



Tax Operating Models: Your Compass for Navigating the Global Tax Landscape

Tuesday, June 11, 2024

**Ahead
of the Wave**

2024 U.S. Cross-Border Tax Conference



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Agenda

No Stranger to Change

- How tax functions are navigating continuous strategic and tactical challenges

Functional Strategies

- What value looks like for tax functions

Organizational Structures

- Adopting the optimal tax organizational structure

Tax Talent

- The shifting tax talent landscape

Data and Technology

- Tackling data challenges and identifying tax technologies

Wrap up

- Closing remarks and final thoughts

01

No Stranger to Change

How tax functions are navigating continuous strategic and tactical challenges



Keeping with the pace of change

There is no shortage of challenges and opportunities facing today's tax functions. A business-as-usual approach is not a viable option. How does Tax evolve to support the needs of the organization?

The challenge

The volume and pace of change is unprecedented. Complex and uncertain times often require different skills and tools.

Yet, investment has lagged, workload has increased, and resources are scarce.

You need to be compliant and ready for the rapidly evolving digital world.



Global trends disrupting the tax function



Technology,
Data & AI



Human Capital



Internal Business
Landscape



Regulatory &
Legislative



ESG & Corporate
Citizenship



Business
Disruption



Geopolitical and
Economic Unrest

The right model for the new tax landscape

Companies are reacting to this environment of continuous change in a variety of ways.



Identifying functional strategies.



Adopting the optimal organizational structure.

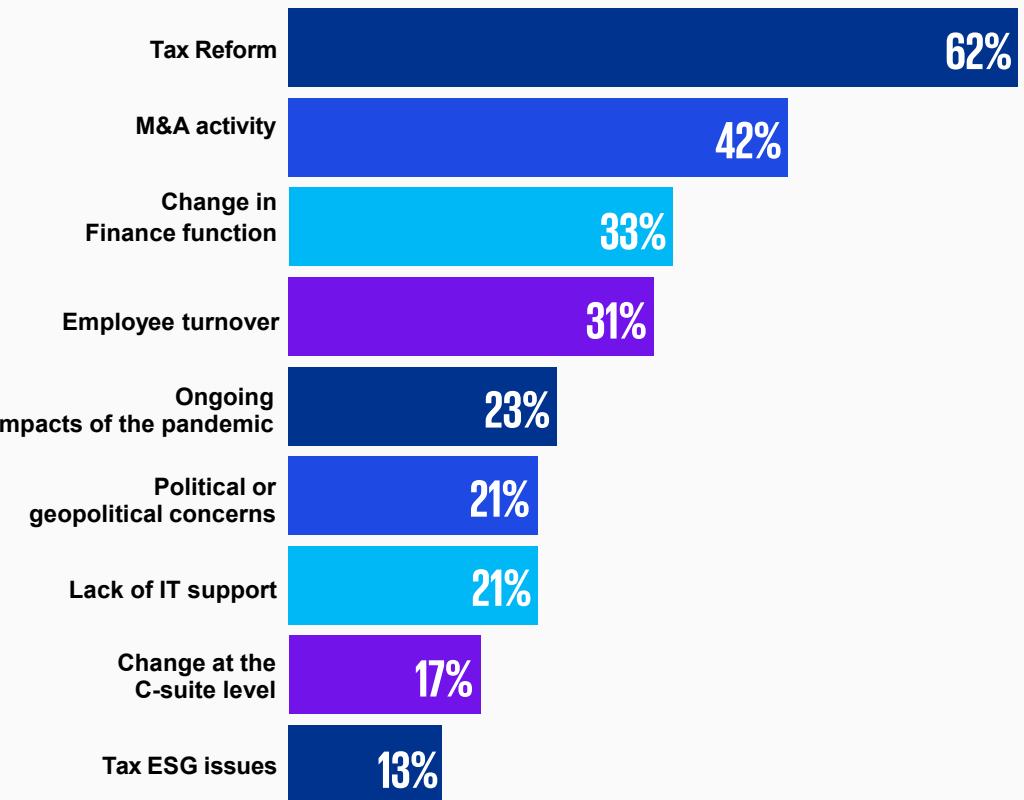


Shifting tax talent landscape.



