Global Tax Department Benchmarking

At-a-glance insights for consumer goods (food, drink, retail products and services) tax leaders

KPMG International conducts an ongoing survey of tax leaders around the world. The survey considers a range of responsibilities including department composition, budget structure and other data points designed to help tax leaders assess their departments today and evolve for the future. Below are some of the highlights of the survey from respondents in the consumer goods sector.

Structure

Central tax departments most often fall within the:

57% Finance function

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

64% Chief Financial Officer (CFO)

16% Head of Finance (other than CFO)

Slightly more tax departments in consumer goods are responsible for global reporting and significantly less for domestic reporting as compared to global averages (i.e. 61% global reporting and 78% domestic reporting):

69% Global reporting

65% Domestic reporting

46% of tax departments in consumer goods use a shared service center (SSC). Of these departments, 77% have increased their utilization, the highest of all sectors.

86% Accountancy/ general ledger

75% Subledgers

68% Fiscal declaration processes

61% Indirect taxes

54% Tax return prep

Responsible tax

Just over half of the tax departments in the consumer goods sector have a code of conduct to frame their risk tolerance and tax decisions.

52% Have a documented tax code of conduct.

48% Don't have a documented tax code of conduct.

Public disclosures of tax information:

67% No, don't disclose

25% Somewhat, we disclose some limited tax info as part of our CSR

8% Yes, we do this already

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

24% 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.

38% Additional personnel

33% Tax technology

15% Process optimization

7% Training and education

5% Outsourcing

Source: KPMG Global Tax Benchmarking Survey, 2021

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

80% Consulting with business of operating unit

79% Process standardization

75% Formalizing risk management

Technology

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

67% of respondents plan to increase their investment in tax specific technologies.

23% of respondents are planning to invest in compliance software.

47% of respondents are planning to invest in country-by-country reporting software.

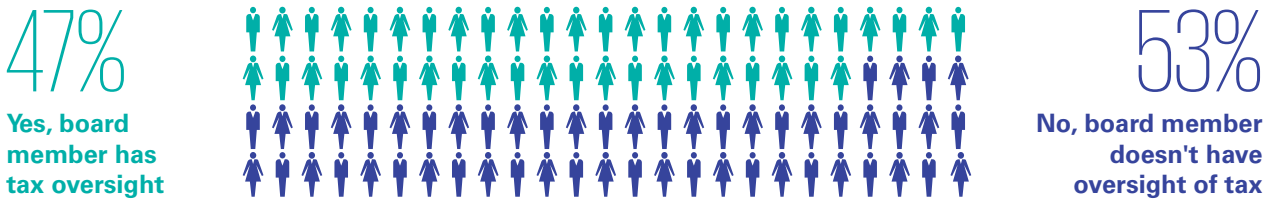
Department performance

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:

- 81% Tax risks are managed appropriately (versus 85% globally)
- 80% Tax function adds economic value to organization (versus 68% globally)
- 76% Tax function supports corporate strategy (versus 74% globally)
- 75% Effective tax rate is at expected rate (versus 64% globally)
- 71% Tax risks are consistent with corporate risk profile (versus 72% globally)
- Tax function effectively manages resources (versus 66% globally)

Business impact

Less than half of the tax departments in the consumer goods sector have oversight from a board member (or board-level individual) as tax continues to rise in importance on the board agenda.



Tax departments are often consulted on the overall business strategy for the organization with 63% of respondents seeing an increase in involvement over 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

Less than half of the companies in the consumer goods sector, have a tax strategy or overarching tax governance policy that covers risk.

38% of respondents have a documented tax strategy

50% review it annually

39% 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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Designed by Evalueserve. | Publication name: Global Tax Department Benchmarking | Publication number: 137594D-G | Publication date: June 2021