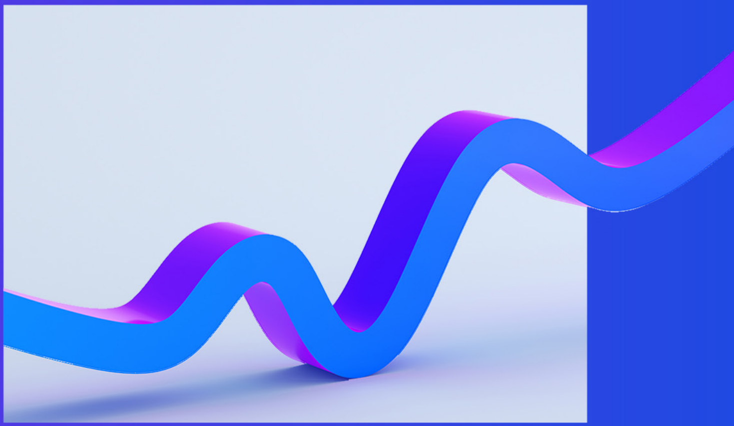
KPMG

Global tax credits and incentives

A holistic view



Most countries offer financial incentive programs designed to stimulate activities such as research and development (R&D), investment spend, job creation, and sustainability efforts. Such incentives are available for domestic investments as well as growth and expansion opportunities abroad. In many cases, the incentives are agnostic of industry or sector. A company may not need to be profitable or paying taxes in order to benefit from these incentives. The abundance of opportunities increases in complexity as you consider each country, regional, and local government, each of whom may have the authority to fund incentives of their own.

In order to generate and monetize these benefits, it is important for your organization to identify, understand, and prioritize the appropriate incentives given your financial and strategic goals. Such an undertaking is oftentimes time consuming and complex but can result in significant benefits. Our KPMG network allows you access to our practitioners who specialize in such global credits and incentives. Our capabilities help you to design and implement an effective incentives strategy given your business's needs.

Types of credits and incentives:

1. **Discretionary incentives**—typically require discussions and negotiations with the country, regional, or local government and economic development officials in advance of the business's investment, growth, or expansion decision. Examples include:
   - Cash grants
   - Income tax credits/tax holidays/reduced tax rates
   - Withholding tax credits/refunds
   - Property tax abatements
   - Sales tax exemptions
   - Forgivable loans/low-interest financing
   - Free/subsidized land
   - Utility discounts or tax credits
   - Training grants
   - Infrastructure funding
2. **Statutory credits**—benefits that a business can secure, oftentimes retroactively, but not in all cases, of the investment activity so long as certain criteria are met:
   - R&D tax credits
   - Super deductions
   - Investment tax credits, including energy and combined heat and power
   - Job creation tax credits
   - Work opportunity tax credit
   - Employee retention credit
   - Disaster tax credit
   - Carbon sequestration tax credit

Trigger events for credits and incentives*

- R&D activities
- New or recurring capital expenditures
- Job creation or high-turnover companies
- Mergers and acquisitions as well as spin-offs
- Consolidation of facilities
- Company-wide training initiatives
- Sustainability efforts
- Federally declared disasters
- Investment in low-income communities and qualified zones
- Companies that recently negotiated tax incentives
- Credits with onerous documentation burdens

Note: *One trigger event could lead to the potential for multiple credit and incentive opportunities.

Our firm's holistic approach: Coordinated and uniform approach to help you manage your overall effective tax rate, facilitate cash tax savings or above-the-line benefit realization, and increase the value of your company through an in-depth holistic review of business growth, investment, expansion, and employee hiring plans as well as business disruptions to identify global tax planning opportunities that align and support your business objectives.

We follow a flexible, phased approach from assessment to delivery to identify, prioritize, and implement credit and incentive opportunities.

Approach from assessment to implementation

The timeline, from our preliminary assessment through implementation, as well as the project deliverables, will be tailored based on the size of your company and the number of areas you wish to cover.

Objective	Preliminary assessment	Formal assessment	Detailed design	Implementation
	Conduct initial holistic analysis of your data and business model	Perform detailed holistic assessment of company based on your data and through discussions with key stakeholders	Develop detailed implementation steps, workplan, and timeline for implementation	Implement the agreed-upon scope

Maintenance, monitoring, training: The value that KPMG brings when performing a holistic review does not stop after implementation. Beyond the final deliverables and implementation, we will implement ongoing efficiency monitoring (as necessary and agreed upon) and will roll out training as appropriate to all users.

Why KPMG?

An established local team with deep knowledge of industry, location, and tax issues will work closely with dedicated global, national, and state and local specialists who bring fresh perspectives on planning opportunities and assist in obtaining these potential benefits. The local team will serve as the primary point of contact to coordinate all discussions and requests with other members of our national and global network.

Contact us

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