KPMG

Global Tax Department Benchmarking

At-a-glance insights for energy, power and utilities sector tax leaders

KPMG International conducts an ongoing survey of tax leaders around the world, which considers ranges of responsibilities, department composition, budget structures and other data points to help tax leaders assess their departments today, and consider how to evolve them for the future. Below are some of the highlights of the survey from respondents in the energy, power and utilities sector.

Structure

Central tax departments most often fall within the:

68% Finance function

Most Chief Tax Officers (CTOs) or Tax Leaders report to:

61% Chief Financial Officer (CFO)

21% Head of Finance (other than CFO)

Just under half of tax departments in energy, power and utilities are responsible for global reporting while a high proportion are responsible for domestic reporting compared to global averages (i.e. 61% global reporting and 78% domestic reporting).

51% Global reporting

83% Domestic reporting

Only 35% of tax departments use a shared service center (SSC), of these 61% have increased utilization.

70% Fiscal declaration processes

61% Accountancy/ general ledger

61% Indirect taxes

57% Tax return prep

48% Subledgers

Responsible tax

Most tax departments have a code of conduct to frame their risk tolerance and tax decisions.

71% Have a documented tax code of conduct.

29% Don't have a documented tax code of conduct.

Public disclosures of tax information:

43% No, don't disclose

43% Somewhat, we disclose some limited tax info as part of our CSR

14% Yes, we do this already

*Note: Percentages might not add up to 100% due to rounding

32% of the companies who don't currently disclose, plan to do so in the future.

Wishlist

Additional personnel and tax technology topped the list for tax leaders when asked where they would invest if they had an additional budget.

31% Tax technology

26% Additional personnel

19% Process optimization

19% Training and education

3% Outsourcing

Source: KPMG Global Tax Benchmarking Survey, 2021

Tax leaders ranked the following process improvement priorities as important over the next 5 years:

75% Formalizing risk management

71% Tightly connecting provision and compliance processes

69% Consulting with business of operating unit

68% Process standardization

Technology

75% of respondents plan to increase their use of enterprise finance IT systems for tax purposes.

88% of respondents plan to increase their investment in tax specific technologies.

20% of respondents are planning to invest in compliance software.

36% of respondents are planning to invest in country-by-country reporting software.

Department performance

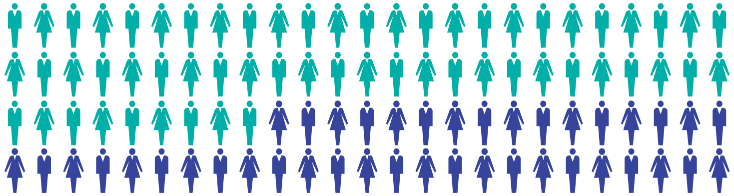
Performance is often measured by the impact the tax department has on the business across a range of metrics, with these most often topping the list of importance:

- 84% Tax risks are managed appropriately (same as 83% globally)
- 80% Accuracy of returns and avoidance of penalties (versus 75% globally)
- 79% Tax compliance deadlines are met on schedule (versus 75% globally)
- 72% Business unit are satisfied with tax services provided (versus 73% globally)
  - Results of tax jurisdictions audits are as expected (versus 70% globally)
  - Tax risks are consistent with corporate tax risk profile (versus 79% globally)

Business impact

Most tax departments have oversight from a board member (or board-level individual) as tax continues to rise in importance on the board agenda.

59% **Yes, board member has tax oversight**



41% **No, board member doesn't have oversight of tax**

Today, tax departments are often consulted on the overall business strategy for the organization. More than half (63%) of the respondents have seen an increase in involvement in the last 2 years.

- Not very/not at all involved
- Somewhat involved
- Well involved
- Completely involved

*Note: Percentages might not add up to 100% due to rounding

Most companies have a tax strategy or overarching tax governance policy document that covers tax risks, which is reviewed annually.

57% of respondents have a documented tax strategy

66% review it annually

22% review it on an adhoc basis

Source: KPMG Global Tax Benchmarking Survey, 2021

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**Data as of June 2021

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