Tackling data and technology challenges.

Key disruptors impacting the tax function



02

Strategic Trends

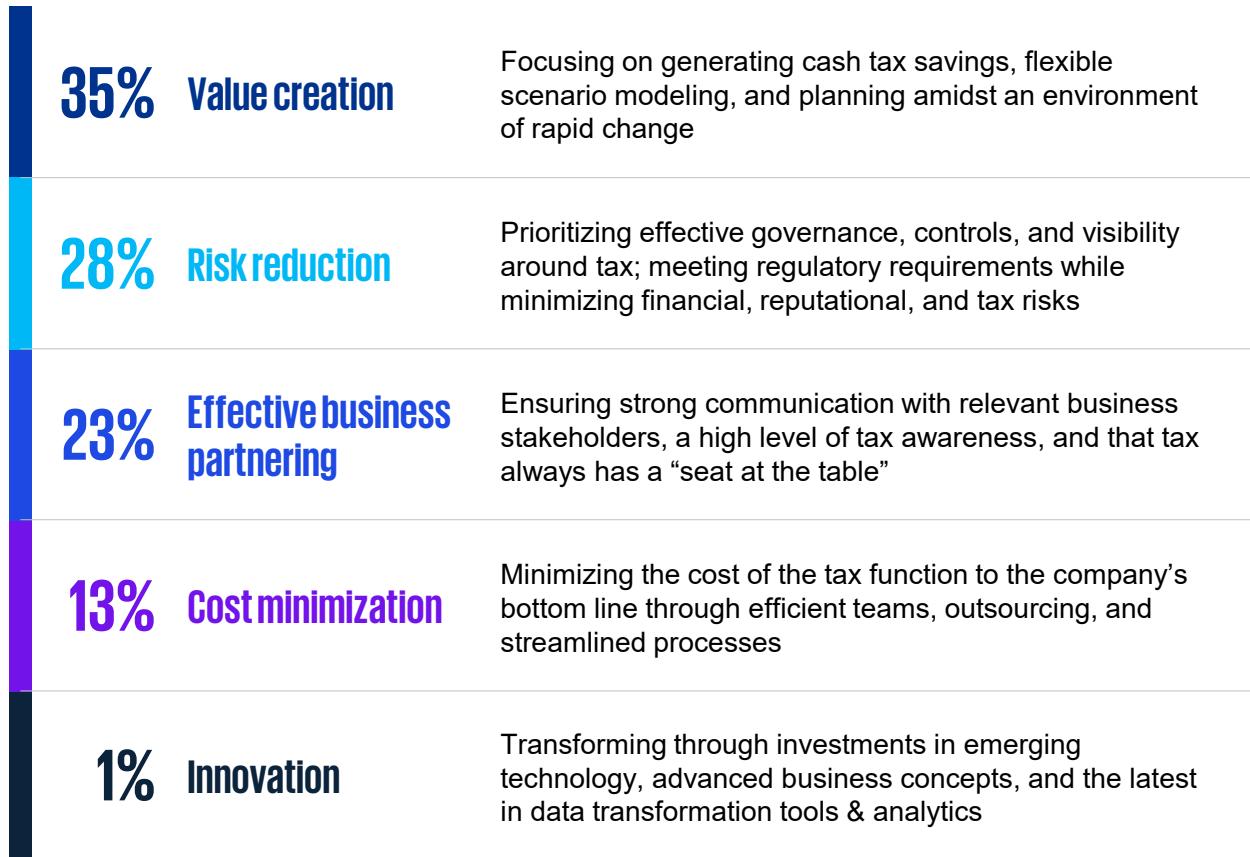


What does value look like for tax

Functional strategies are shifting as the role of the tax function evolves.

