

Tax Transparency

Your public tax ESG story, told well

April 2023

01

Businesses today are navigating an ever-changing tax transparency landscape – the introduction of new legislation, updated and new voluntary disclosure standards, and shifts in expected disclosures within industries.

02

Tax governance and transparency have become critical components of ESG, to demonstrate a responsible attitude towards tax and good corporate citizenship.

03

Public reporting on tax is also a reputational issue that will add increased board scrutiny of tax and tax functions. But when done thoughtfully, it is an opportunity to tell your tax ESG story, and do it well.

From 1 July 2023 significant global entities with annual global income of AS\$1 billion or more will be required to Publicly report tax disclosures, including: statement of approach to tax, and country-by-country (CbC) reporting of tax payments.



GRI 207

The new Australian requirements are expected to follow GRI 207 requirements.

207-1 Approach to tax

- Tax strategy
- Board approval
- Compliance approach
- How tax is linked to sustainable development strategies

207-4 CbC reporting

CbC reporting of financial, economic, and tax-related information for each jurisdiction in which the organisation operates (the measures go beyond current CbC requirements).

Public tax transparency requires organisations to address how their tax story will be viewed by stakeholders who may not be tax experts. In disclosing *taxes paid on a country-by-country basis and the approach to tax*, the potential viewpoints of multiple stakeholders will need to be navigated. There is also the risk of penalties and reputational damage from inaccuracy. Everyone is at different points in their tax governance and transparency journey, but all organisations must be prepared for the legislative changes in order to demonstrate clarity and maintain trust with their shareholders and the wider community.

Is your organisation prepared to:



Respond to a new level of public reporting



Support your organisation's ESG strategy



Have confidence in the integrity and accuracy of your data



Manage resource and budget limitations



Back up disclosures with substantiation and address any technical complexities

How KPMG can help

KPMG can support you with our practical and holistic approach to tax transparency. Underpinned by deep expertise in tax transparency and tax governance, we can establish the best approach to meet the new requirements. We can deploy technology to improve efficiencies and robustness to mitigate reputational risk and generate actionable insights. Our fully flexible and scalable solutions are tailored to your business needs so that you can meet the changing legislative demands with ease.

01 Gap analysis

Evaluation of existing data quality and recommendations

- **Gap analysis and reporting model review**
- **Evaluate data readiness**
Leverage where possible existing reporting measures and processes
- **Address any technical complexities.** This includes revisiting current approaches to CbC data collation, interpretation and presentation, and current tax governance reports

02 Prep & deliver

Reporting model that meets new requirements through two key enablers

- **Design reporting set-up**
Utilise KPMG's scalable technology enablement offerings.
- **Implement the target reporting model**
- **CbC reporting data that complies**
- **Develop the statement of approach to tax**

03 Align & enhance

Continued support on your unique tax transparency journey

- **Transfer pricing and BEPS 2.0**
Opportunity to review current value chain, transactions and transfer pricing framework, and BEPS Pillar 2 outcomes
- **Expand and integrate the narrative and disclosures to meet broader ESG business objectives**

KPMG's Tax Transparency solution is flexible and scalable

Benefits of KPMG's Tax Transparency solution



A scalable solution which evolves with your needs



Expertise to allow better integrations with related responses for transfer pricing, BEPS and tax governance



Cost, resource and process efficiencies



Improved tax profile and governance model



Supports your business's ESG strategy

Every organisation will have a different tax story to tell. Whether the preference is to write large or not, being proactive will allow greater care and comfort in the quality of a well told tax ESG story.



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