Global Tax Department Benchmarking

At-a-glance insights for technology and telecommunications 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 by respondents from the technology and telecommunications sector.

Structure

Central tax departments most often fall within the:

60% Finance function

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

66% Chief Financial Officer (CFO)

15% Head of Finance (other than CFO)

Over half of tax departments in the technology and telecommunications industry are responsible for global reporting while a high portion are responsible for domestic reporting compared to global averages (i.e. 61% global reporting and 78% domestic reporting)

68% Global reporting

74% Domestic reporting

Half of the tax departments in the technology and telecommunications industry use a shared service center (SSC), of which 50% have increased utilization.

63% Accountancy/ general ledger

63% Subledgers

50% Fiscal declaration processes

46% Tax return prep

42% Indirect taxes

Responsible tax

49% of tax departments have a code of conduct to frame their risk tolerance and tax decisions.

51% Have a documented tax code of conduct.

49% Don't have a documented tax code of conduct.

Public disclosures of tax information:

57% No, don't disclose

21% Somewhat, we disclose some limited tax info as part of our CSR

21% Yes, we do this already

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

28% 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.

42% Additional personnel

35% Tax technology

14% Process optimization

5% Training and education

2% Outsourcing

Source: KPMG Global Tax Benchmarking Survey, 2021

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

79% Process standardization

76% Consulting with business of operating unit

69% Formalizing risk management

Technology

74% 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 and also increase the use of consolidated system data for tax purposes.

16% of respondents are planning to invest in compliance software.

37% of respondents are planning to invest in country-by-country reporting software.

Department performance

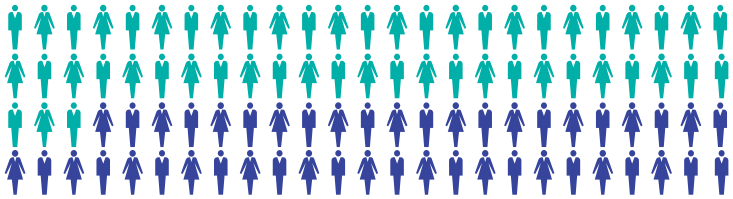
Performance is often measured by the impact the tax department has on the business across a range of metrics, with these most often topping the list of importance:

- 92% Tax risks are managed appropriately (versus 85% globally)
- 88% Tax function supports corporate strategy (versus 74% globally)
- 84% Tax function generates cash savings or manages cash taxes effectively (versus 66% globally)
- 80% Tax function adds economic value to the organization (versus 68% globally)
- 78% Tax effectively manages resources (versus 66% globally)

Business impact

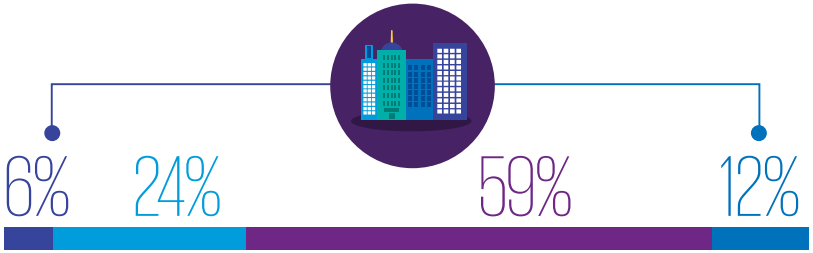
More than half of tax departments have oversight from a board member (or board-level individual) as tax continues to rise in importance on the board agenda.

53% **Yes, board member has tax oversight**



47% **No, board member doesn't have oversight of tax**

Today, tax departments are often consulted on the overall business strategy for the organization. 59% 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

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

Less than half of companies have a tax strategy or overarching tax governance policy document that covers tax risks.

41% have a documented tax strategy

48% of respondents review it annually

33% 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: 137594F-G | Publication date: June 2021