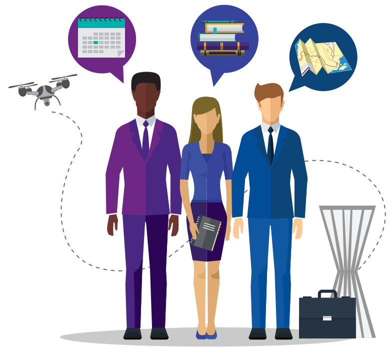
KPMG

# Tax departments today:

## at-a-glance insights for tax leaders



## Structure

### Tax departments most often fall within finance...

**54%** Finance function

59% CFO

17% Another finance head other than CFO

13% Other

9% CEO

4% General Counsel, Chief Operations Officer, Head of Treasury

### ...and are usually located in the same country as their organizational headquarters.

**19%** Tax department located in different country from organization's HQ location.

**81%** Tax department located in same country as organization's HQ location.

## Responsible tax

### Most tax departments have a code of conduct to frame their risk tolerance and tax decisions...

**13%** Yes, we have a tax code of conduct and it is publicly available

**48%** Yes, we have a tax code of conduct for internal use only

**38%** No, we do not have a formal tax code of conduct

### ...with some disclosing this information publicly. Nearly one-third are actively planning to do so in the future.

14% Yes, we do this already

28% Somewhat, we disclose some limited tax information as part of our CSR approach

58% No

## Wish list

### Additional personnel and tax technology topped the list for tax leaders, when asked where they would invest additional budget if they had it.

33% Additional personnel

32% Tax technology

19% Process optimization

11% Training and education

4% Outsourcing

### Tax leaders ranked the following three process improvement priorities as very important over the next 5 years.

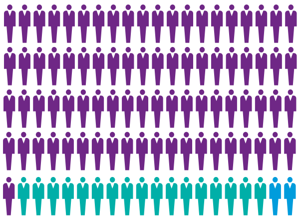
40% Consulting more with other business units

34% Tightly connecting provision and compliance processes

40% Achieving standardized processes

## Technology

**81%** do **not yet have any full-time resources focused on tax technology**



**17%** have 1-5 full-time resources focused on tax technology

**60%** of respondents expect to see some or significant increase in investment in tax-specific technologies in the next 5 years

**35%** Compliance-related software is the most-used tax software today

**38%** of organizations plan to acquire country-by-country reporting software in the next 5 years

**4%** Tax departments are investing an average of 4% of their operating budget in tax technology solutions

## Department performance

**Most organizations use pre-tax or after-tax measures to assess business unit performance, which often affects incentive compensation decisions.**

For corporate executives

55% Yes
45% No

For business unit management

51% Yes
49% No

**Performance is often measured by the impact the tax department has on the business across a range of metrics, with these five most-often topping the list of importance.**

**Ranked 'very important'**

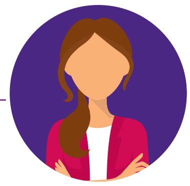
- **57%** Tax risks are managed appropriately
- **55%** Accuracy of returns and avoidance of penalties
- **49%** Tax compliance deadlines (internal or jurisdictional) are met on schedule
- **45%** Tax risks are consistent with corporate risk profile
- **40%** Effective tax rate is as expected (no surprises)

## Business impact

**Today's tax department is often consulted on the overall business strategy for the organization. For most, this represents an increase in the last 2 years.**

61% Increased
37% Stayed the same
2% Decreased

**Most tax departments have oversight from a board member (or board-level individual) as tax continues to rise in importance on the board agenda.**



61% Yes
39% No

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