



# Dispute Resolution & Controversy Services

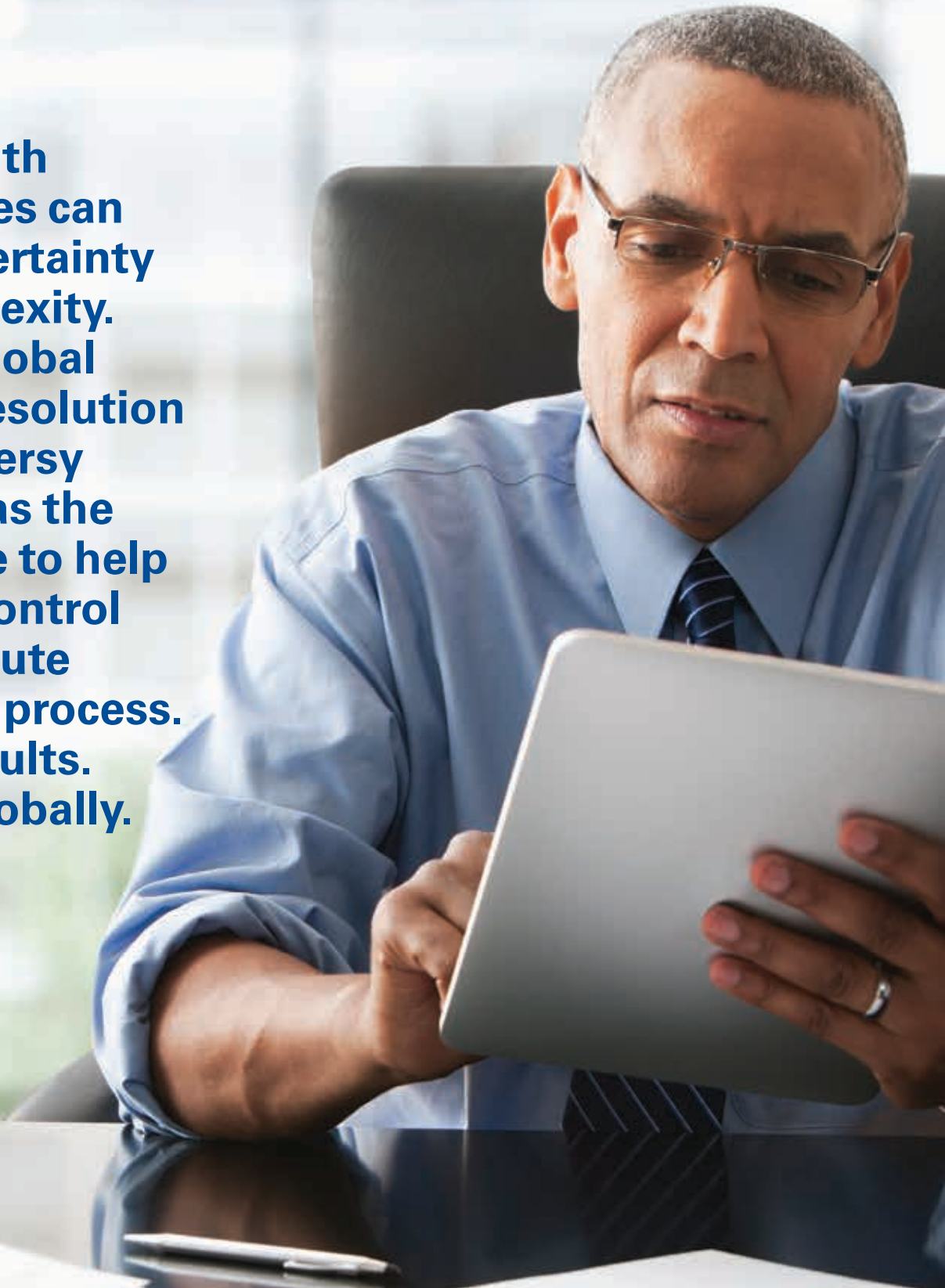
KPMG International

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**Dealing with  
tax disputes can  
mean uncertainty  
and complexity.  
KPMG's Global  
Dispute Resolution  
& Controversy  
practice has the  
experience to help  
you take control  
of the dispute  
resolution process.  
We get results.  
Locally. Globally.**



# Set your strategy. Take control. Get results.

Tax authorities worldwide are under increasing pressure to generate revenue, causing a rise in tax audit activity across all taxing jurisdictions and all types of tax. Particular uncertainty can arise as global businesses seek to access new and developing markets where the local tax environment may be unfamiliar and extremely unpredictable.

