



# The New World of Public Tax Reporting – 2025 & Beyond

June 12, 2024

**Ahead  
of the Wave**

2024 U.S. Cross-Border Tax Conference



# Notices

The following information is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.



# Presenter slides

## John Gimigliano

Principal-in-Charge, Federal  
Legislative & Regulatory Services,  
Washington National Tax  
KPMG

## John DerOhanesian

Global Country-by-Country Lead,  
Washington National Tax  
KPMG

## Brett Weaver

US Tax Sustainability Leader  
KPMG

# Agenda

## Introduction

### Public Country-by-Country Tax Reporting

### Overview of ASU 2023-9 Tax Disclosures

### Sample Company Rate Rec & Public CBC Report

## Country-by-Country Analytics

### Reputational & Tax Policy Considerations

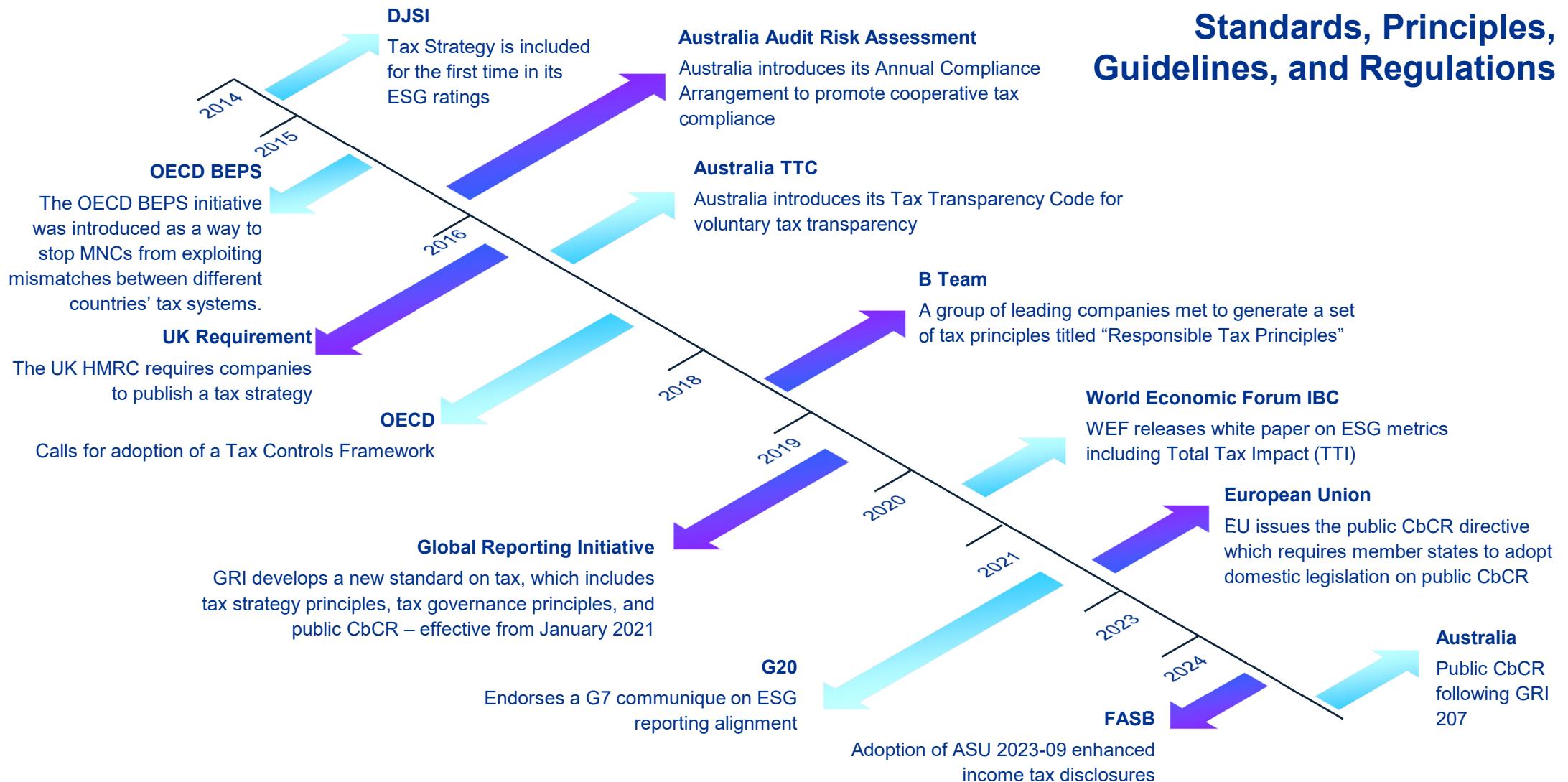
## Q&A

01

# Introduction



# The road to tax transparency



02

# Public Country-by-Country Tax Reporting

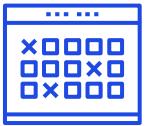


# Overview



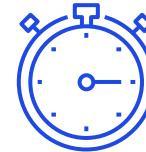
## One report to rule them all?

