Indirect tax management for the oil & gas industry

KPMG and Thomson Reuters: Automating indirect tax
Helping to reduce complexity, risk and cost

According to KPMG Global’s 2013 VAT/GST Benchmark Survey, nearly 60% of respondents reported that indirect tax had a negative impact on their corporate cash flow. Fortunately, automating indirect tax management can have a positive impact and counteract this trend.

As an Oil & Gas executive, we know you are faced with growing complexities at every turn. When it comes to indirect tax management, things are no different…and are only getting more complex.

The list of assets and real estate you must track and manage – between manufacturing locations, equipment and drill sites – makes tax determinations extremely difficult. If done manually, accurately determining the correct tax rates, jurisdictions, and excise taxes can be a guessing game and fraught with error. And doing this manually naturally requires more manpower, which is contradictory to the industry’s trend toward increasing efficiency and doing more with less.

This is why more and more Oil & Gas companies are turning to technology and automation to manage indirect taxes.

Combined strength of leading tax advisory and technology

KPMG LLP and Thomson Reuters provide a complete set of services and technology that can help clients reduce the costs and risks of error in managing indirect tax. KPMG’s Indirect Tax Practice and Thomson Reuters’ ONESOURCE Indirect Tax technology can help Oil & Gas companies manage, calculate, and report global indirect taxes, while helping to ensure accuracy, compliance, and avoidance of risk.

The ONESOURCE indirect tax determination engine integrates with existing ERP systems or backend financial applications in real-time. All enterprise applications can use a single, scalable instance, enabling you to enforce business-specific tax policy consistently across multiple systems. KPMG is experienced in adapting the engine to meet the unique requirements of the Oil & Gas industry – such as fuel and hydrocarbon taxes.

“Complexity of this scale requires automation. Manual solutions and inefficient ERP systems simply leave too much to chance.”
Why you need automation

Replace inaccurate/inefficient methods

– **Costly, error-prone manual methods:** Managing ever-changing excise tax regulations and new jurisdictions can be inaccurate and expensive.

– **High-maintenance ERPs:** Most ERP systems lack the ability to determine taxes accurately, have limited analytical reporting, and require disparate, maintenance-intensive enhancements.

Simplify growing complexity & reduce risk

– **Growing data:** Easily manage and maintain the enormous volume of data needed to drive tax decisions.

– **Complex, changing requirements:** Help ensure compliance by always having the most up-to-date tax content.

Gain insights & devise smart tax strategies

– **Misaligned Objectives:** Automation helps the tax function better align with overall corporate objectives.

– **Lack of quantitative intelligence:** Automation enables the measurement and monitoring of key performance indicators so tax executives can make better ongoing decisions.

The KPMG advantage

As a recognized leader in the Oil & Gas industry, KPMG provides a powerful combination of industry knowledge, tax technology, and ERP integration experience that will help you reduce tax liability and compliance costs.

– **Industry knowledge:** We understand the issues, trends, and regulatory concerns affecting the Oil & Gas industry.

– **Experience:** KPMG has worked on more global tax engine implementations than any other major tax advisory firm.

– **Tax specialists:** Our Indirect Tax and VAT Practice in member firms around the world plays an active role in clients’ tax technology deployments.

– **Certified:** Our KPMG Indirect Tax team members specialist implementers, have over 10 years of experience – including the first global deployments of ONESOURCE Indirect Tax.

– **Proven process:** KPMG’s Indirect Tax Services seamlessly compliment the ONESOURCE tax engine with a five-step service delivery model that includes: 1) Requirement Analysis, 2) Technology Design, 3) Configuration and Build, 4) Testing, and 5) Production.

Why KPMG and Thomson Reuters ONESOURCE®?

It’s in the numbers...

KPMG provides professional services to 88% of the world’s leading Oil & Gas companies.

KPMG has more than 8,000 individuals serving the Oil & Gas industry globally.

KPMG’s Indirect Tax practice comprises over 1,600 professionals in KPMG member firms in 94 countries.

Thomson Reuters supports rates and rules for over 14,500 U.S. taxing jurisdictions and for over 175 countries.

Thomson Reuters’ clients have seen up to a 30% reduction in compliance costs compared to using an ERP alone.

Thomson Reuters tax engine is the 1st and only patented process for determining tax liability across all transactions.

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