This pressure on tax authorities is resulting in more investigations, larger adjustments, and increased potential for penalties and interest. Wherever you do business, it's important to approach your tax matters proactively and be ready to respond if and when a local tax investigation begins. KPMG's Tax Dispute Resolution & Controversy professionals can help you prepare to manage any tax authority challenge that comes your way.

For any business or person preparing for or facing a tax audit, appropriate strategies for response and compliance are critical. Without a plan of action for resolving potential tax disputes, uncertainty, inefficiency and lost opportunities can result.

When your organization finds itself under the tax collector's microscope, will you be ready to take control and manage the tax controversy and resolution process toward its best possible end?

- What protocols do you have in place to actively manage and address tax risk to avoid future tax disputes and exposures?
- Have you proactively and thoroughly documented your uncertain tax positions and your tax transactions, including cross-border transfer prices?
- Are your analyses of your tax positions well stated, complete and supported by relevant documentation?
- Do you have a process in place for retaining confidential tax analyses under the protection of legal privilege in all relevant jurisdictions where a form of this protection is available?
- Have you formulated a broad-ranging strategy for engaging with the tax authorities in order to resolve disputed or controversial tax issues?
- Do you have a clear picture of possible resolution scenarios, whether by negotiated resolution or, in some jurisdictions and if necessary, litigation\* of disputed tax issues?
- Do you know your options for dealing with a number of open enquiries strategically rather than on a piecemeal basis?
- Are you engaging with the tax authorities in the most effective way?
- Have you considered the impact of your resolution on your tax positions in all affected jurisdictions?

\* KPMG LLP (US) does not provide legal services



KPMG's Tax Dispute Resolution & Controversy network helps companies and, in some countries, high net worth individuals, protect against, prepare for, and respond to challenges by the various tax authorities. Our worldwide network of professionals, many former revenue authority officials and attorneys, is experienced in all stages of the tax dispute continuum — from pre-transaction analysis and documentation to closing the file on items in dispute. Working with your KPMG Tax team or your in-house tax professionals, we work to help lessen the likelihood of a challenge or audit before a dispute arises and to resolve those matters that ultimately become the subject of a dispute. Our practical, effective approach focuses on determining that your tax positions are documented in a way that helps to mitigate audit risk. Should a dispute arise, we strive to secure a favorable outcome.

Whether your tax issues involve income taxes, transfer pricing, indirect taxes or other taxes, KPMG's Tax Dispute Resolution & Controversy Services can help. Our network of professionals has a deep understanding, based on practical experience, of how best to approach resolution of large, complex tax disputes, including multijurisdictional issues.

KPMG can assist in achieving certainty on disputed tax issues quickly and efficiently and in a way that can help build an effective and respectful relationship with the tax authorities.

**// We work with you to help lessen the likelihood of a challenge or audit before a dispute arises and to resolve those matters that ultimately become the subject of a dispute."**



# Protect. Manage. Resolve.

**KPMG and tax law firms affiliated with individual member firms have extensive knowledge of tax controversy matters that can help you prepare for and defend against challenges by the tax authorities.**

KPMG's Tax Dispute Resolution & Controversy professionals help member firm clients gain control over the uncertainty inherent in tax disputes, both within jurisdictions and across borders. Our approach is designed to cut through the complexity of dealing with local and multijurisdictional tax disputes through effective strategies for their mitigation, management and prompt resolution.

Our clients include large national and multinational corporations, medium-sized enterprises, government entities, and, in some countries, high net worth individuals. Our teams also work together with other tax, accounting and legal firms to serve their clients with high quality tax and dispute resolution advice.