- Unlike non-public Action 13 country-by-country reporting, there is no global set of public CbC rules
- MNE Groups may have to contend with different PCbC rules depending on their respective global footprints
- Even within the European Union (EU), the Public CbC Directive is only a minimum standard; EU Member States are free to adopt earlier timelines and increase the scope of the Directive



## Calendar 2025 first year subject to reporting (maybe?)

- EU PCbC generally applies to periods beginning on or after June 22, 2024
  - Romania has adopted legislation which applies to periods beginning in 2023
  - Croatia has adopted legislation applying to periods beginning in 2024
- AU PCbC generally applies to periods beginning on or after July 1, 2024 (proposed)



## Publication required within 12 months of year-end (generally)

- Spain has adopted a 6-month publication deadline
- Hungary may require publication as early as 3-months from the end of the period

# What data needs to be reported?

|   | OECD CbC | EUPCbC                 | AUPCbC                 | GRI 207 |
|---|----------|------------------------|------------------------|---------|
| <b>Full CbC breakout of data</b>  | ✓        | Limited disaggregation | Limited disaggregation | ✓       |
| <b>Approach to tax</b>  | ✗        | ✗                      | ✓                      | ✓       |
| <b>Names of entities in the CbC reporting group</b>                       | ✓        | ✓                      | ✓                      | ✓       |
| <b>Name of the jurisdiction</b>   | ✓        | ✓                      | ✓                      | ✓       |
| <b>Description of main business activities</b>                            | ✓        | ✓                      | ✓                      | ✓       |
| <b>Number of employees</b>  | ✓        | ✓                      | ✓                      | ✓       |
| <b>Revenue from unrelated parties</b>                                     | ✓        | No split               | ✓                      | ✓       |
| <b>Revenue from related parties (no eliminations)</b>                     | ✓        | ✗                      | ✗                      | ✗       |
| <b>Revenue from related parties not tax residents of the jurisdiction</b> | ✗        | No split               | ✓                      | ✓       |
| <b>Profit/loss before tax</b>   | ✓        | ✓                      | ✓                      | ✓       |
| <b>Book value of tangible assets</b>                                      | ✓        | ✗                      | ✓                      | ✓       |
| <b>Income tax paid (cash basis)</b>                                       | ✓        | ✓                      | ✓                      | ✓       |
| <b>Income tax accrued (current year)</b>                                  | ✓        | ✓                      | ✓                      | ✓       |
| <b>Book to tax reconciliation</b>   | ✗        | ✗                      | ✓                      | ✓       |
| <b>Paid to accrued tax reconciliation</b>                                 | ✗        | ✓                      | ✗                      | ✗       |

# Data aggregation

|                | 1. Each EU Member State   | 2. “Listed” Jurisdictions   |   |
|----------------|---|---|---|
| European Union | EU Non-cooperative (Annex I)  | EU Monitored (Annex II)   | Australia   |
|                | <ul style="list-style-type: none"> <li>• American Samoa</li> <li>• Anguilla</li> <li>• Antigua &amp; Barbuda</li> <li>• Fiji</li> <li>• Guam</li> <li>• Palau</li> <li>• Panama</li> <li>• Russian Federation</li> <li>• Samoa</li> <li>• Trinidad &amp; Tobago</li> <li>• US Virgin Islands</li> </ul> | <ul style="list-style-type: none"> <li>• Armenia</li> <li>• Belize</li> <li>• British Virgin Islands</li> <li>• Costa Rica</li> <li>• Curacao</li> <li>• Eswatini</li> <li>• Malaysia</li> <li>• Seychelles</li> <li>• Turkey</li> <li>• Vietnam</li> </ul> | <ul style="list-style-type: none"> <li>• Barbados</li> <li>• Bahamas</li> <li>• British Virgin Islands</li> <li>• Cayman Islands</li> <li>• Guernsey</li> <li>• Hong Kong</li> <li>• Jersey</li> <li>• Isle of Man</li> <li>• Mauritius</li> <li>• Singapore</li> <li>• Switzerland</li> </ul> <p>+ 30 other jurisdictions (including some on Annex I and II)</p> |
|                | 3. All others on an aggregated ‘rest of the world’ (ROW) basis  |   | 3. All others on a ROW basis  |



Less is more vs. full disaggregation vs. something in between

# Data publication

## Where?

- MNEs subject to EU PCbC will be required to publish their data in a commercial register of an applicable Member State (publicly accessible) in a standardized electronic format
  - Member States may also require publication on a corporate website
- In Australia, companies will be required to provide the information to the ATO, who will then publish it on a government website

***Tying it altogether: Is corporate website publication a practical requirement if not a technical one?***

## Exceptions?

- EU Member States may allow taxpayers to defer publication of certain **commercially sensitive** information for up to 5 years
- Australian PCbC does not provide for any explicit exceptions (but exceptions may be granted by the ATO)

