

Responsible Tax

Going from intention to action



Tax is a global reality, and today, it demands both a global conversation and, where appropriate, global action. As the world becomes more interconnected, discussions about who pays tax, both how and when are likely to intensify. Meaningful discussions about responsible tax need to include all stakeholders, in an open, honest and robust dialogue and debate, and at KPMG Acor Tax, we bring together these perspectives from around the world for a sustained, inclusive and productive discussion about the key issues that are affecting and shaping globalization, digitization and taxation.

Over the past years, there has been an increasing attention to and debate about companies' approach to responsible tax, particularly large multinational companies. In an ever-more transparent world, communication on tax is critical to an organization's ability to earn and retain public trust.

In Denmark, the importance for companies of demonstrating that tax governance measures are in place has experienced a step change with a strong link to the Responsible Tax agenda. If tax affairs are perceived as irresponsible or aggressive, it may lead to brand and reputational damage. Moreover, large institutional investors are now putting pressure on the companies they invest in to increase transparency and improve their communication about their tax affairs.

In our experience, there are four building blocks to a market leading approach to responsible tax:



Accountability & Governance

This covers for example; Clear roles and responsibilities for the company's tax affairs, accountability at board level, board-approved approach to tax, strong tax risk management framework to manage risks.

Compliance & business structure

This covers for example; Standardized compliance levels, paying taxes where value is created, business structures driven by commercial decisions and external assurance obtained on tax policy.

Relationship with authorities

This covers for example; Understand tax authorities' expectations and keep dialogue open and constructive. Where relevant, cooperative compliance schemes are considered.

Transparency & public disclosures

This covers for example; Transparency with respect to the company's approach to its tax affairs, including the tax strategy or policy, details on the transfer pricing model, disclosure of country-by-country tax payments and/or total tax payments, elaborate on the use of tax incentives, create a clear link with the company's sustainability agenda, etc.

How KPMG Acor Tax can help

The four building blocks we defined are interdependent. Actions taken to increase your organisation's maturity in one area will often have a positive spill over effect on another area, whilst improvements in one area may require changes in another first.

KPMG Acor Tax can help you navigate this situation based on our deep insight and vast experience. The illustration below provides an overview of steps that need to be taken, based on our experience, within the four building blocks. They can be tailored to align with a specific set of principles (e.g. B Team) or reporting requirements (e.g. GRI 207).



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