

Podcast transcript

A new decade, a new future for tax: looking ahead with Jane McCormick

Podcast with Jane McCormick the Global Head of Tax and Legal at KPMG International

Musical intro

Announcer:

Hello and welcome to another episode of the KPMG podcast series for tax leaders for today's episode. I spoke to KPMG International's Global Head of Tax and Legal, Jane McCormick. Hi Jane. Thanks for taking the time to join us again on the future of tax series. As we head into 2020 this seems like an ideal opportunity to discuss your predictions for the New Year and the new decade.

What are the key topics that you think will have the most profound impact on multinational tax leaders?

Jane:

Well, of course, the biggest issue for 2020 is going to be BEPS 2.0 and I'm not sure I want to make a prediction because I don't know quite how it's going to turn out, on the one hand, obviously there is quite a lot of momentum behind the OECD efforts of the platform for collaboration to try and get some global agreement on the digital economy. But there are risks in that process, and it is possible it doesn't succeed and we still end up with an outbreak of unilateral measures on digital taxes, so watch this space and hope for the best.

Announcer: Jane, I wonder if we can explore that further

What interesting things are you seeing tax leaders do in response to this area and do you think they're doing enough?

Jane:

I think people are still monitoring and trying to think through what the impact is going to be clearly in some cases we already have digital services taxes happening. France, for example, so people are starting to react to that and think about how their business models need to change and in many cases of course, what impact it has on the business itself because we've seen these taxes do have an impact on pricing.

Announcer:

What other major trends in the tax world do you really see shaping the tax function in the year ahead?

Jane:

Well something that has started to accelerate this year and I think we're going to see more of next year is the digitalization of tax collection. So we've seen a number of countries take measures to either push or encourage people into the digital economy to make tax collection easier and I think that's going to continue.

Announcer:

Can you give us some examples of countries you've seen adopting this approach already?

Jane:

Well Greece is just made an announcement about moving people into the digital economy. We've had some action in this area in India, so it's in a number of places at the moment.

Announcer:

So Jane, we're at the start of a new decade so can I ask you to look a little further ahead. Other areas that you think are not yet on tax leaders radars that will be emerging issues in the next few years.

Jane:

Well, I think what's going to be the next big thing and many tax leaders do have this on their radar, but not all of them and that is environmental taxes. So the tax system like the rest of the economy is going to have to adapt to a world where we need to get to net carbon 0 and tax policy makers around the world are thinking about how the tax system needs to change to do that.

Announcer:

Jane, you've been a leader in the area of responsible tax, including hosting round tables around the world. Perhaps you could tell me some of the themes that have been emerging through this process and what do you think tax leaders need to do in response?

Jane:

Well, there are 2 things happening, I think that we're hearing from the round tables and other discussions we're having. One is the growth of interest in tax principles. So when we first published our tax principles back in 2013 we were a bit of an outlier. But it's now becoming quite a mainstream thing and there is going to be quite a discussion on this in Davos in January. And also the professional bodies are moving to introduce principles and ethical standards. So it's becoming a mainstream thing. The other thing of course we're hearing around the responsible tax roundtables is the need for tax reform and I don't mean tweaking the Corporation tax system. I mean, a root and branch rethink of how the tax system works and in particular, the balance of taxation between income and wealth or capital. And as I say environmental taxes.

Announcer:

Do you find most of your clients have responsible tax principles or is it something they're exploring?

Jane:

I wouldn't say necessarily most do, it depends which country you're in frankly it's something that has been more prevalent in northern Europe than it has in other parts of the world. I mean here in the UK and in certain parts of Northern Europe it is becoming a majority activity less so in other parts of the world as yet.

Announcer:

Jane, could you outline for our listeners, what you feel is the value of bringing together such a lot of disparate voices through the responsible tax program? And based on your experiences do you really think it's possible that tax leaders and other stakeholders will ever really agree and find a consensus?

Jane:

I think it's really important that we all understand one another's points of view because know side is completely right are they but actually what you find when you bring it all those different voices together is that we tend to agree on more things than we think we do. And that's when the conversation starts to become more interesting and more productive because if we all agree that yes it's a good thing to collect taxes to pay for the social goods that governments can provide. But on the other hand, you don't want the tax system to impede business or indeed. You want it to encourage business. The question then becomes well how that's when it gets interesting in terms of how could tax policy change to achieve those objectives.

Announcer:

So Jane to change gear slightly. How are you seeing the skills of tax leaders changing and what's your advice for up-and-coming tax leaders today?

Jane:

I often say for the tax leaders, they now need to have all of the skills. It's not its very long time, it's not been enough to be a good tax practitioner. You need a lot of other skills. That means organizational skills to do more with less in the tax function. It means the business partnering skills, the ability to really understand what the business objectives are and how you can support them and I keep saying that tax people now have to be absolutely brilliant communicators because it's your job to explain what is after all a pretty complex area in words that a whole group of people can understand whether it's other tax professionals, your board or your customers your employees.

Announcer:

So Jane, here we are talking together in late December 2019. It feels like the idea of opportunity to ask you what you're most looking forward to in your role in the year ahead.

Jane:

What I'm most looking forward to in the year ahead is technology. Because I think technology really is transforming the way that we do tax. And certainly KPMG we've got some pretty exciting things happening which I really do think will change the lives of tax practitioners completely.

Announcer:

And what type of things do you have coming?

Jane:

Well, there's process automation. So we are relieving people of the more boring bits of the job perform completion and allowing people to think more about what the data is showing them and what insights that they can get from it, and transparency is a big issue. It's important for people who are in charge of tax in companies and for their other stakeholders to have a much clearer picture of what's happening in tax across their business and that ability to visualize things is a big piece of what we're bringing.

Announcer:

So Jane, just to wrap up back conversation. Do you have any advice or perhaps a call to action for tax leaders around the world as we head into 2020 and a brand new decade?

Jane:

Well be prepared for change and embrace change because it's going to come anyway. But if you embrace it and you think about how tax policy changes can impact the business model, you think about how technology can change what you're doing and you plan for that and get excited about it then things will look good and interesting.

Announcer:

Jane thanks again for joining us today and we look forward to speaking to you again in the future. Join us again next time and please email us with your questions about this episode and any suggestions you have for future episodes at tax@kpmg.com would love to hear from you thanks for listening.

Musical exit