***What does “commercially sensitive” mean? Can the entire report be commercially sensitive?***

## Consistent source of data?

- EU PCbC Directive generally assumes use of UPE's consolidated financial statements but may allow for some flexibility
- Australian Exposure Draft requires use of UPE's audited consolidated financial statements

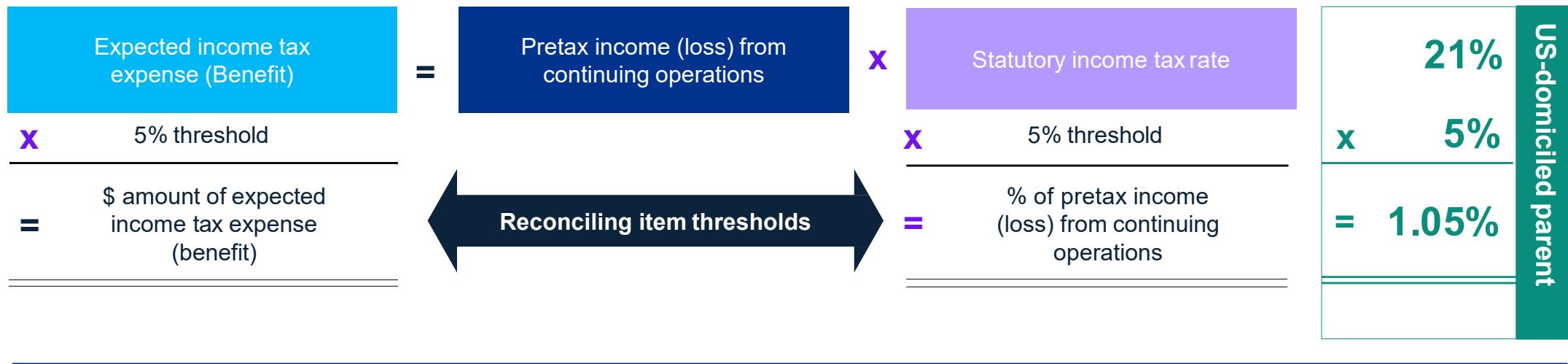
***What are the risks of using alternative sources of data? Does the data need to reconcile to public financials?***

03

# Overview of ASU 2023-9 Disclosures



# ASU 2023-9 disaggregation



## Domestic Federal

### By nature:

- Tax credits
- Nontaxable or nondeductible items
- Cross-border tax laws
- Items not within the specific categories

## Foreign tax effects

### Further disaggregation by:

- Country
- and
- Nature

# Example: Further disaggregation

| Before disaggregation   |            |             | After disaggregation  |            |             |
|---|------------|-------------|---|------------|-------------|
|   | Amount     | Percent     |   | Amount     | Percent     |
| US federal statutory income tax rate                                | 2,520      | 21.0%       | US federal statutory income tax rate                                | 2,520      | 21.0%       |
| <b>Domestic federal reconciling items</b>                           |            |             |   |            |             |
| Tax credits   | (270)      | (2.3%)      | Tax credits   |            |             |
| Nontaxable and nondeductible items, net                             | 60         | 0.5%        | • Research credits  | (250)      | (2.1%)      |
| Cross-border taxes  | 190        | 1.6%        | • Other   | (20)       | (0.2%)      |
| Other   | (350)      | (2.9%)      | Nontaxable and nondeductible items, net                             | 60         | 0.5%        |
| <b>Domestic state and local income taxes, net of federal effect</b> | <b>400</b> | <b>3.3%</b> | Cross-border taxes  |            |             |
|   |            |             | • Global intangible low-taxed income                                | 180        | 1.5%        |
|   |            |             | • Other   | 10         | 0.1%        |
|   |            |             | Excess tax benefits on share-based payments                         | (400)      | (3.3%)      |
|   |            |             | Other   | 50         | 0.4%        |
|   |            |             | <b>Domestic state and local income taxes, net of federal effect</b> | <b>400</b> | <b>3.3%</b> |