- Companies are generally placing greater emphasis on value creation than in the past
- Risk reduction and business partnering are also important goals.
- Cost reduction is no longer the primary focus

Primary strategies pursued by tax functions



03

Organizational Structure Trends



Making the case for transformation

To adjust to the shifting role of the tax function, tax leaders are grappling with the balance between investing in in-house development, outsourcing arrangements, and technology tools.

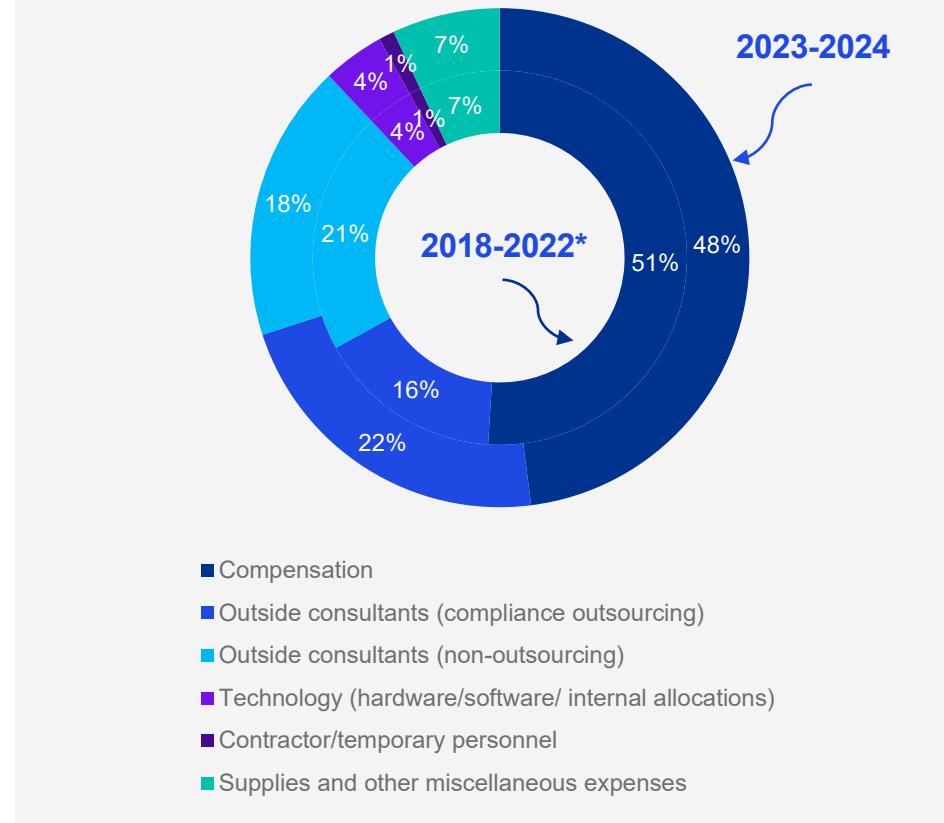
Tax departments have shifted their investing from in house resources to third party compliance and consulting.

Investments in technology has remained constant since previous reporting. This may be due, in part, to leveraging technology as part of the outsourcing/co-sourcing arrangements.

