

# Gain insights from your CbC data about your tax risks and the proper implementation of your tax strategy

## Introduction

In June 2021, after years of debate and under public pressure to increase MNE groups' transparency, a qualified majority of member states has now voted in favour of public Country-by-Country Reporting (CbCR) at the EU Council, and a political agreement has been found between EU institutions on the text of the public CbCR directive.<sup>1</sup>

KPMG Acor Tax has developed a data-driven approach to help you gather and extract your relevant tax data, analyse it to gain valuable insights, and assess your transfer pricing model and general approach to tax against your tax strategy or policy.

## Preparing for public CbCR

Public CbCR is an opportunity to review your transfer pricing model and general approach to tax, and to communicate to the public how much you contribute to society through your corporate income tax payments in the countries you operate. For this communication to be effective and valuable, your CbC Report should include a narrative explanation, defining key terms and describing your approach to tax. Specifically for that purpose, we have developed an offering, KPMG's Tax Impact Reporting to assist you with your tax transparency strategy and reporting of tax contribution, not limited to corporate income tax.

## The data extraction and gathering process

The first step in the preparation of your public CbC Report, is the extraction and gathering of the relevant tax data.

Where the data gathering process of the CbC Report is often done manually, and thus prone to human errors and delays, our data-driven approach relies on full data extractions from ERP system(s) for all types of taxes, leading to a more consistent, effective and efficient process.

## A wealth of data at your fingertips

KPMG Acor Tax can help you move beyond your CbC Report compliance, and leverage the work put into CbCR to create additional value. Indeed, we believe that the CbC Reports create a platform of knowledge for the Heads of Tax to:

- **Improve performance,**
- **Monitor key risks and controls,**
- **Support the implementation of corporate strategy,**
- **Drive discussions with internal stakeholders,**
- **Be better equipped to handle tax audits and controversies,**
- **Respond to public expectations on responsible tax,**
- **And more.**

Our data analytics approach allows you to gain quantitative insights and visibility over your CbCR data. We help uncover potential tax and transfer pricing risks, thereby helping tax functions become more proactive and trusted advisors to the business.

<sup>1</sup> Read more about the new EU directive on public country-by-country reporting in the flyer "EU vedtager regler om offentlig tilgængelig land-for-land rapportering" (in Danish only) [here](#)

# How does a tech-supported CbC data analysis project work?



## Extract and gather

Using our data gathering solution, we extract and gather tax data from all of your entities' ERP systems, and select the most relevant key risk indicators.

## Develop and analyse

We build interactive dashboards to present the observations dynamically, i.e. present key messages while being able to drill down into the underlying region, country or entity detail where useful.

## Unlock value

Our data analytics offer a clear and unique view of tax data per country, region and globally. This provides an opportunity to improve the business –both inside and outside of the tax function.

## Questions to ask about your CbC report data

- Is my focus on getting CbC Report published on time rather than ensuring that each value is supported by accurate data?
- Does our tax data indicate where tax risks may exist?
- Does our data support or contradict the narrative of our Master File and Local Files? How can it be used in the DAC6 context – or in light of the “BEPS 2.0” project?
- Are we comfortable with making our CbC Report available to the public?
- Is our CbC data in line with our tax strategy, tax policy, approach to tax and TP model?
- Can we reduce the risk of data-driven tax and transfer pricing audits by demonstrating the integrity of our approach?
- Can we give comfort to the Board that we have effective processes and controls in place to fulfil our CbC Reporting obligations?

## Focus on outcomes

Drawing on data analytics experience and the expertise of KPMG's tax professionals, the CbCR data analytics approach is focused on creating higher visibility from your data and analysis for insights.

It helps you to:



### Gain assurance over your tax data

Extract and gather your tax data directly from your ERP systems and validate your results.



### Seize control of your CbCR data

Obtain a fact driven, easy to grasp overview of your CbC Report on easy-to-use interactive dashboards.



### Improve risk management

Identify, assess and manage the key transfer pricing risks and issues in the countries of interest. Elaborate positions in the countries where known key risks are evident.



### Prepare for public reporting

Gain insights into risk areas by individual tax jurisdiction and be prepared to manage controversies based on a clear understanding of your global CbC risk profile.

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