# Example: Further disaggregation

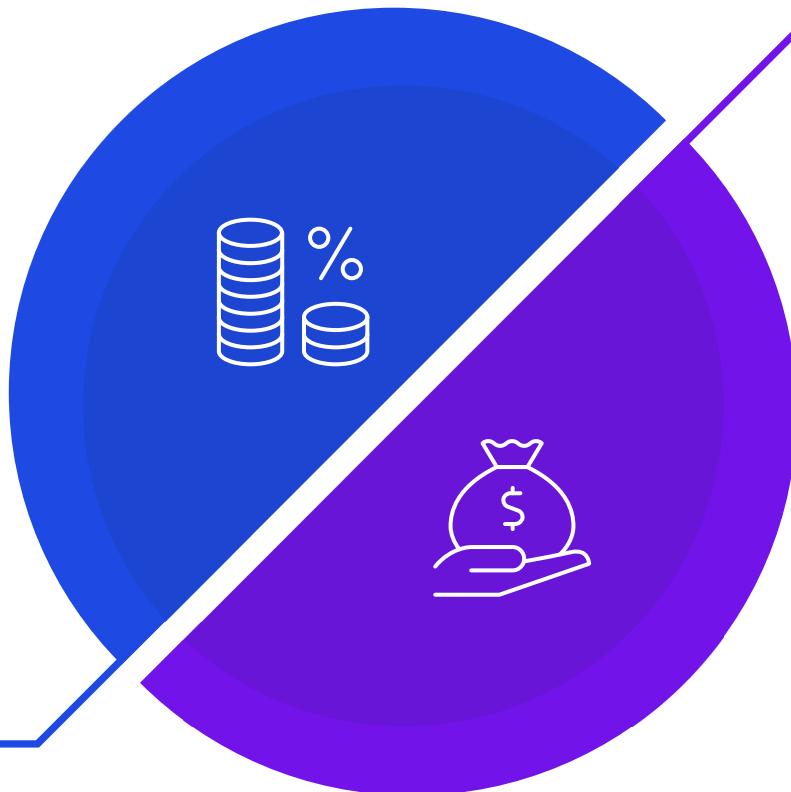
| Before disaggregation                                     |        |         | After disaggregation  |        |         |
|---|--------|---------|---|--------|---------|
|   | Amount | Percent |   | Amount | Percent |
| Foreign reconciling items                                 | (580)  | (4.8%)  | Foreign reconciling items   |        |         |
| Worldwide changes in prior year unrecognized tax benefits | 70     | 0.6%    | United Kingdom  |        |         |
| Total   | 2040   | 17.0%   | <ul style="list-style-type: none"> <li>Changes in tax laws</li> </ul>             | –      | 0.0%    |
|   |        |         | <ul style="list-style-type: none"> <li>Nondeductible legal expenses</li> </ul>    | 150    | 1.3%    |
|   |        |         | <ul style="list-style-type: none"> <li>Other</li> </ul>                           | (100)  | (0.9%)  |
|   |        |         | Ireland   |        |         |
|   |        |         | <ul style="list-style-type: none"> <li>Rate differential</li> </ul>               | (350)  | (2.9%)  |
|   |        |         | <ul style="list-style-type: none"> <li>Other</li> </ul>                           | 10     | 0.1%    |
|   |        |         | Japan   |        |         |
|   |        |         | <ul style="list-style-type: none"> <li>Changes in valuation allowances</li> </ul> | –      | 0.0%    |
|   |        |         | <ul style="list-style-type: none"> <li>State and local income taxes</li> </ul>    | 140    | 1.2%    |
|   |        |         | <ul style="list-style-type: none"> <li>Other</li> </ul>                           | 20     | 0.2%    |
|   |        |         | Singapore   | (150)  | (1.3%)  |
|   |        |         | Other foreign jurisdictions   | (300)  | (2.5%)  |
|   |        |         | Worldwide changes in prior year unrecognized tax benefits                         | 70     | 0.6%    |
|   |        |         | Total   | 2,040  | 17.0%   |

# Income taxes paid disclosures

## Scope:

- All entities
- Each annual reporting period
- Comparative information by jurisdiction is not required (e.g. tabular presentation)

Amount of income taxes paid\* – disaggregated by jurisdiction where income taxes paid\*  $\geq$  5% of total income taxes paid\*



Amount of income taxes paid\* – disaggregated by federal, state, and foreign

*\*net of refunds received*

04

# SampleCo Rate Rec & CBC Report



## Rate Reconciliation under ASU 2023-09

Year Ended December 31, 2025

|   | Amount        | Percent |
|---|---------------|---------|
| <b>U.S. Federal Tax Statutory Tax Rate</b>                                | \$476,700,000 | 21.00%  |
| <b>State and Local Income Taxes, Net of Federal Income Tax Effect (1)</b> | 18,000,000    | 0.79%   |
| <b>Foreign Tax Effects</b>  |               |         |
| United Kingdom  |               |         |
| • Share-based payment awards  | (25,000,000)  | -1.10%  |
| • Other   | 4,875,000     | 0.21%   |
| Japan   |               |         |
| • Tax rate differential   | 24,050,000    | 1.06%   |
| • Nondeductible share-based payment awards                                | 24,650,000    | 1.08%   |
| • Research and development credits  | (26,000,000)  | -1.15%  |
| • Other   | (306,200)     | -0.01%  |
| India   |               |         |
| • Changes in unrecognized tax benefits                                    | 28,650,800    | 1.26%   |
| • Other   | 11,560,400    | 0.51%   |
| Ireland   |               |         |
| • Tax rated differential  | (48,000,000)  | -2.11%  |
| • Other   | (12,375,000)  | -0.55%  |
| Other foreign jurisdictions   | 19,937,500    | 0.88%   |