Leveraging our network's collective knowledge, our outstanding tax professionals and our strong relationships with tax authorities, we help member firm clients achieve the best possible outcome. Many of our disputes professionals joined KPMG from their country's revenue authority, bringing a unique perspective and the ability to understand the revenue authority's process and approach. Our network of disputes professionals work with your KPMG Tax team, locally and globally to help foster consistency across borders and to gain strong results from a worldwide perspective across the tax dispute continuum.

# The tax dispute continuum — KPMG's approach



## Protect

### Transaction and documentation review tax reporting

- Evaluating transactions 'from the revenue authority's perspective' and providing assistance in working through the relevant processes, to obtain technical rulings, opinions, clearances and waivers in advance of your transactions.
- Preparing documentation and files to support tax positions in anticipation of future tax authority request for information.
- Preserving the confidentiality of certain tax analysis in jurisdictions having a form of legal privilege.
- Navigating voluntary disclosure, advance compliance and other tax authority programs.



## Manage

### Tax audits and queries

- Negotiating audits, responses to audit queries, and, where regulations permit, judicial appeals.
- Responding to tax authority demands for information or documentation.
- Engaging with the tax authority to agree on a project-based approach to progressing issues collaboratively.
- Working with senior officials to help ensure stated administrative policies and procedures are followed.



## Resolve

### Tax dispute and controversy process

- Making informed decisions on preferred options for resolving difficult disputes, e.g. alternative forms of dispute resolution, settlement, and, in certain jurisdictions, litigation.
- Helping finalize settlements and ensure appropriate documentation in collaboration with the tax authority.
- Managing the tax dispute resolution process in a non-confrontational and effective manner.
- Using all available procedures and processes to help bring closure to your disputes, effectively and efficiently.

## Effective results. Locally. Globally.

Legal services may not be offered to SEC registrant audit clients or where otherwise prohibited by law. KPMG LLP, the United States member firm of KPMG International does not provide legal services.

# Transfer pricing — rising stakes for tax disputes

When it comes to tax controversy, perhaps the biggest stakes are in the area of transfer pricing. Tax authorities worldwide are setting their sights on the transfer prices of global groups, and in some cases assessing huge adjustments and pushing tax disputes to record heights. Cross-border related-party pricing is named as a top concern in the Base Erosion and Profit Shifting (BEPS) Action Plan of the Organisation for Economic Co-operation and Development. In this environment, the risk of transfer pricing disputes could rise even higher.

Transfer pricing is also an area where local knowledge and global reach offer some of their biggest benefits. Resolving complex transfer pricing issues requires local professionals who have a solid understanding of the rules in the local jurisdictions and that can collaborate to help achieve the appropriate outcomes at the global level. Transfer pricing also requires specialized knowledge from a number of professions, including tax accountants, lawyers and economists, working together as a global team. KPMG's global network includes a strong team of dedicated transfer pricing professionals who can help you:

- achieve a tax-effective global income allocation for international operations
- prepare bilateral competent authority filings and negotiate double taxation issues
- develop transfer pricing studies and documentation that comply with the tax laws of all relevant countries
- negotiate bilateral and multilateral advance pricing arrangements to gain assurance from tax authorities that transfer prices will be accepted for future taxation years.

# Effective results. Locally. Globally.

Our coordinated approach to resolving tax matters in multiple jurisdictions through our global network of dispute resolution professionals can help produce benefits, including:

- refunds of overpaid taxes
- certainty over tax filing positions, allowing for the release of unneeded tax reserves and providing assurance on the availability of tax attributes and tax credit incentives
- reduced compliance costs, freeing your in-house tax professionals for more value-adding work
- more effective working relationships and reduced risk profiles with local tax authorities, potentially easing future tax audit coverage
- improved reputation with internal and external stakeholders.

With our forward-thinking outlook, we will work with you to help ensure that local dispute resolution influences positive outcomes in other operational regions. Using our past experience and specialized knowledge of how the revenue authorities operate, our teams can help your organization identify, improve and benchmark the risk management aspects of its taxes, within each country of operation and on a worldwide basis. Because of our prior experience as revenue authority professionals, we can view these issues from the revenue authority's perspective. And, because of our ability to leverage and benefit from the talents of our technical subject matter professionals around the world — whether in tax, accounting, law, economics and other areas of expertise — we are able to help provide a practical resolution to your unique disputes issues.

