Global Tax Department Benchmarking

At-a-glance insights for asset management 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 with a specific lens on the asset management sector.

Structure

Majority of tax departments report into finance...

48% Finance function

54% CFO

19% Another finance head other than CFO

60% of tax departments in the asset management sector are responsible for global reporting, while 92% are responsible for domestic reporting compared to global averages (i.e. global: 61% and domestic: 78%).

60% Global reporting

92% Domestic reporting

Only 20% of tax departments in use a shared service center (SSC), of these 60% have increased utilization.

- **100%** Accountancy/ general ledger
- **80%** Subledgers
- **40%** Indirect taxes
- **40%** Tax return prep
- **20%** Fiscal declaration processes

Responsible tax

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

TAX

66% Have a documented tax code of conduct.

33% Don't have a documented tax code of conduct.

A high majority of asset management companies don't disclose their tax information.

- **75%** No, don't disclose
- **21%** Somewhat, we disclose some limited tax info as part of our CSR
- **4%** Yes, we do this already

*May not total 100% due to rounding.

47% 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.

- 44% Tax technology
- 28% Additional personnel
- 12% Process optimization
- 12% Training and education
- 4% Outsourcing

Source: KPMG Global Tax Benchmarking Survey, 2021

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

- 64% Consulting with business of operating unit
- 64% Tightly connecting provision and compliance processes
- 60% Process standardization

Technology

52% of respondents plan to increase their use of enterprise IT finance IT systems for tax purposes.

56% of respondents are planning to invest in tax specific technologies.

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

36% of respondents are planning to invest in transfer pricing software.

Department performance

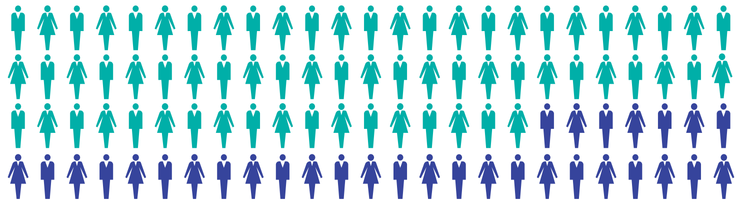
Performance is often measured by the impact the tax department has on the business across a range of metrics, with these most often topping the list of importance:

- 88% — Tax compliance deadlines are met on schedule (versus 75% globally)
- Tax risks are managed appropriately (versus 85% globally)
- 87% — Accuracy of returns and avoidance of penalties (versus 75% globally)
- 84% — Tax function effectively manages resources (versus 66% globally)
- 83% — Tax risks are consistent with corporate risk profile (versus 79% globally)

Business impact

Majority of tax departments have an oversight from a board member (or board-level individual).

68% **Yes, board member has tax oversight**



32% **No, board member doesn't have oversight of tax**

Today, tax departments are often consulted on the overall business strategy for the organization. 50% 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

More than half of the respondents have a documented tax strategy or overarching tax policy document covering tax risks which is reviewed annually.

58% have a documented tax strategy.

57% review it annually.

36% review it on an adhoc basis.

Source: KPMG Global Tax Benchmarking Survey, 2021

*Note: Percentages might not add up to 100% due to rounding
**Data as of June 2021

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