## Rate Reconciliation under ASU 2023-09

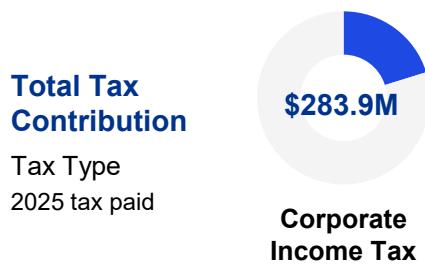
Year Ended December 31, 2025

|  | Amount             | Percent       |
|--|--------------------|---------------|
| <b>Enactment of New Tax Laws</b>   |                    |               |
| <b>Effect of Cross-Border Tax Laws</b>   |                    |               |
| • Global Intangible Low-Taxed Income   | 10,27,000          | 0.45%         |
| • Foreign-derived intangible income  | (15,750,000)       | -0.69%        |
| <i>Tax Credits</i>   |                    |               |
| • Research and development credits   | (45,000,000)       | -1.98%        |
| • Energy-related tax credits   | (8,000,000)        | -0.35%        |
| <b>Valuation Allowances</b>  |                    |               |
|  | (4,200,000)        | -0.19%        |
| <b>Nontaxable or Nondeductible Items</b>   |                    |               |
| • Share-based payment awards   | (42,000,000)       | -1.85%        |
| • Other  | 3,780,000          | 0.17%         |
| <b>Changes in Worldwide Unrecognized Tax Benefits</b>  |                    |               |
|  | (6,350,000)        | -0.28%        |
| <b>Other Adjustments</b>   |                    |               |
| <b>Effective Tax Rate</b>  | <b>389,343,500</b> | <b>17.15%</b> |
| <hr/> (1) State taxes in California and New York contributed to the majority of the tax effect in this category. <hr/> |                    |               |

# SampleCo Global Tax Report – 2025

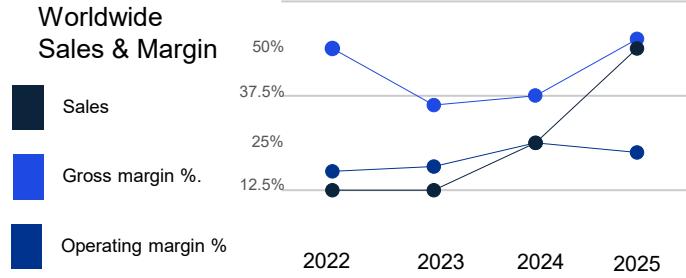


## Corporate Income Taxes Paid



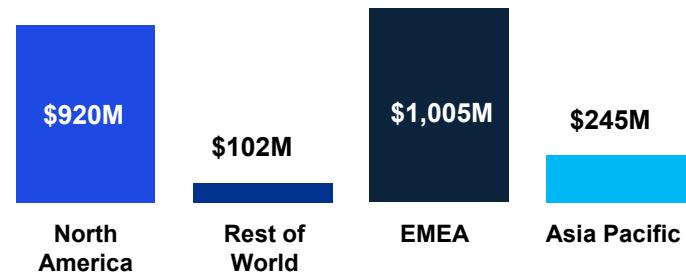
**Taxes paid in 2025**  
Taxes paid are net of refunds received in 2025

## Financial Trends



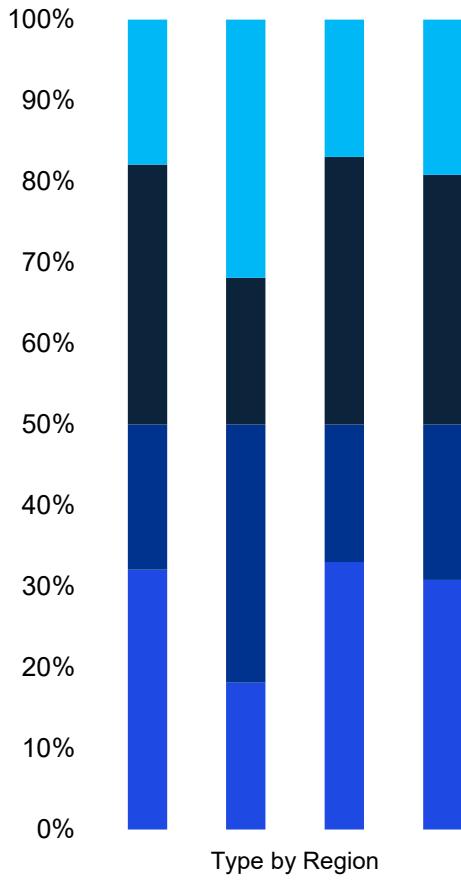
## 2025 Profit Before Tax

Excludes extraordinary items and discontinued operations



## Tax Contribution by Region

2025 taxes paid by tax type by region.

