

# Global Tax Department Benchmarking

## At-a-glance insights for manufacturing 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 manufacturing sector.

### Structure

#### > Majority of tax departments report into finance...



#### > 54% of tax departments in the manufacturing sector are responsible for global reporting, while 77% are responsible for domestic reporting compared to global averages (i.e. global: 61% and domestic: 78%).



#### > Only 29% of tax departments in use a shared service center (SSC), of these 63% have increased utilization.



### Responsible tax

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



#### > A high majority of manufacturing companies don't disclose their tax information.

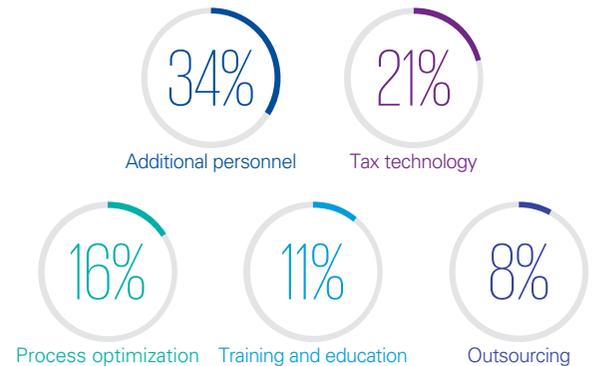


\*Note: Percentages might not add up to 100% due to rounding

**27% 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.



Source: KPMG Global Tax Benchmarking Survey, 2021

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



## Technology

63%

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



54%

of respondents are planning to invest in tax specific technologies.



36%

of respondents are planning to invest in compliance software.



39%

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:

83%

Tax risks are managed appropriately (versus 85% globally)

78%

Accuracy of returns and avoidance of penalties (versus 75% globally)

Results of tax jurisdictions audits are as expected (versus 70% globally)

73%

Tax function supports corporate strategy (versus 74% globally)

71%

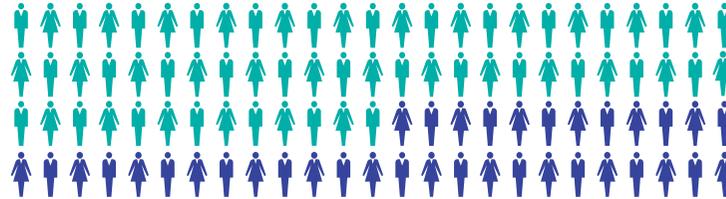
Tax compliance deadlines are met on schedule (versus 75% globally)

## Business impact

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

63%

Yes, board member has tax oversight

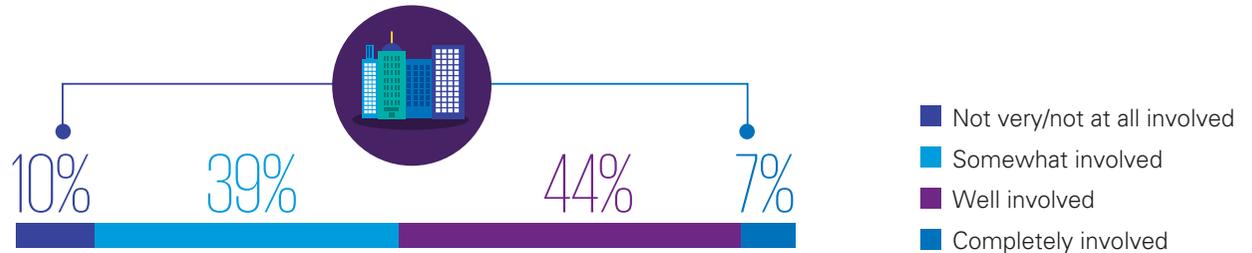


38%

No, board member doesn't have oversight of tax

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

➤ Today, tax departments are often consulted on the overall business strategy for the organization. More than half (58%) 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.



51%

have a documented tax strategy.



45%

review it annually.



52%

review it on an ad hoc 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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