Notable percentage changes since previous survey*



Tax Budget Allocation Trends



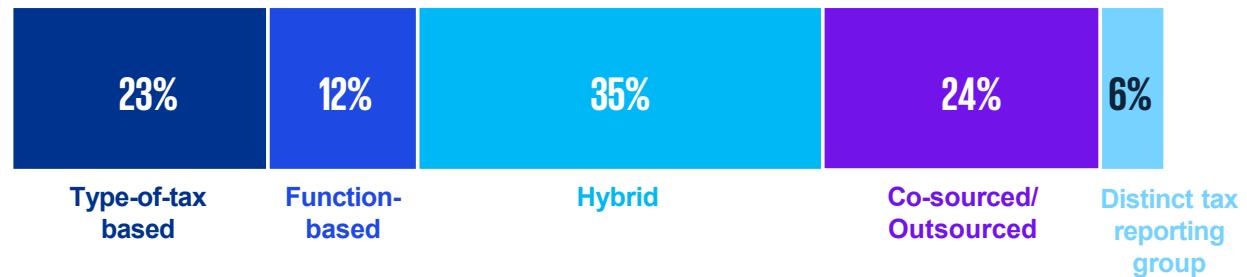
*These values represent the relative percentage change of responses from the KPMG Tax Function Benchmarking Study 3.0 2018-2022 and the current survey. It does not represent a change in the absolute value of responses received.

Adopting the optimal organizational structure

Today's tax function needs to thoughtfully approach selecting and defining an organizational model that can support effective performance against a multitude of objectives

With the tax function playing an increasingly vital role in the broader finance organization, there has been an evolution in how tax departments are structured over time.

Tax function organizational design



Notable percentage changes since previous survey*



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Tax Talent Trends

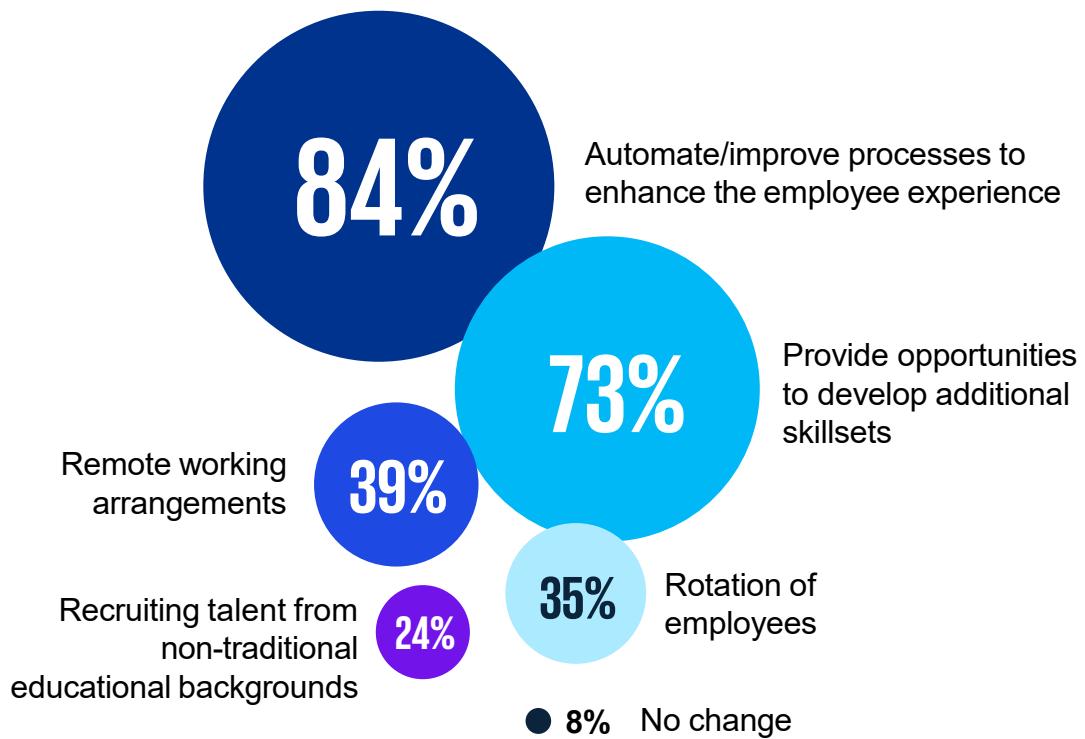


A shifting tax talent landscape

With 31 percent of respondents noting that employee turnover is a key disruptor for their tax function, survey results also highlight changes with respect to how tax talent is acquired and retained in the race for talent.