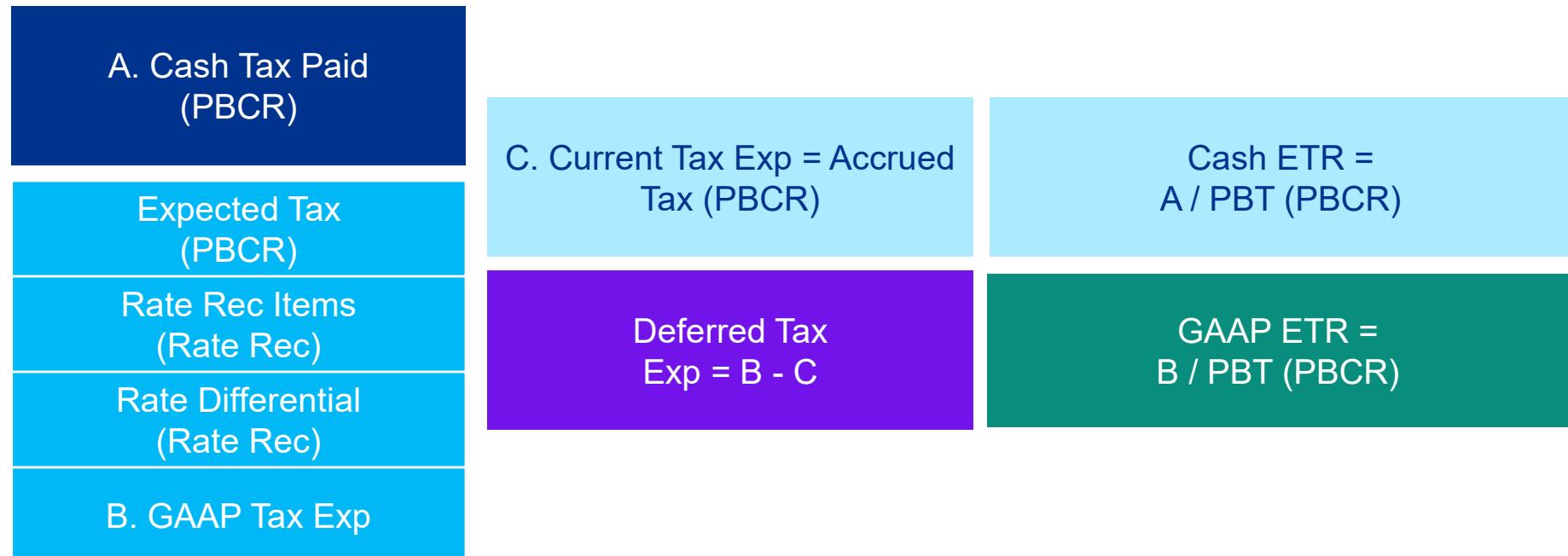
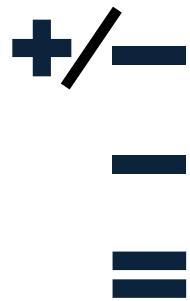


05

# Country-by-Country Analytics



# Computed country-level metrics



# France – CBCR tax detail

## Financial Data



## Qualitative Data

SampleCo operates in France through two French subsidiaries that marketing services and sales and customer care support with FrenchCo 2 approved for government contracting.

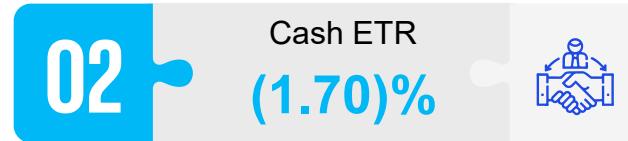
Tax at the statutory rate (26.5%) of \$(5.3)M differs from accrued tax of \$0.45MM due to \$5.7M non-deductible SBC and \$0.05M of other unfavorable book-tax differences



# France - Country-level analytics (26.5% stat rate)



Source: Computed (See below)



Source: Computed, PCBCR data



Source: Computed, PCBCR data



Profit before Tax  
**\$(20.1)M**

Source: PCBCR data



SBC  
**\$5.7M UF**

Source: PBCR disclosures



Other  
**\$0.05M UF**

Source: PBCR disclosures

## GAAP Tax Expense (Guess)

|                         |             |      |
|-------------------------|-------------|------|
| Expected tax            | (5,300,000) | PBCR |
| SBC                     | 5,700,000   | PBCR |
| Other reconciling items | 50,000      | PBCR |
| GAAP tax expense        | 450,000     |      |
| GAAP ETR                | -2.25%      |      |

Note: actual GAAP ETR is -5.96% due to UTB provision



Reputational risk – Loss-making operations in one of SampleCo's largest EU markets, impacting taxes paid in France and employee profit sharing.



Sustainability risk – Customer sales recognized offshore



Sustainability – Transfer pricing may not take into account SBC expense.

