



The Canadian supplement to the Global Tax Benchmarking Survey 2016

**A look inside tax departments worldwide
and how they are evolving**



KPMG Canada

kpmg.ca/tax

Key takeaways for Canadian Tax leaders

KPMG International's 2016 Global Tax Benchmarking Survey offers a snapshot of the structure, governance, priorities and performance measures of tax departments today – and delivers insights on how leading tax departments expect to transform over the next 5 years.

How do the tax departments of Canadian-based international companies stack up against their global peers? The survey tells us that, for the most part, Canadian tax functions are in step with global norms. Like survey respondents from companies headquartered in other countries, compliance and risk management are top priorities for Canadian tax leaders, and they are focusing more on improving their functions' contribution to strategic value.

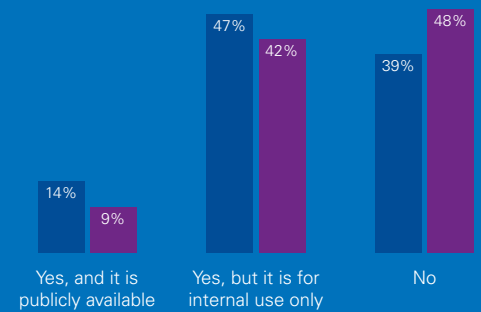
But it seems that Canadian tax functions have some catching up to do in two important areas: governance and transparency, and tax technology.

Governance and transparency

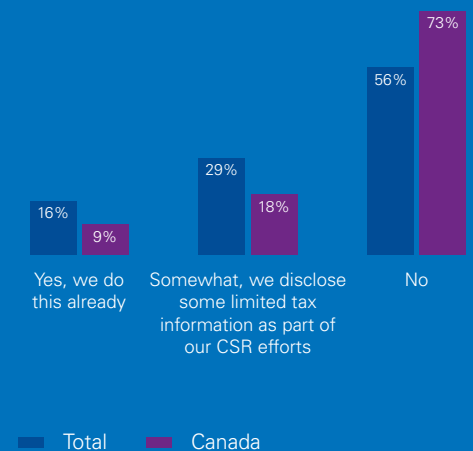
- Compared with their global peers, fewer Canadian companies have a code of conduct to frame their risk tolerance and tax decisions, and less than one in ten make their code of conduct publicly available.
- Similarly, less than one in ten Canadian companies make their tax information available publicly, while about 18 percent disclose limited tax information as part of their corporate social responsibility reporting.
- Globally and within Canada, investors, the media and the public are calling on corporations for ever more tax transparency to show they are socially responsible in their approach to tax. The Canada Revenue Agency and its counterparts worldwide are looking at the strength of companies' frameworks for tax government and risk management as they evaluate compliance risk.
- With financial and reputational risks related to tax rising, Canadian companies would do well to put higher priority on formalizing their approach to tax governance and do more to communicate the strength of that approach to all their stakeholders.



Do you have a tax code of conduct to frame your risk tolerance and tax decisions? If so, is it public or private?



Does your organization currently disclose your tax information publicly i.e. as part of your corporate social responsibility (CSR) approach?

