



# KPMG Tax Impact Reporting

**Embarking on your tax  
transparency journey**

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KPMG International

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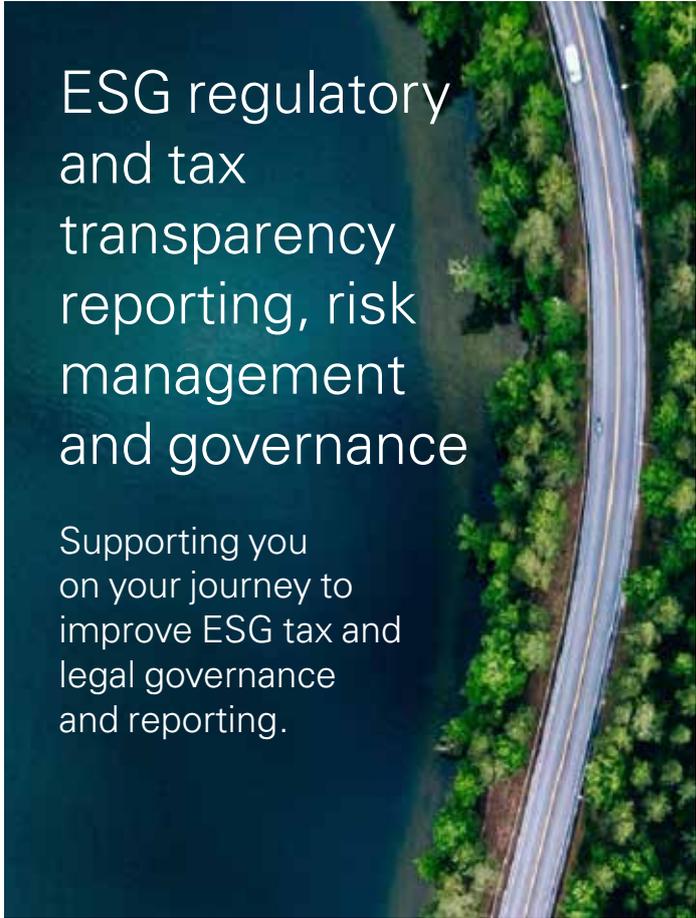
# Tax transparency reporting, risk management and governance for the tax function

**Being more transparent about tax is an important consideration of any business's environmental, social and governance (ESG) agenda. However, working towards and achieving that goal can be filled with complexities.**

It involves ensuring your business has a tax risk management and governance framework that is underpinned by robust controls and widely implemented policies. Businesses must then navigate the changing tax transparency environment as new regulations are implemented, as voluntary disclosure standards change or new standards emerge, and as the quality of disclosures within your industry change.

Differing approaches to tax transparency will be adopted and will flex over time. Thus, being transparent about your journey and engaging in dialogue with your stakeholders can help build trust in your business.

Before we dive into KPMG Tax Impact Reporting, let us remind you of our other resources.



ESG regulatory  
and tax  
transparency  
reporting, risk  
management  
and governance

Supporting you  
on your journey to  
improve ESG tax and  
legal governance  
and reporting.

# KPMG Tax Impact Reporting

**KPMG Tax Impact Reporting is a service offering that can help you explore and achieve your tax transparency, risk management and governance goals.**

KPMG professionals from around the world can help your tax department deliver on these goals and drive your other ESG tax initiatives, with the support of leading technologies and approaches where desired.

New to tax transparency and wondering how it can benefit your tax function?



## Being transparent is about fostering trust

Being open about your activities, plans and progress can help your stakeholders understand who you are as a business.



## Regulation is increasing

The European Union (EU) public country-by-country reporting (CBCR) directive was published in December 2021. It requires some multinational enterprises to disclose their corporate income tax payments on a country-by-country basis for the EU jurisdictions in which they operate.



## Voluntary reporting is becoming increasingly complex

Businesses should understand the difference between reporting standards (i.e. Global Reporting Initiative 207), principles-based disclosures (i.e. B Team Principles), rating agency criteria (i.e. the Down Jones Sustainability Indices and the S&P Global Sustainability Index), and stakeholder preferences before deciding how to begin voluntary reporting.



