



# At the forefront

**An overview of KPMG's Tax  
services to the healthcare industry**





# A modern approach to healthcare tax

---

**Unprecedented shifts in healthcare are forcing all industry players to transform their operating models and the way they do business. For many, adapting to this dynamic, new world means facing new tax challenges. To meet these challenges, organizations at the forefront seek a different kind of tax advice. Tax advice that goes beyond the present. Beyond the lines that separate tax-exempt and taxable, or providers and payors. The type of advice you can expect from the Healthcare Tax professionals at KPMG.**

*Our service premise is simple: We listen to our clients.*

## **Broad industry experience. Forward thinking. Adding value.**

KPMG's Healthcare Tax professionals understand the complex business and regulatory environment in healthcare, and recognize that the tax profiles of healthcare organizations are changing just as rapidly as the industry itself. Our Tax professionals take an industry-focused approach, which turns KPMG's broad experience across the healthcare ecosystem into value for our clients. KPMG's Healthcare Tax clients benefit from our industry insights as we anticipate the potential long- and short-term tax consequences of regulatory changes, shifts in operating and payment models, technology trends, and other influencers affecting the healthcare industry. Our forward-thinking approach and practical recommendations help our clients manage the complexities of today while preparing for the challenges of tomorrow.



# KPMG's Tax services to the healthcare industry

---

## **Delivering on the needs of our clients**

At KPMG, our Healthcare Tax professionals understand your business, speak your language, and appreciate the day-to-day realities of operating in a highly regulated and rapidly changing environment.

We listen to our clients' concerns, and we augment our deep technical know-how with a sensitivity to non-tax considerations such as federal and state healthcare and insurance regulatory regimes, reimbursement concerns, community relationships, and the unique aspects of operating as a mission-driven, non-profit organization.

We provide tax advice that is balanced and practical. Because the industry knowledge we bring to the table is not confined to a particular segment of the healthcare industry, our Healthcare Tax professionals can navigate the tax challenges that arise when a client traverses historic lines within the healthcare industry, such as when a healthcare provider expands into the health insurance market, a health insurance company acquires a provider organization, or a tax-exempt organization enters into new forms of collaboration.





## Federal Tax Services

### Overview

**KPMG's Federal Tax professionals** provide customized tax consulting and compliance services to help healthcare organizations manage their tax compliance obligations, cash tax expense, effective tax rate, and tax risks. Our teams possess deep industry experience to help you uncover opportunities and develop effective planning strategies.

While the primary focus of our Federal Tax professionals is customized client service, we also have national teams with both industry experience and deep technical skills in areas such as accounting methods, financial reporting, tax transformation and technology, real estate tax matters, tax services for exempt organizations, compensation and benefits, and tax controversy services.

### Experience

**Examples of services provided by KPMG's Federal Tax professionals to our healthcare clients include:**

- Tax accounting for revenue recognition
- Fixed asset reviews
- Construction tax planning
- R&D tax credits or section 199 deductions for EHR systems and other IT spend
- Lobbying expense reviews
- Consulting on insurance tax and Affordable Care Act issues, including employer reporting requirements and section 162(m)(6)
- Tax planning for shared services
- Tax provision assistance
- Tax compliance for joint ventures and other entities
- Tax advice on new payment and care delivery models, risk-shifting arrangements and business model changes.

### KPMG's Development & Exempt Organizations practice

helps tax-exempt organizations and their for-profit affiliates manage risks, capitalize on opportunities, and navigate change—both at home and abroad. Services we commonly provide to our exempt healthcare clients include:

- Form 990 and other tax compliance assistance
- IRS determination letter requests
- UBTI consulting
- Tax-exempt bond services
- Structuring, valuation, and other consulting for physician relationships
- Section 501(r) compliance, monitoring, and risk management
- Community health needs assessments
- Revenue cycle implications of section 501(r) and AGB calculations
- Structuring joint ventures, ACOs and other collaborations
- Advising on compensation-related matters
- Tax services for taxable affiliated entities.



## State and Local Tax Services

### Overview

**KPMG's State and Local Tax (SALT) practice** helps organizations reduce cost, navigate complex state tax audits and administrative processes, and address tax issues that may affect their financial and operational performance through a broad range of compliance, controversy, consulting, and planning services.

Our national SALT network can help you improve state and local tax compliance with insights and guidance based on our extensive experience and industry knowledge. We also support provision reviews, apportionment analysis, and tax controversy services, and help you understand the potential state and local tax implications of strategic transactions. Our State Tax Resource Network professionals have strong business relationships with state tax administrators and other public officials to help you address your tax needs in a coordinated manner across multiple jurisdictions.

### Experience

**Examples of SALT offerings commonly provided to our healthcare clients include:**

- Direct and indirect tax compliance
- Audit defense
- Multistate income and franchise tax planning
- State and local tax credits and incentives
- Sales and use tax consulting and reverse audits
- Exemption and taxability determinations
- Unclaimed property services
- Premium tax planning for health insurance providers



## M&A Tax

### Overview

**KPMG's M&A Tax practice** has deep experience advising taxable and tax-exempt clients on the potential tax implications of healthcare mergers, acquisitions, joint ventures, and other strategic transactions. We help you understand the potential tax benefits and risks associated with a particular transaction, as well as the immediate and potential long-term tax implications of your structuring decisions. Our team of dedicated Healthcare M&A Tax professionals supports strategic, private equity, and venture capital investors to evaluate and execute transactions while managing potential tax exposures and improving results.