Companies are seeking to enhance the employee experience by streamlining processes, automating manual tasks through technology, and providing employees opportunities to develop additional skill sets.

Potential changes in order to attract or retain tax talent



05

Data and Technology Trends

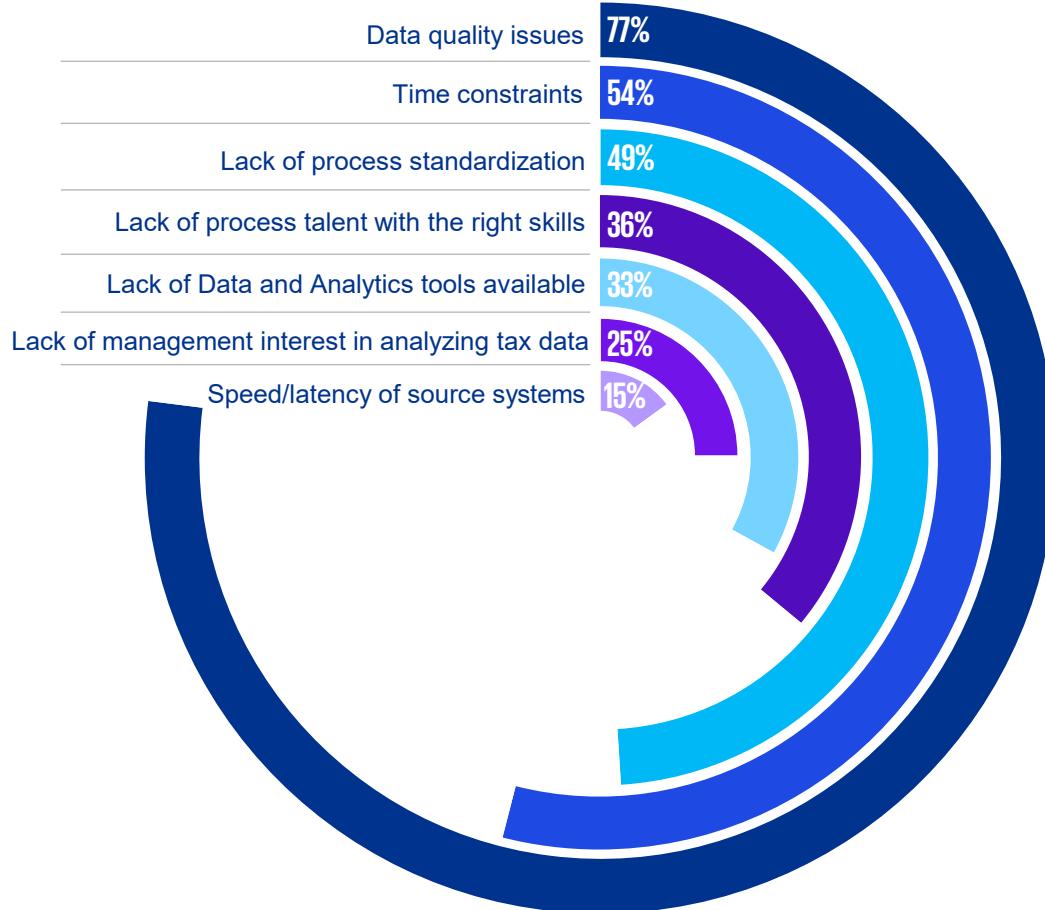


Tackling data challenges

Managing data effectively is one of the biggest challenges facing modern tax functions.

Time spent on data management is time not spent on data analysis and the sheer complexity of this task can limit tax from utilizing data in more strategic ways.

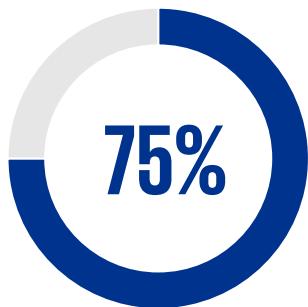
Undoubtedly, this is an indicator of why tax functions overall are planning to implement and increase their usage of analytics tools and data transformation software as well as optimize their enterprise systems.