## Investors are increasingly evaluating tax sustainability

Investors are requesting information to assess the value impact of the tax strategy and governance policies that an organization has adopted from an economic, environmental and sustainability perspective.

# KPMG Tax Impact Reporting

## So what is KPMG Tax Impact Reporting?

It is our tax transparency reporting service offering comprised of two main elements: qualitative and quantitative.

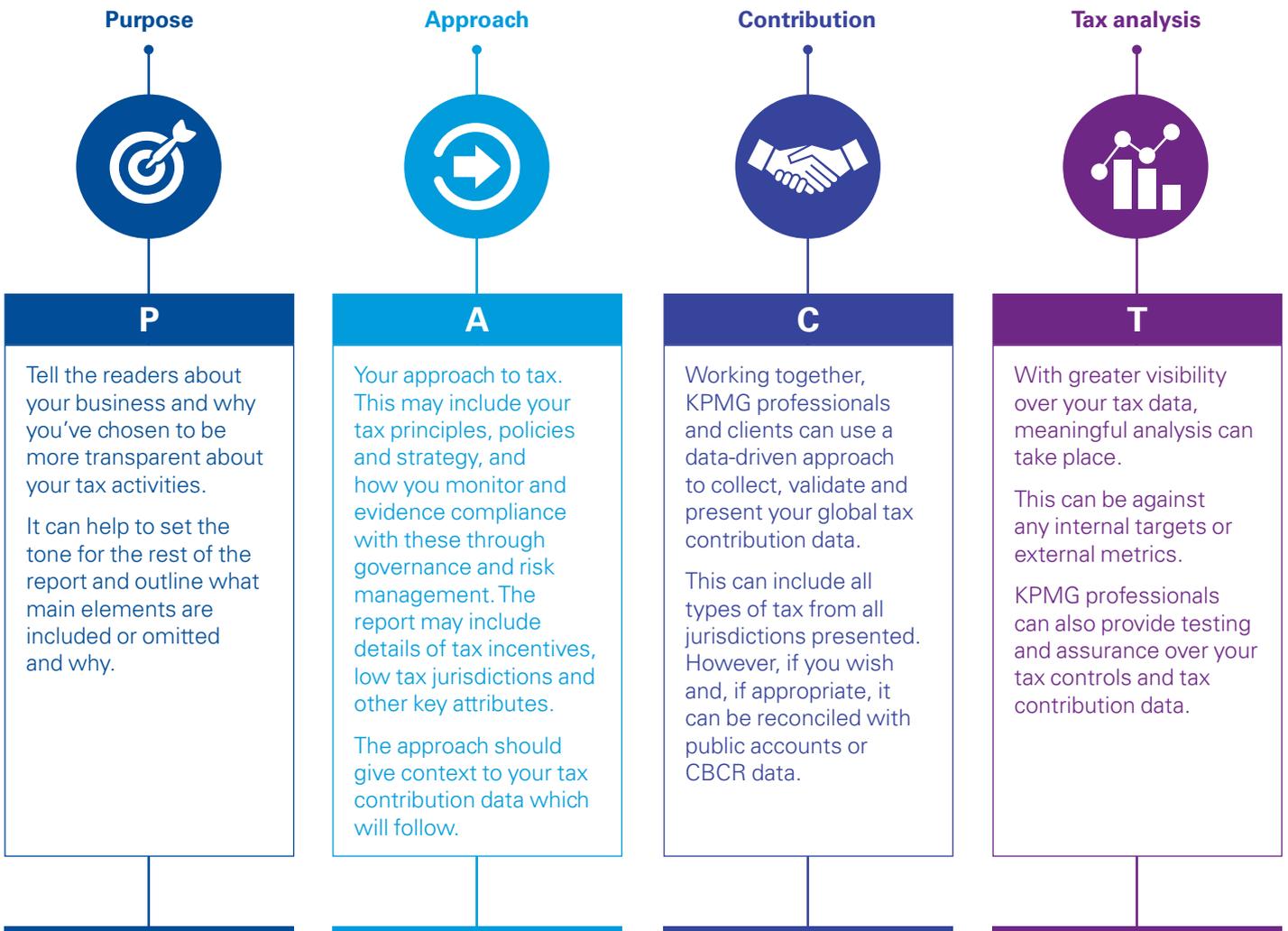
### Qualitative:

Reports written using the **KPMG Tax Transparency Reporting framework** can cover all elements of tax transparency disclosure requirements.