**“Because of our experience with the world’s tax authorities, our teams can better anticipate their issues and concerns before they raise them.”**

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# Local knowledge. Practical experience. Global reach.

Our Dispute Resolution & Controversy professionals have years of experience and extensive knowledge in numerous key industries and sectors. Many have joined various member firms within the KPMG network, including KPMG-affiliated law firms, from positions with national tax authorities and governments. Others have come to us from law firms, where they provided tax dispute resolution assistance to large multinational corporate clients facing taxation issues in various foreign jurisdictions.

Your global business needs a range of in-depth knowledge to document your position, present your position to the tax authorities, resolve your matter where practicable and, if needed, prepare a case for litigation (where permitted). We draw on the vast knowledge of KPMG's global network of professionals, including those with specialty practices in various fields such as economics, IT and engineering. These professionals help foster a broader understanding of your position and can work with external professional advisers that may be needed to provide assistance and strengthen your case.

Because of our experience with the world's tax authorities, our teams can better anticipate their issues and concerns before they raise them. Our longstanding professional relationships and experience in dealing with governmental and regulatory bodies helps the teams to represent you efficiently and effectively.



# Case study

## Bringing our global network of resources to a multinational client

A multinational client facing difficult tax compliance issues in various countries, including the United States, Hong Kong, the United Kingdom, Germany, France and the Netherlands contacted its local KPMG service professional for help. The client had a number of errors to correct across several countries, including certain missed filings and erroneous positions on other filings. The engagement underscored the many complexities that can result from tax dispute matters, requiring assistance and collaboration among a number of member firms. Working closely with the KPMG Tax team and subject matter specialists across a number of tax specialty areas, our network of disputes professionals was able to respond rapidly, sharing information while striving to secure a favorable outcome for the client.

Our global Tax Dispute Resolution & Controversy professionals helped to protect the client against potentially excessive assessments of tax, interest and penalties by:

- analyzing and confirming the proper filing positions for corporate income tax returns
- utilizing the extensive KPMG network of tax technical specialists around the world
- navigating various complex employment tax reporting issues stretching back several years
- identifying and resolving various transfer pricing issues
- providing in-depth guidance on voluntary disclosure procedures
- representing the client's interest directly with the various revenue authorities
- providing multiple scenarios on interest and penalty computations to quantify the potential benefits to be achieved as the result of several settlement alternatives being considered
- helping the client to achieve full compliance with its past and future obligations while managing costs in the process.

Bringing together the resources and experience of the Dispute Resolution & Controversy team helped the client to address numerous outstanding tax compliance issues, contemporaneously quantify its potential exposure, and proactively manage its tax risk in multiple jurisdictions around the world.

**“Our Dispute Resolution & Controversy professionals were able to respond rapidly, sharing information while striving to secure a favorable outcome for the client.”**

# Why KPMG?

- We know the right questions to ask. KPMG's highly trained professionals have years of experience working as members of the tax authorities and in private practice.
- We work with your KPMG member firm tax teams or in-house team, and leverage the outstanding tax technical knowledge of our subject matter specialists across the globe to help secure a favorable outcome.
- We help you choose and develop an appropriate resolution strategy. Regardless of the situation, we can help you effectively handle your tax dispute.
- We can help you reduce costs and save time. By identifying potentially contentious issues early in the process and developing appropriate responses, we can help you save money and time.
- As a full-service provider, we leverage tax, legal and other specialties from around the world to assist in multi-jurisdictional tax controversies.
- Your team is with you from start to finish.<sup>1</sup>

## When facing a tax dispute, experience counts.

<sup>1</sup>Not all KPMG member firms are authorized to perform legal services, and those that are so authorized may do so only in their local regions.



# Contact us

For more information about how KPMG can help your business manage and resolve tax disputes efficiently and effectively, please contact our Global Head of Dispute Resolution & Controversy Services below.

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