



New Tax Reporting Trends

Survey 2021

kpmg.ch/taxreporting



Ongoing Transformation & new client demands

Following the survey in 2017, KPMG rolled out a new Tax Reporting Survey in 2021. Besides the already known challenges regarding quality, banks in 2021 encountered increasingly new challenges. Clients started to expect additional reports and services beyond client tax reporting, such as e-tax reports, business tax reports, withholding tax reclaim, simulations, tax suitability, etc. While these are partly new offerings, this trend also harbors risks. Banks need to make sure that the results and recommendations, which are provided by these new offerings, match and do not contradict each other. Banks also need to further improve efficiency to manage costs for all these services.

Increasing compliance obligations and pressure on service quality on the one hand as well as pressure on costs on the other, are driving banks to concentrate on processes and costs, with a renewed focus on outsourcing. How can banks ensure the highest quality, dealing with reporting deadlines and

the demand for additional services never offered before? What are the most important criteria for good tax reporting? What services are bank customers increasingly demanding? Our Tax Reporting Survey 2021 explores these aspects and more, providing valuable insights into tax reporting trends.

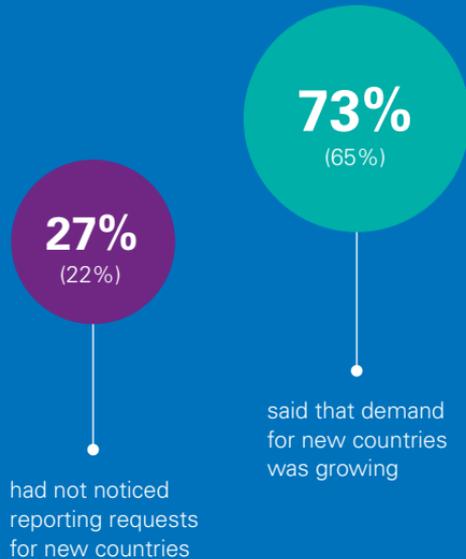
The cost-efficient outsourcing tendency that emerged in the last survey is reshaping tax reporting services. In the meantime, most banks have outsourced their production to an external supplier, which ensures that they provide the necessary technological resources as well as tax know-how to meet evolving demands.

The trend for the next five years seems all about customers' demanding increasingly innovative add-on services and on banking side the pressure to cut costs even further.

(The results of the 2017 survey are shown in brackets)

Growing demand

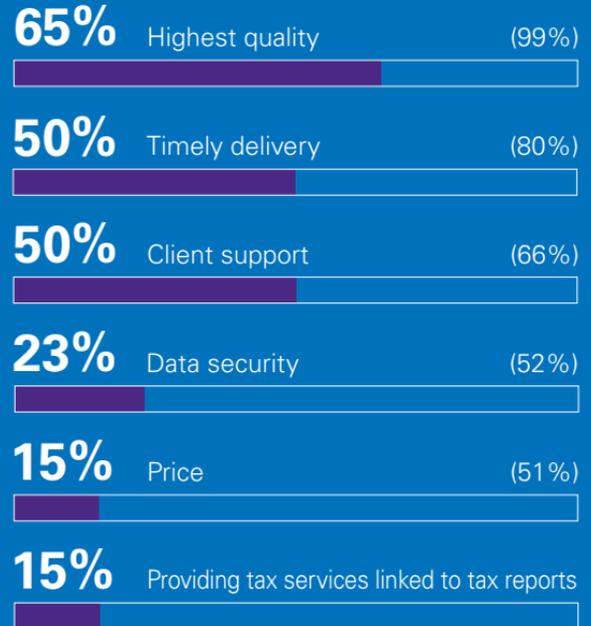
Tax reports are increasingly being requested for new countries worldwide



(The results of the 2017 survey are shown in brackets)

Critical criteria

We asked banks what matters most in tax reporting



Challenges

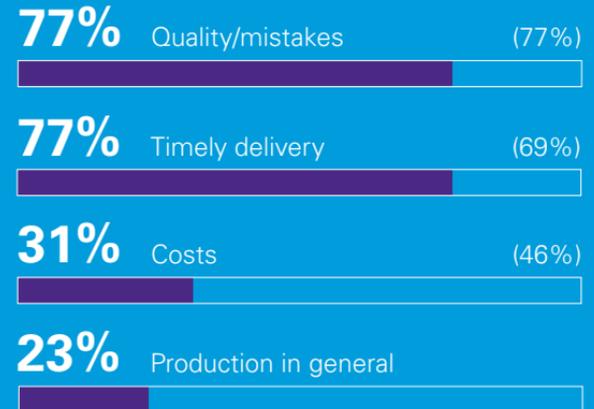
Many banks face difficulties when producing tax reports for their clients



