



Tax transparency roadmap assessment

Embedding tax into the overall sustainability strategy
July 2023



Environmental, Social and Governance (ESG) issues remain on top of the agenda in most board rooms. How much tax companies pay, where they pay it and how they manage their tax matters is increasingly evaluated as an ESG or sustainability measure. As part of this – and often driven by the UN's Sustainable Development Goals (SDGs) – numerous initiatives and standards have been launched, are being worked on and have entered or will enter into force. Increased transparency about a group's approach to tax can inspire confidence and support from investors, customers, and regulators. As a result, the tax transparency landscape is becoming increasingly complex and the debate is significantly gaining momentum.

On the regulatory side, regulations such as Country-by-Country-Reporting (CbCR) legislation, the Capital Requirements Directive IV (CRD IV), the Extractive Industries Transparency Initiative (EITI) and national laws (e.g., UK, Australia, Norway, etc.) are key drivers. Equally important in this debate, however, are the voluntary standards driven by market forces such as investors looking for sustainable investments such as e.g. the Stakeholder Capitalism Metrics by the WEF International Business Council, the Dow Jones Sustainable Index and the Global Reporting initiative (GRI).

Tax transparency is a journey and will be different for everyone depending on industry, prior activity, preferred level of transparency and current status of the tax governance framework and system landscape. KPMG can help you wherever you are on this journey.

KPMG's Sustainability Services

To turn sustainability into a strategic strength, our experts help you with the following solutions:

- Business strategy
- Sustainable finance
- Business transformation
- Reporting & Assurance

Your challenges

It is time to act now and to consider how tax is connected to your organization's sustainability objectives and where you stand in the tax transparency landscape. This means:

- Identifying who in the organization is responsible for preparing and driving ESG topics and sustainability reports and connecting the tax team to the debate.
- Designing a tax transparency roadmap describing which information and data will be disclosed over the next couple of years.
- Assessing if the tax governance framework and tax processes meet the expectations of the various stakeholders.
- Aligning the overall communication strategy on ESG topics with the tax transparency objectives.
- Evaluate whether the organisation is or will shortly be subject to mandatory tax transparency reporting obligations (e.g. EU Public CbCR) or wants to voluntarily disclose such data (e.g. in line with GRI 207)

How KPMG can help you

- Providing an outside perspective on a company's tax transparency position and sharing insights based on discussions with various clients, industry representatives and investors.
- Specifically providing guidance (e.g., through a workshop) on where the company stands on the tax transparency roadmap, supporting on the determination of next steps and specific action items.
- Supporting the steps required to enable the extraction of the required data for any tax transparency reports from the current/future systems.
- Preparing and/or reviewing tax transparency reports as part of our "Tax Impact Reporting" initiative.
- Providing assurance on tax transparency reports and/or data included therein.
- Assisting in the development of a tax governance framework and designing the appropriate processes/controls, etc.

Your benefits

- Having a clearly defined tax governance framework in place which actively guides the tax processes and is aligned with the company's overall ESG strategy
- Disposing of a well-aligned and consistent communication on sustainability and ESG including tax
- Building trust with your stakeholders including investors and regulators through meaningful, authentic and reliable tax transparency reporting
- Obtaining independent assurance on your tax transparency disclosures

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