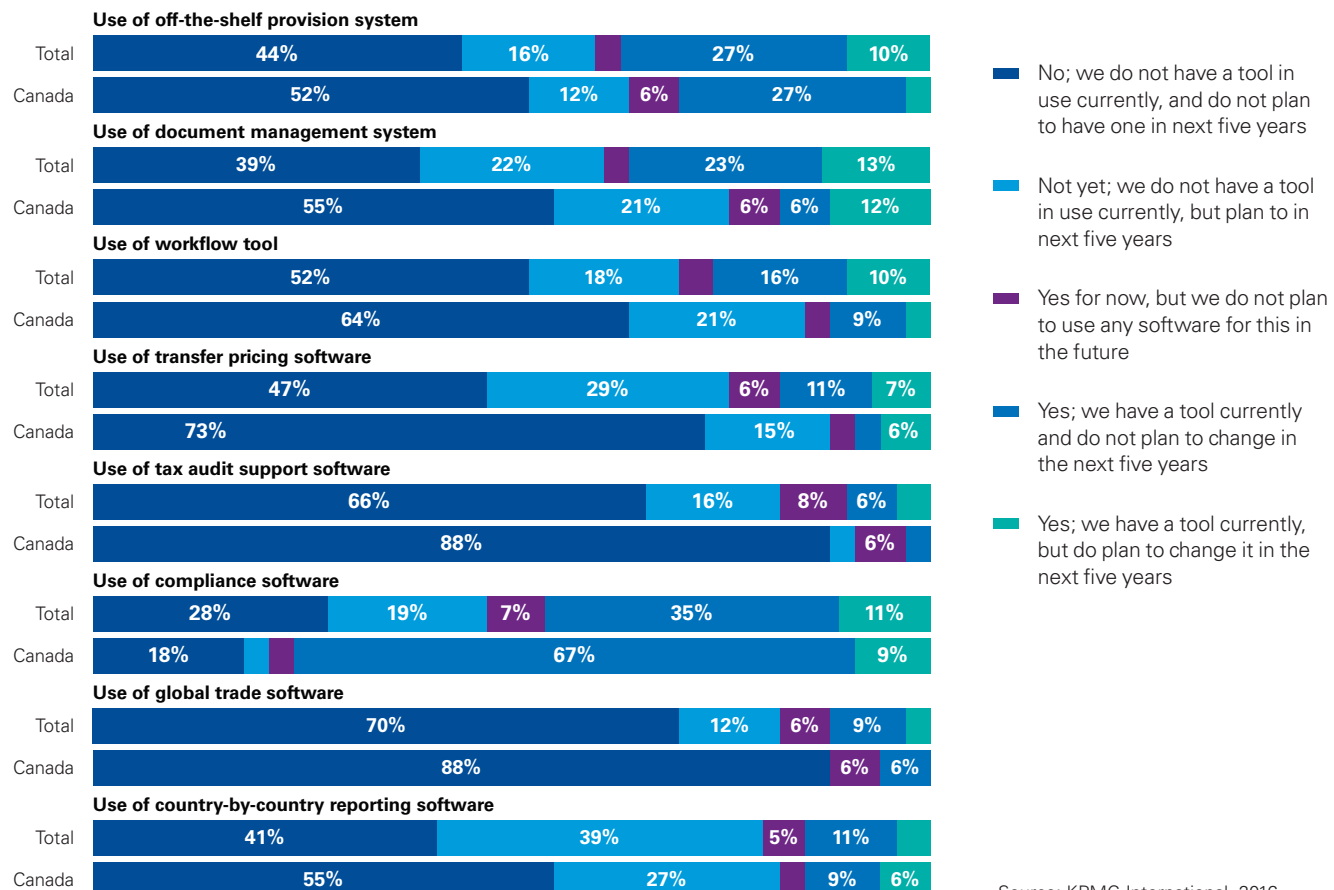


Source: KPMG International, 2016

Tax technology

- Globally, companies seem to be missing opportunities to drive efficiencies by increasing their use of tax-related software. Survey results suggest Canadian tax functions are even less likely to be taking advantage of the efficiencies and value that investments in tax technology can bring.
- In step with the overall focus on compliance, tax compliance software is the software most commonly used in Canada, employed by about two-thirds of Canadian tax functions. Compared to global averages, however, there appears to be little appetite among Canadian companies to invest in systems to manage data in areas of rising risk and complexity, such as tax audit support, global trade and transfer pricing.
- Encouragingly, slightly more than one-quarter of Canadian companies that do not currently have a software to manage country-by-country reporting plan to acquire a tool for this purpose in the next five years. Nevertheless, this result is still well below the global average of 39 percent.
- As focus sharpens on tax responsibility and tax transparency in Canada and globally, technological advances will continue to propel more complex and detailed tax reporting obligations. Without greater investments in tax technology platforms that include workflow and data management processes, Canadian tax functions will be hard-pressed to manage the increasing disclosure demands.
- Globally and within Canada, a minority of forward thinking companies are harnessing technology not only to deliver and manage data efficiently and effectively for compliance but also to apply data analytics that produce strategic insights and identify opportunities to create value.

Do you use the following tax-related software in your tax department, and if so, do you plan to change the software you use now in the next five years? If no, do you plan to use one in the next five years? -Broken down by:



Source: KPMG International, 2016

How does your tax department compare?

KPMG's 2016 Global Tax Benchmarking Survey remains open, and Canadian tax leaders still have an opportunity to take part and broaden the survey's results. On completing the survey, you can request a personalized report showing how your tax function compares with other tax functions in Canada and worldwide. To participate, please email: kpmgtaxmarketing@kpmg.ca

For complete global survey results and additional resources, please email: kpmg.com/tax.

kpmg.ca/tax



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.

© 2017 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. 15507

The KPMG name and logo are registered trademarks or trademarks of KPMG International.