- of banks had encountered problems producing tax reports
- had not experienced any major issues
- could not give a statement

Difficulties encountered

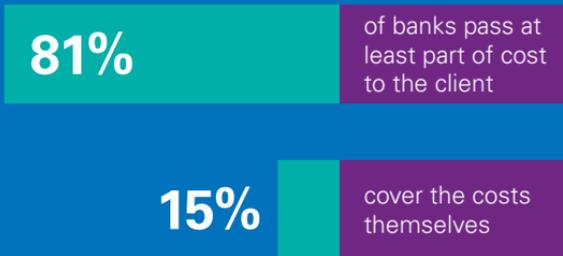
We asked banks what kind of difficulties they faced in the production of tax reports



(The results of the 2017 survey are shown in brackets)

Charges to clients

Most banks currently charge clients for some or all of the costs incurred



Outsourcing

Almost all financial institutions choose to outsource their tax reporting

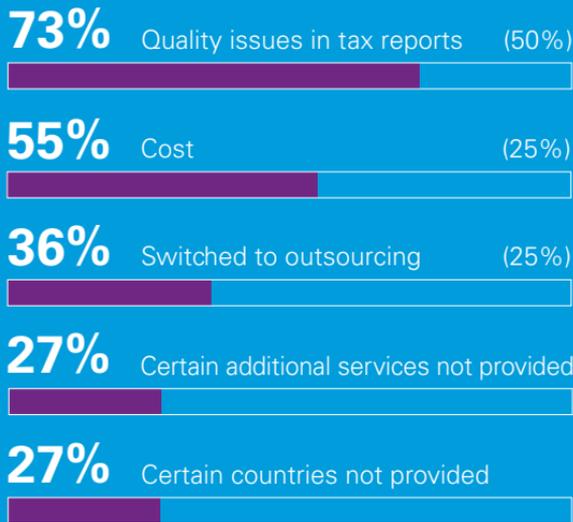


In 2017, only 42% of participants charged customers for tax reports

In 2017, 73% of banks considered outsourcing an option, now 96% of banks are completely or partially outsourced

Changing provider

We asked banks why they changed or plan to change provider



(The results of the 2017 survey are shown in brackets)

Upcoming needs

Additional services are increasingly being requested from banks' clients



Tax reporting 2025

Focus on quality will remain unchanged and even increase (evaluation of CRS has already started to have an impact in Germany, Italy, UK and other countries). Additionally, international bank clients will demand new services, such as simulations, tax suitability, withholding tax reclaims and many more. Banks need to rein in costs but provide consistency in the various services mentioned before. This is best done by focusing on processes.

Quality

Banks will continue to be under pressure to provide high-quality tax reports. Not doing so could become a reputational issue.

Country coverage

Demand will constantly increase for jurisdictions where banks did not offer tax reports before. However, the low volume for such “exotic” locations will lead to challenges on costs and pricing.

Outsourcing

Outsourcing is likely to increase because the quality of tax reports, the expectation on deadlines, the cost and the pressure to offer more services has increased, making it difficult for banks to handle this in-house.

Additional services

Offering additional services will rapidly become standard, which is why banks will want to also offer a suite of such services. However, this will require a rethink in regard to simplifications of processes to avoid a loss of quality and to keep costs low.

Contact

KPMG AG

Räffelstrasse 28
PO Box
CH-8036 Zurich

[kpmg.ch/taxreporting](https://www.kpmg.ch/taxreporting)

Heiko Kubaile

Partner, Head of
Multishore Tax
Reporting

T +41 58 249 35 10

M +41 79 623 23 25
hkubaile@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 on such information without appropriate professional advice after a thorough examination of the particular situation. The scope of any potential collaboration with audit clients is defined by regulatory requirements governing auditor independence. If you would like to know more about how KPMG AG processes personal data, please read our Privacy Policy, which you can find on our homepage at www.kpmg.ch.

© 2021 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is 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.