The right tools for the job

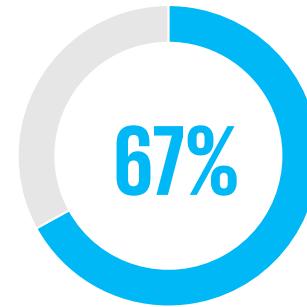
With a seemingly endless array of technology options available today, companies must determine what investments makes sense for their tax function.

Three categories of tools most companies are planning to implement or increase their usage of in the future are Analytic tools (Power BI, Tableau, Qlik, etc.), Data transformation software (i.e. Alteryx), Workflow/document management systems.



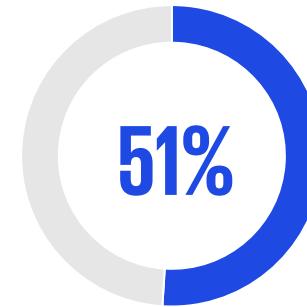
Analytic Tools

Respondents who are prioritizing the **implementation (27%)** or **increased use (48%)** of analytic tools.



Data Transformation Software

Respondents who are prioritizing the **implementation (31%)** or the **increased use (36%)** of data transformation software.



Workflow Tool and/or Document Management System

Respondents who are prioritizing the **implementation (22%)** or the **increased use (29%)** of a workflow tool/document management system.

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Wrap Up & Final Thoughts

07

Appendix



7.1

KPMG Global Tax Function Benchmarking Survey



What is the KPMG global tax function benchmarking survey?

The **KPMG Global Tax Function Benchmarking Survey** is a comprehensive study designed to help organizations gauge their tax function operations against comparable revenue and industry peers.

Taking the survey can help to uncover gaps and identify areas for tax operating model improvements related to strategy, technology, resourcing, and more.

Potential benefits of the survey

- Gain powerful insight into the current state of your tax function's performance
- Uncover gaps and identify areas for improvements across your tax operating model
- Provide insight into potential process improvements, value enhancements, and cost saving opportunities
- Discover how your peers are meeting the same high-priority challenges you face

Key features in this version of survey

- **A shorter survey:** Faster to complete compared to prior versions
- **New topics added:** ESG, BEPS 2.0, GenAI, the modern workforce, etc.
- **Global member firm participation:** An expanded multi-national organization benchmarking database
- **Delegation functionality:** Clients taking the survey can assign survey sections to colleagues

7.2

Panel Discussion Question Set



Panel Qs

Strategy

- Do you see companies shifting their overall tax functional strategy? Is there greater emphasis on **value creation, risk reduction, business partnering, cost reduction, or innovation?**
- Has the profile of the tax department changed? Does tax have more of a seat at the table compared to previous years? Is there higher visibility within the overall business?

Organizational

- Have you seen a shift in how you are / your clients are allocating their budgets? If so, why?
- What is your organizational structure and why is it structured that way?
- How do you as head of tax educate yourself to make such decisions on your own? How do you manage those decisions? How are your clients deciding on and developing these tax organizational structures?
- How are you adapting your sourcing strategies to keep up with evolving domestic regulations as well as international reform initiatives (BEPS)?

Talent

- Are your talent strategies aligned with the new skills and competencies required in the tax domain?
- What is your tax organization doing to bring in new tax talent?
- Who would you rather hire for your tax department? Tax experts who can learn technology or technology experts who can learn tax?

Technology

- With new, emerging technologies, and tried and true software and applications, there are a lot of tax technology tools out there today. How do you search for new tools and optimizations? How do you build a technology roadmap to make investment decisions?
- Do new and advanced technologies excite or scare you?
- How are you communicating the value of technology transformation to your stakeholders?
- How are you fostering a continuous improvement mindset to stay agile in today's evolving technology landscape?

Wrap up

- What is your one key takeaway from today's session? What excites you about the future?



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