to unlock value through incentives - such as carbon credits, subsidies, and location-based benefits - linked to green and clean energy initiatives.

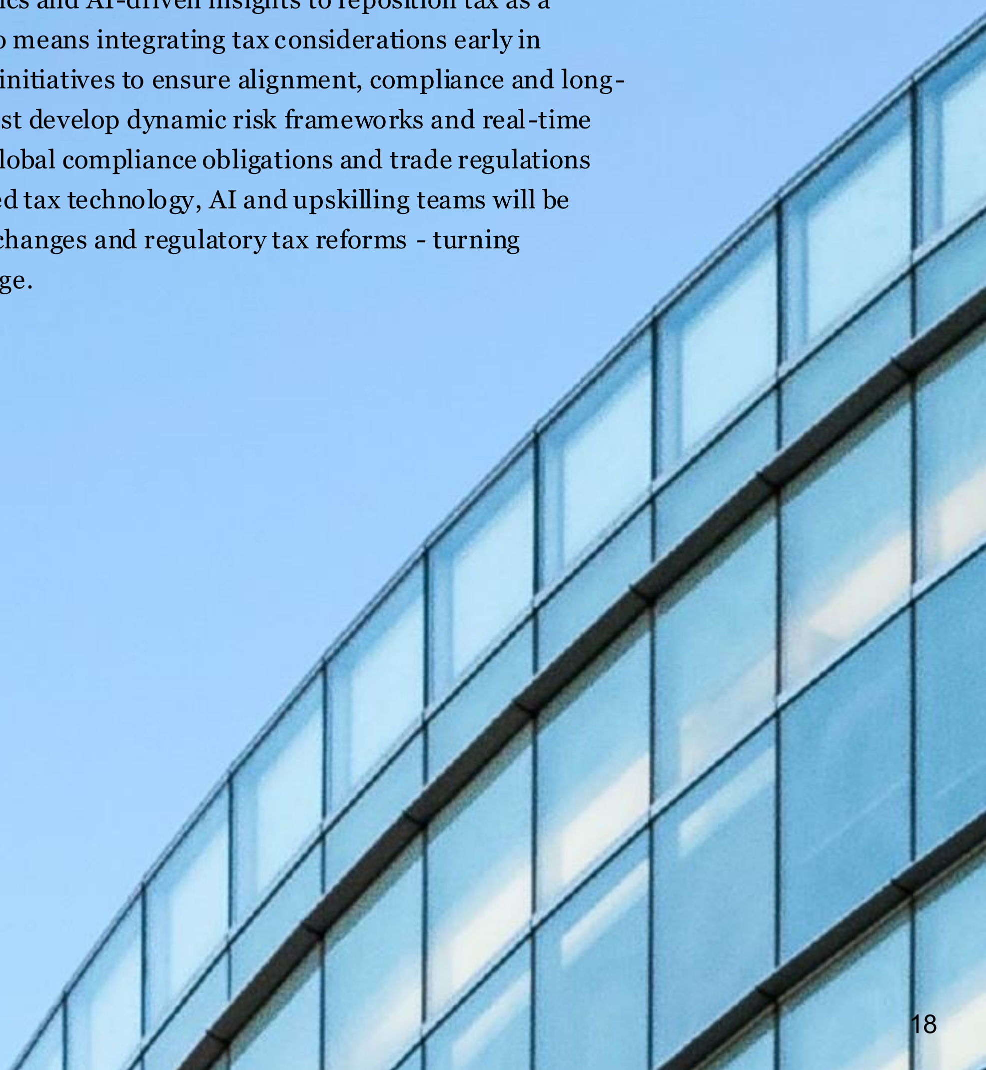
A turning point for change

Staying ahead in a new era of tax

Tax across the Middle East is being redefined in ambitious new ways - fuelled by global reforms, emerging regional regulations and rapid tech innovation. Complexities over free and fair trade are also testing alliances and slowing cross-border collaboration. Within this complexity lies an opportunity: by embracing digital tools and adopting a strategic, forward-looking mindset, tax teams can transcend traditional compliance mandates to become trusted partners in enabling growth, boosting resilience and creating long-term value.

Our Global Reframing Tax Survey 2025, Middle East findings highlight a clear call to action: harness the potential of GenAI within the tax function, rethink traditional tax operating models, and align tax with sustainability and broader business priorities.

To lead in the future, tax functions must evolve into proactive engines of sustainable success. This starts with leveraging advanced analytics and AI-driven insights to reposition tax as a strategic advisor and growth enabler. It also means integrating tax considerations early in business transformation and sustainability initiatives to ensure alignment, compliance and long-term value. At the same time, tax teams must develop dynamic risk frameworks and real-time compliance platforms to navigate shifting global compliance obligations and trade regulations with agility. Finally, investing in cloud-based tax technology, AI and upskilling teams will be critical to staying agile in the face of policy changes and regulatory tax reforms - turning constant change into a competitive advantage.



About the Survey

PwC's inaugural Global Reframing Tax Survey 2025 encompasses both quantitative and qualitative research, gathering insights from respondents across 47 countries and various sectors. In the Middle East, survey respondents included board members, tax leaders, and department heads from organisations from across the region spanning tax, finance, strategy, and general management. Key topics include business model transformation, GenAI integration, tax compliance, sustainability, and the impact of global tax reforms on the region. This research highlights the challenges faced by tax functions executives and underscores the strategic role of tax in business decision-making.

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Footnotes

Footnote 1 - https://www.pwc.com/m1/en/ceo-survey.html - CEO survey
Footnote 2 - https://www.pwc.com/gx/en/services/tax/reframing-tax-2025.html - Global Reframing Tax Survey

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