We provide services to clients throughout the life span of a transaction, from tax due diligence services and transaction structuring to post-transaction integration, with an eye to balancing the tax opportunities and risks with the organization's overall objectives and non-tax sensitivities.

### Experience

**Our Healthcare M&A Tax experience includes:**

- Due diligence and structuring for acquisitions and dispositions
- Joint ventures
- For-profit conversions
- Healthcare REITs
- Physician practice affiliations
- Private equity investments and exits
- Spin-offs
- ACOs and other forms of coordinated care
- Planning to preserve tax attributes
- Post-acquisition integration
- Legal entity rationalization projects and other internal restructuring transactions
- Structuring for international expansion
- Section 501(r) considerations for joint ventures





*Our Healthcare Tax professionals understand your business, speak your language, and appreciate the day-to-day realities of operating in this highly regulated and rapidly changing environment.*



## Economic & Valuation Services

### Overview

**KPMG's Economic & Valuation Services (EVS)** professionals offer a wide range of advanced analytical services to help organizations make forward-thinking decisions about tax planning, operations, and compliance.

### Experience

**Examples of services commonly provided to our healthcare clients include:**

- Valuation of healthcare businesses and facilities
- Purchase price allocations
- Stark and Anti-Kickback valuations of physician practices
- Valuations for financial reporting purposes
- Healthcare data analytics and other economic analyses
- Transfer pricing for shared services
- Transfer pricing (multi-jurisdictional groups, and groups of taxable and tax-exempt entities; groups of regulated and unregulated entities.)
- Operational transfer pricing



## Other Tax Services

### Compensation & Benefits and Global Mobility Services.

KPMG's Compensation & Benefits practice offers a broad range of services to help our clients achieve their strategic goals – from employee compensation and benefit plan tax consulting, including section 409A and 280G services, to total rewards strategy and design. Our Global Mobility Services group helps multinational organizations better manage the complexities of a globally mobile workforce.

**International Tax.** With cross-border activity on the rise for healthcare providers and payors, KPMG's International Tax practice is poised to help our inbound and outbound clients achieve business objectives and tax efficiency in their international operations, investments, supply chain, and captive insurance arrangements.

**Washington National Tax.** KPMG's Washington National Tax Healthcare Group is the technical core of our Healthcare Tax practice. This team of industry-dedicated Tax advisers combine technical depth and government and private sector experience with a broader understanding of the practical issues facing taxable and tax-exempt healthcare providers and payors.



## About KPMG healthcare and life sciences

### Who we are

KPMG is one of the largest providers of Audit, Tax and Advisory services to healthcare and life sciences organizations globally.

With more than 2,000 dedicated healthcare and life sciences professionals in the United States, supported by a global network across 150 countries, we offer a market-leading portfolio of methodologies, tools, and services to assist our clients in growing their businesses, enhancing performance, and managing risk.

### Why KPMG

We are at the forefront, helping our clients analyze and address their most complex challenges. Our independence and objectivity enable us to provide focused and valuable advice to our clients. Our multidisciplinary approach allows us to take a 360-degree view of our clients' challenges to help them understand the broader context of their business decisions. We focus on the horizon, not just the here and now, helping healthcare organizations anticipate and prepare for tomorrow's possibilities.

### This is why clients consistently choose KPMG.

#### *KPMG Institutes and Thought Leadership*

**The KPMG Healthcare & Life Sciences Institute** provides a forum for industry leaders to share perspectives, gain insights, and develop approaches to help balance risk and controls, and to improve performance.

**The KPMG Advisory Institute** is dedicated to empowering decision makers dealing with the complexities of business growth, performance, technology, risk, and compliance issues.

**KPMG's Audit Committee Institute** promotes the sharing of relevant information and effective audit committee processes.

**The KPMG Tax Governance Institute** creates a forum for sharing knowledge regarding the identification, oversight, management, and appropriate disclosure of tax risk.

**The KPMG Shared Services and Outsourcing Institute** examines ways that shared services and outsourcing can help transform and improve performance across information technology, human resources, finance and accounting, and real estate and facilities management.

**TaxNewsFlash** provides alerts of breaking, tax-related legislative, regulatory, and judicial developments.

**TaxWatch Thought Leadership Series** summarizes how current tax, regulatory, and legislative developments affect your business.

**Contact us:**

**Monica M. Coakley**

National Tax Leader  
Healthcare  
615-248-5639  
mcoakley@kpmg.com

[www.kpmg.com/us/healthcarelifesciences](http://www.kpmg.com/us/healthcarelifesciences)

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates.

© 2016 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the U.S.A.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The information contained herein [or insert name of publication, newsletter, or other mailing] is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)