# India - CBCR tax detail

## Financial Data



## Qualitative Data

SampleCo operates through four wholly-owned affiliates undertaking research & development, customer support, sales & marketing and selling activities

Tax at the statutory rate (34.94%) of \$17.5M differs from accrued tax of \$23.5M due to \$5.6M non-deductible SBC and \$0.4M of other unfavourable book-tax differences



# India - Country-level analytics (34.94% stat rate)



Profit before Tax  
**\$50.0M**

Source: PCBCR data



Change in UTB  
**\$28.6M UF**

Source: Rate Rec



SBC  
**\$5.6M UF**

Source: PBCR disclosures



Other  
**\$6.0M UF**

Source: PBCR disclosures

## GAAP Tax Expense

|                            |             |                 |
|----------------------------|-------------|-----------------|
| Expected tax               | 17,470,000  | PBCR            |
| UTB                        | 28,650,800  | Rate Rec        |
| Other reconciling items    | 11,560,400  | Rate Rec        |
| Back-out rate differential | (6,970,000) | PCBCR, computed |
| GAAP tax expense           | 50,711,200  |                 |
| GAAP ETR                   | 101.42%     |                 |



Financial risk – May signal tax authorities the Company has taken aggressive tax positions in this specific year.



Sustainability risk – Does the company take aggressive tax positions (in India or generally)?

# Ireland - CBCR tax detail

## Financial Data



## Qualitative Data

SampleCo Ireland is our International Operations Hub serving customers outside North America. The company is a co-developer and owner of critical intangible properties.

Tax at the statutory rate (15.0%) of \$120.0M differs from accrued tax of \$47.8M due to \$(5.7M) SBC windfall, \$(59.9M) DTA reversal, and \$(6.6M) of other favourable book-tax differences



# Ireland - Country-level analytics (15.0% stat rate)



Source: Computed (See below)



Source: Computed, PCBCR data



Source: Computed, PCBCR data



Profit before Tax  
**\$800.1M**

Source: PCBCR data



DTA reversal  
**\$(59.9M) Fav**

Source: PBCR disclosures



SBC  
**\$(5.7M) Fav**

Source: PBCR disclosures



Rate differential  
**\$(48.0M) Fav**

Source: Rate Rec

## GAAP Tax Expense

|                         |              |                 |
|-------------------------|--------------|-----------------|
| Expected tax            | 120,000,000  | PCBCR, Rate Rec |
| Other reconciling items | (12,375,000) | Rate Rec        |
| GAAP tax expense        | 107,625,000  |                 |
| GAAP ETR                | 13.45%       |                 |



Reputational risk – Possible use of aggressive tax strategies as data suggests Pillar 2 grandfathered IP onshoring to IE given i) large DTA recognized in a prior year 10-K disclosure, ii) significant and sustained low Cash & Accrual ETR well below GloBE min tax rate, and iii) significant and sustained YoY DTA reversal.



Sustainability risk – Possible profit shifting to IE given 6X larger profit/employee as compared to the United States



Sustainability risk – Does the company have a general posture of aggressive tax strategies?

# Japan – CBCR tax detail

## Financial Data



## Qualitative Data

SampleCo Japan performs sales and marketing for the Japan market as well as a large research and development team providing R&D services to the group.

Tax at the statutory rate (30.62%) of \$76.6M differs from accrued tax of \$77.2M due to \$(26.0M) research tax credits offset by \$26.6M non-deductible SBC and other unfavorable book-tax differences



# Japan – Country-level analytics (30.62% stat rate)



Source: Computed (See below)



Source: Computed, PCBCR data



Source: Computed, PCBCR data



Profit before Tax  
**\$250.3M**

Source: PCBCR data



SBC  
**\$(26.0M) Fav**

Source: PBCR, Rate Rec



SBC  
**\$24.5 UF**

Source: PBCR disclosures



Other  
**\$(0.3M) Fav**

Source: Rate Rec

## GAAP Tax Expense (Guess)

|                  |              |                 |
|------------------|--------------|-----------------|
| Expected tax     | 76,550,000   | PCBCR, Rate Rec |
| SBC              | 24,496,000   | PCBCR, Rate Rec |
| Other            | (306,200)    | Rate Rec        |
| Tax credits      | (26,000,000) | PCBCR, Rate Rec |
| GAAP tax expense | 74,739,800   |                 |
| GAAP ETR         | 29.90%       |                 |



Reputational impact – Significant presence in countries where products and services are sold.



Sustainability – Tax strategies aligned with business substance



Sustainability – The group pays a “fair share” of tax in Japan.?

# The Netherlands - CBCR tax detail

## Financial Data



## Qualitative Data

SampleCo NL licenses the Company's intellectual property to group members in the course of ordinary business.

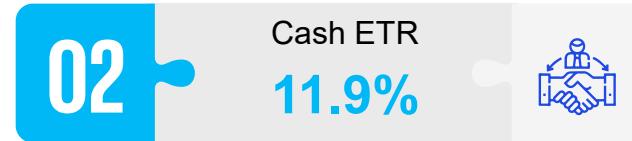
Tax at the statutory rate (25.8%) of \$0.93M differs from accrued tax of \$0.90M due to \$(0.03)M of SBC windfall and non-taxable income.