### Our PACT, your IMPACT.

The KPMG Tax Transparency Reporting framework was constructed by KPMG professionals with tax transparency expertise. The most commonly used tax disclosure standards, principles and frameworks were examined to design this thorough reporting framework. When followed, it can satisfy most tax transparency reporting requirements, but can be customized to help capture your unique reporting requirements.

## What will a tax impact report look like?



# KPMG Tax Impact Reporting

## So what is KPMG Tax Impact Reporting?

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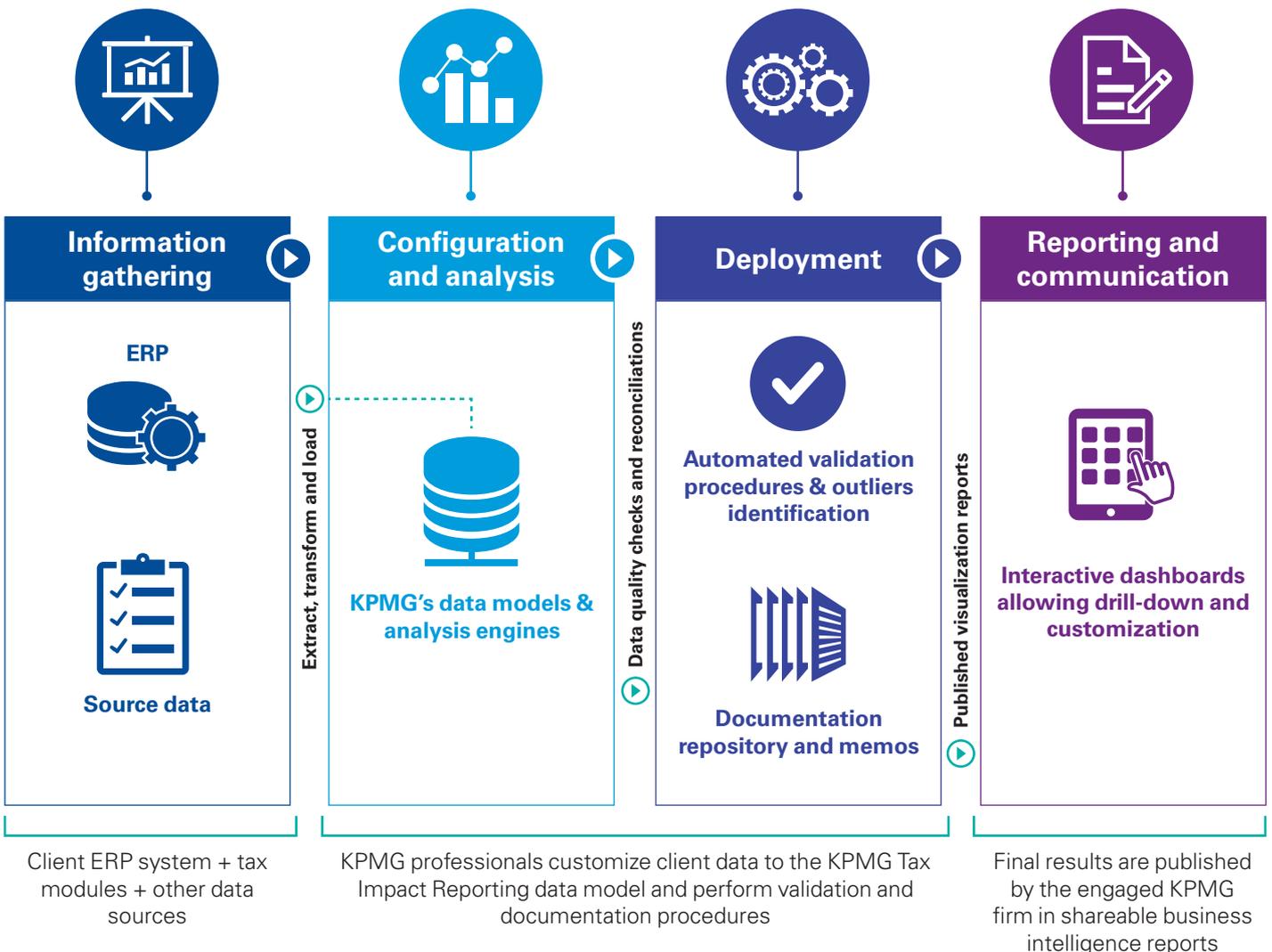
### Quantitative:

