Tax dispute strategy and management

Four reasons to rethink your tax dispute strategy

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Take control of your disputes

Tax disputes are becoming more frequent, more entrenched and achieving resolution is costing taxpayers more not only in cash terms but also in management time and the continued cost of uncertainty.

Authorities are also adopting an increasingly aggressive enforcement approach and BEPS measures, including country-by-country reporting, are bringing more scrutiny of international operations. It all adds up to an increase in pressure on multiple fronts.

Now is the time to take control of disputes, free up capacity in your tax team and refocus resources.

Four reasons to revisit your disputes

Working with clients around the world, our expert tax teams are seeing the international tax landscape changing rapidly and profoundly.

Four key developments show that the situation is tough and set to become even tougher. With so many new challenges, it is essential to minimise the number of entrenched disputes unnecessarily draining resources.

1

More entrenched

We are seeing tax enquiries around the world become more protracted. Cases are becoming more time-consuming and lengthy, taking an ever-greater slice of management time and company resources.

2

Increased provision

Businesses are making greater tax provisions, reducing their reserves. Many jurisdictions - including the UK - are increasingly requiring companies to pay disputed tax in ahead of settlement, meaning that ongoing disputes are significantly affecting accounts.

At the same time, as international tax regimes evolve, many companies are reacting by increasing the amount they set aside for tax disputes as a way of dealing with the uncertainty.

3

Pace of change

The speed and complexity of business change is increasing the risk of disputes. As authorities share more information and new regulations are enacted in many countries, the scope for challenges increases greatly.

As new national policies 'bed in' there is an inevitable period of uncertainty on both sides, leaving the possibility of disputes in areas where they simply would not have occurred previously.

4

Complex settlements

The governance regimes now prevalent within tax authorities together with wider public awareness of tax disputes makes achieving a commercial settlement significantly more difficult.

Frequently asked questions

Why do we need this now?	The international tax landscape is undergoing a period of rapid change, with disputes on the rise and authorities becoming more aggressive in their approach. It is more important than ever to ensure you are dealing with your existing disputes in the most efficient, targeted way. Are disputes preventing an exit or materially affecting valuation? Are they a material distraction for management and staff? Are they creating PR issues? In complex, entrenched disputes, a fresh assessment is always helpful.
We already have systems in place, so we don't need any assistance	Any organisation going through change or wanting to get a fresh perspective on their current approach will benefit from a review of their tax dispute strategy. A fresh set of eyes on entrenched disputes has the potential to unlock significant resources. We help you counter the inertia that can build around long running disputes. Where necessary, we ask tough questions about which strategies really serve the business well and where you should be cutting your losses.
What's the point in bringing someone in to tell us something we already know?	Long-running and entrenched tax disputes often take on an air of inevitability within organisations. Taking a step back and reappraising the approach enables alternative thinking. We will take an impartial yet challenging view of your disputes and their relationship to your business strategy and other priorities. We can provide our review for a fixed fee.
Our tax team is too busy to deal with new advisers	The aim of the review is to free up capacity in your tax team. We know how to work with internal teams in a collaborative way that can deliver results quickly and efficiently.

Why KPMG?

With one of the largest tax disputes teams and a network of experts, KPMG is ideally positioned to deliver specialist advice and world-leading tactical focus when it comes to your tax situation.

Our tax advisors, investigators, lawyers and barristers handle the whole life cycle of disputes, and have a detailed understanding of the relevant legislation and current enforcement policies.

In appropriate circumstances we may be able to offer Legal Advice Privilege. We can give you the frank, honest assessment you need to determine if your current dispute trajectory is the right one for your business.

We empower businesses to make the right decisions about tax disputes, placing each issue firmly in the context of wider business opportunities and risks.

Our comprehensive Tax Dispute Strategy and Management service has three distinct stages.

Interviews

We Interview the key stakeholders within the organisation to make sure we fully understand each dispute, what stage it is at and what impact it is having on the business in terms of management time, adviser time and cash flow.

Documents

Next, we undertake an in-depth review of key correspondence with the tax authority and any key adviser opinions, to form a preliminary view of the character of each dispute. Is it high risk or low risk? Is it historical in nature or does it have an ongoing impact on the business?

Recommendations

Finally, we provide a dashboard of our findings and recommendations, placing each dispute in the wider context of current business priorities. We will make firm recommendations for resolution from negotiation, use of ADR and a settlement offer right through to litigation.

Contacts

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