# The Netherlands - Country-level analytics (25.8% stat rate)



Source: Computed (See below)



Source: Computed, PCBCR data



Source: Computed, PCBCR data



Profit before Tax  
**\$1.2M**

Source: PCBCR data



SBC  
**\$(0.13)M Fav**

Source: PBCR



Other  
**\$(0.13)M Fav**

Source: PCBCR Rec

## GAAP Tax Expense (Guess)

|                  |           |              |
|------------------|-----------|--------------|
| Expected tax     | 1,200,000 | PCBCR        |
| SBC              | (129,000) | PCBCR        |
| Exempt Income    | (129,000) | PCBCR        |
| GAAP tax expense | 942,000   | Note: actual |
| GAAP ETR         | 11.7%     | ETR 13.13%   |



Financial risk – Treaty substance may be called into question given number of employees and tangible assets in NL where significant treaty benefits are claimed.



Sustainability risk – Possible profit shifting to NL given 5X larger profit/employee as compared to the United States

# United States - CBCR tax detail

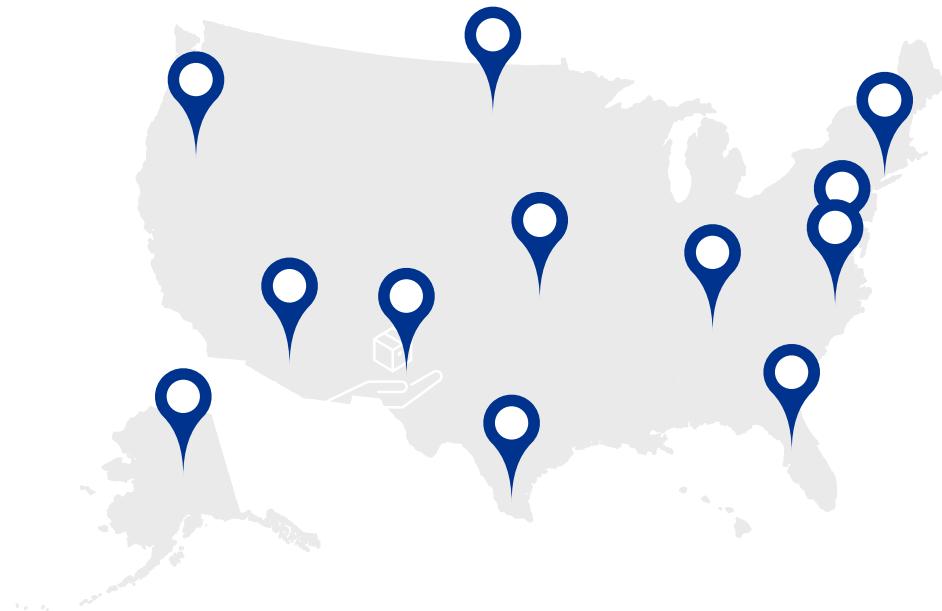
## Financial Data



## Qualitative Data

SampleCo is headquartered in the United States operating through 14 affiliates performing strategic management and all operations functions.

Tax at the statutory rate (21.0%) of \$189.0M differs from accrued tax of \$71.5M due \$(53.0)M R&D and clean energy tax credits, \$(38.2)M SBC windfall, and \$(26.3)M of other net favorable book-tax differences over state tax expense.



# United States - Country-level analytics (21.0% stat rate)



Source: Computed (See below)



Source: Computed, PCBCR data



Source: Computed, PCBCR data



Profit before Tax  
**\$900.4M**

Source: PCBCR data



SBC  
**\$(42.0)M Fav**

Source: Rate Rec



State Tax  
**\$(53.0)M Fav**

Source: Rate Rec



State Tax  
**\$18.0M UF**

Source: Rate Rec

## GAAP Tax Expense (Guess)

|                         |              |                         |
|-------------------------|--------------|-------------------------|
| Expected tax            | 189,000,000  | PCBCR                   |
| UTB                     | (6,350,000)  | Rate Rec                |
| SBC                     | (42,000,000) | Rate Rec                |
| Valuation Allowance     | (4,200,000)  | Rate Rec                |
| X-border tax laws       | (5,475,000)  | Rate Rec                |
| Other reconciling items | 3,779,500    | Rate Rec                |
| Tax credits             | (53,000,000) | Rate Rec                |
| State tax               | 18,000,000   | Rate Rec                |
| GAAP tax expense        | 99,754,500   |                         |
| GAAP ETR                | 11.08%       | Note: actual ETR 10.86% |



Reputational risk – Both a relatively low GAAP and Cash ETR in SampleCo's largest (and domestic) market. "Fair share"?



Reputational risk – Despite Pillar 2 and CAMT, SampleCo continues to have an ETR below 15% (SBC and NOL cfwd)

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# Tax Policy & Reputational Considerations



07  
**Q&A**



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