**KPMG's Tax Footprint Analyzer** is a technology solution that can help your business identify your "taxes paid" data across all types of tax.

### Our tech, your taxes.

The KPMG Tax Footprint Analyzer is a data extraction tool that can extract the amount of taxes paid by every group company to show your group's global tax footprint.

It uses KPMG's automated data extraction tools, accessing data from underlying enterprise resource planning tables and other sources. The data is validated through automated and bespoke procedures.



# KPMG Tax Impact Reporting

## Frequently asked questions



**Q: We already have our own data collection processes in place. Can we get help from KPMG to write the report without using the technology?**

Yes, we can help you draft the qualitative portion of your report and perform analysis on the tax contribution figures you provide. If desired, our data collection professionals can provide advice on your current data collection methods and processes and suggest areas for improvement.



**Q: Can we draft the report with guidance from KPMG?**

Yes, we can hold an initial workshop to discuss your position and give you guidance on writing a tax transparency report, helping you determine the important aspects to equip you to write the report. We would then review your report before publication to discuss unexpected or contentious issues and provide any other feedback.



**Q: We already have our report writing processes in place. Can we get help from KPMG to extract our tax contribution data only?**

Yes, KPMG's tax footprint analyzer can be used to extract your global tax contribution data independently of any report writing services.



**Q: We don't feel ready to publish a full tax transparency report yet. Can KPMG help us draft tax disclosures to be published in our sustainability report?**

Yes, being transparent about your taxes and approach to tax is often an iterative process with disclosures increasing each year towards your tax transparency goal. We can help you draft disclosures wherever you are on this journey.



**Q: We don't feel ready to publish anything yet. Can KPMG help us improve our internal policies and processes so that we can publish with confidence in the future?**

Yes, in order to inspire trust through transparency, any disclosures should be rooted in robust policies and practices, which take time to develop and implement. See below for our other tax transparency services.



**Q: We want to know what taxes we pay across the world, but don't feel ready to publish these yet. Can KPMG's tax footprint analyzer be used for internal purposes?**

Yes, it is important to understand the full spectrum of taxes paid by your organization and our technology can be used for this purpose. What you decide to publish is your choice (unless mandated by law). However, we would recommend being as transparent as possible.



**Q: We have received a poor ESG rating for tax. Can KPMG help us understand why?**

Yes, we have a technology-based solution — **the KPMG ESG Tax Assessment Tool**, which can assist companies by analyzing a business's publicly available tax information against 40 key ESG tax data points. It will then generate an ESG rating for tax, broken down by component over four categories: tax strategy, tax governance, tax reporting and tax gap. This can then be used to suggest improvements to your business's tax disclosure.

Additionally, the tool can benchmark your business's ESG tax score against self-selected peers.

# KPMG Tax Impact Reporting

## Tax transparency — Other services

1

### **Tax policy design/review**

A robust set of tax principles, policies and strategies are the foundation of having responsible tax practices.

2

### **Tax risk and governance design/review**

Having a framework to ensure tax policies are implemented effectively and monitored continuously with key lines of responsibility can help ensure your organization's ideals become a reality.

Learn more about how our technology solutions can help: [KPMG Tax Control Room](#) and watch a [demo of the technology](#).

3

### **Tax transparency benchmarking**

Benchmarking can be useful at any stage in the tax transparency process to compare against peers, standards or internal policy progression. The KPMG ESG Tax Assessment Tool can help you benchmark almost every any tax transparency or ESG tax criteria against your peers.

4

### **Tax risk and communication assessment**

Understanding what to publish partly comes from understanding what your stakeholders want to know and what you want to disclose. We can help you with this process.

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