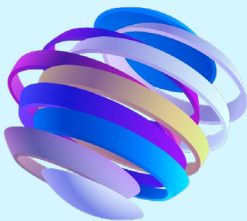




Latin America Tax Directors' Insights: Actionable tips to adapt, innovate, and thrive

Senior tax directors with responsibilities in Latin America (LATAM) convened in May 2025 to share their insights on their most pressing priorities at the **KPMG Latin America Tax Director Peer Exchange**. Their collective wisdom underscores the imperative for proactive measures to address the unique challenges faced by tax departments in LATAM, to help ensure that companies remain competitive and efficient amid a rapidly evolving landscape.

What are the current challenges Exchange members spotted and their top tips on tackling them?



Current challenges



How to prepare for Brazil's tax reform



How to address various Mexican tax complexities



How to innovate talent acquisition and retention strategies



How to optimize shared service centers and hubs in LATAM



How to leverage technology for tax function optimization



Challenge:

How to prepare for Brazil's tax reform

- 1. Adjust financial models and technology systems:** Understand the implications of Brazil's tax reform. Update financial models and technology systems, including enterprise resource planning (ERP), to adapt to Brazil's tax reform, which will be effective starting January 1, 2026.
- 2. Review contracts with generative artificial intelligence (GenAI):** Utilize GenAI to streamline contract reviews, identify risks, and enhance contract language, reducing costs and improving efficiency.
- 3. Manage customer and supplier relations:** Prepare for customer pushback on tax costs passed through contracts, particularly in industries with specific exemptions and sales to final consumers. Ensure transparent communication regarding new tax impacts and discuss potential differences in cost computations with clients. Also, review contracts with suppliers and discuss new pricing with current and potential new suppliers.
- 4. Navigate industry-specific challenges:** Address complications from increased tax rates by managing electronic invoicing and complex calculations; considering new models for tax credits and refunds; and understanding the impacts, costs, and pricing over the whole chain until reaching final customers.
- 5. Understand OECD Pillar Two and tax incentives:** Compare Brazil's corporate tax effective rate with the OECD rate and assess the effectiveness of existing incentives amid Pillar Two complexities. Explore structural and operational aspects of the Brazilian entities to minimize tax burdens and optimize tax credits and adjust pricing strategies accordingly.



Challenge:

How to address various Mexican tax complexities

- 1. Review customs programs compliance:** Ensure compliance with the customs programs such as IMMEX, VAT Certification, and PROSEC to avoid possible suspensions.
- 2. Validate certificates of origin:** Regularly verify the accuracy of certificates of origin to prevent disputes due to the fact that not only general import duty applies but also the International Emergency Economic Powers Act (IEEPA) tariffs can be exempt when goods exported to the US are United States-Mexico-Canada Agreement (USMCA) originating.
- 3. Conduct customs assessments:** Perform customs assessments across business units and ensure accurate tax calculations and compliance. Monitor supplier records for compliance.
- 4. Address nontariff barriers:** Ensure adherence to nontariff barriers and customs requirements, even under free trade agreements. Include certificates of origin in risk assessments and business contracts with suppliers to hold them accountable for inaccuracies.
- 5. Streamline Advance Pricing Agreement (APA) processes:** Collect precise information to prepare comprehensive documentation and enable readiness to expedite APAs and manage exit taxes on intangibles moved out of Mexico.
- 6. Review documentation strategy for tax audits:** Assess your audit exposure and prepare defense files related to expenses such as royalties, management fees, marketing and advertising, materiality in company operations, and interest paid on loans and tax attributes such as tax losses, capital account, and net tax income account.
- 7. Manage tax controversy:** Stay vigilant about Mexico's tax policies, particularly regarding profit management and government interventions in sensitive sectors.
- 8. Implement supporting technology:** Leverage data and systems to assist with automating and streamline processes and record keeping.



Challenge:

How to innovate talent acquisition and retention strategies

- 1. Develop creative hiring strategies:** Modify job titles and descriptions to highlight the dynamic role and evolving tax landscape, attracting candidates with diverse and relevant skills, expanding the talent pool beyond traditional tax backgrounds.
- 2. Embrace flexible work arrangements:** Offer remote work options, flexible hours, and other benefits to attract and retain candidates who value flexibility.
- 3. Explore alternative sourcing models:** Utilize outsourcing and cosourcing for efficient tax function management. Partner with Big Four firms for compliance operations, enabling internal teams to focus on strategic tasks while maintaining lean and effective departments.
- 4. Invest in training and development:** Enhance teams' capabilities by offering training programs focused on technology and data skills, fostering professional growth, tax expertise, and supporting digital transformation within the tax function.



Challenge:

How to optimize shared service centers and hubs in LATAM

- 1. Centralize and standardize processes:** Implement a centralized approach to tax processes across the organization. Standardize procedures to ensure consistency and efficiency, while leveraging shared service center models to streamline operations.
- 2. Adapt to regional differences:** Recognize the challenges of centralization in Latin America due to diverse tax systems. Tailor strategies to address regional variations while maintaining the overall efficiency of shared service centers. Ensure outsourced work is managed by professionals familiar with local requirements.
- 3. Invest in technology and automation:** Integrate advanced tax technology and automation tools. From dedicated tax technology teams to support digital transformation and enhance data management capabilities.
- 4. Enhance talent development:** Develop team competencies through training in emerging technologies and data analytics, equipping them to meet evolving tax function demands.



Challenge:

How to leverage technology for tax function optimization

- 1. Integrate advanced automation tools:** Implement automation tools to streamline tax processes, focusing on routine tasks like data entry, compliance checks, and reporting to improve efficiency and accuracy.
- 2. Invest in data analytics:** Centralize financial and tax data (e.g., through a data warehouse) and utilize data analytics to gain insights into tax operations, identify areas for improvement, and implement data-driven decision-making processes to enhance tax function efficiency.
- 3. Evaluate tax technology structure:** Consider establishing a dedicated tax technology team within the tax department to manage technology integration and digital transformation initiatives, ensuring seamless adoption of new technologies.
- 4. Optimize workforce and technology:** Recruit individuals with strong technology and data science skills to fill roles in tax departments, focusing on their ability to model and manage data rather than traditional tax expertise. Develop the tax technology skill sets, including SAP and ERP, of existing team members to manage evolving tax technology demands.

Continue the conversation



Doug Zuvich

Tax Partner, KPMG LLP (US),
and Latin America Regional
Managing Partner, Tax & Legal,
KPMG Americas*



Niren Saldanha

Tax Partner, KPMG LLP (US),
and Latin America Deputy Tax Leader,
Tax & Legal, KPMG Americas*



Marcus Vinicius S. Gonçalves

Head of Tax, KPMG Brazil,
South America Cluster Leader,
Tax & Legal*



Jorge Caballero

Head of Tax and Legal, KPMG Mexico,
Mexico/Central America Cluster Leader
Tax & Legal*

*All professional services are provided by the registered and licensed KPMG member firms of KPMG International. Legal services are provided only by KPMG member firms that are permitted to do so by law. KPMG Americas does not provide professional services to clients and does not participate in client engagements.

Resources:

Explore the [KPMG Latin America Tax Center](#), which connects multinational corporations with a network of tax specialists and resources, offering extensive local and regional experience to you and your business.

The **Latin America Tax Technical Hub** is a team of partners across LATAM member firms dedicated to bringing clients the most accurate and up-to-date regional tax technical developments and advice. By leveraging the collective knowledge and experience of the KPMG network, the Hub underscores our commitment to excellence. [Connect](#) with the team today.



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:



[kpmg.com](https://www.kpmg.com)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS031812-1A