KPMG

Voice of the CFO

A recurring conversation with CFOs on finance-related issues

June 2025

From Capitol Hill to the back office: How CFOs are reframing risk and readiness

CFOs are closely monitoring the implications of the new tax legislation. The bill's tax provisions continue to generate significant interest, concern, and debate. Organizations are evaluating potential changes and considering strategies to capitalize on emerging opportunities while mitigating associated risks.

There is also growing scrutiny around financial reporting practices. Despite differing views on the value and cadence of quarterly versus annual reporting, there is a shared recognition that the ongoing uncertainty—driven by tax policy, tariffs, economic conditions, and market volatility—is prompting companies to reassess the relevance, impact, and frequency of their financial disclosures.

Additionally, artificial intelligence (AI) is beginning to reshape how shared services functions operate. While some finance teams continue to rely on traditional tools and processes, a significant transformation is underway. AI, including emerging agentic AI capabilities, is expected to fundamentally change the structure and efficiency of shared services in the coming years.

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Tax law timing

CFOs coping with uncertainty

The proposed "One Big Beautiful Bill Act" (H.R. 1) has drawn sharp attention from financial leaders, particularly due to its sweeping tax provisions and its projected $3.8 trillion addition to the federal deficit over the next decade. While the legislative process remains highly fluid, the bill has already sparked internal debate within the Republican party, especially among those advocating for deeper deficit reductions.

Observers note that the bill's trajectory through Congress is likely to be shaped by competing priorities between the House and Senate. Differences in policy emphasis and political strategy are expected to influence the final structure of the legislation. The challenge lies in balancing the demands of fiscal conservatives with the broader goal of passing a comprehensive reform package.

According to John Gimigliano, KPMG Tax Principal, "Whether or not it actually will be regarded as big and beautiful will be in the eye of the beholder." The bill's provisions—ranging from tax incentives to spending cuts—are already proving to be significant, but also elusive in terms of achieving political consensus.

Political dynamics in the Senate further complicate the outlook. With a narrow margin for passage, Republican leadership must navigate internal divisions. Appeasing deficit hawks with spending cuts could alienate moderates, while a more lenient approach risks rejection in the House. These tensions introduce considerable uncertainty into the legislative timeline and outcome.

"It's the kind of thing that can derail or at least delay the bill," says Gimigliano. "And that means the bill could pass quickly, or we could be talking about this for quite some time."

> "The real goal is to get House and Senate reconciliation before the August recess."
>
> —John Gimigliano, KPMG Tax Principal.

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Taxes, tariffs, and other proposed provisions

A shifting landscape

Tariffs remain a flashpoint in policy discussions among CFOs. While outcomes are difficult to predict due to ongoing negotiations with multiple foreign governments, there is general agreement that some level of tariffs may be necessary to protect domestic industries—despite the potential for higher consumer prices and retaliatory measures. Legal challenges are also unfolding, with several tariff-related cases likely to reach the U.S. Supreme Court.

As observed by Gimigliano of KPMG, "We don't expect the administration to back down—at least not right away."

Other tax provisions under consideration reflect a mix of political trade-offs and economic priorities:

Energy tax credits: The House has proposed broad cuts, but the Senate appears inclined to preserve credits for biofuels, hydrogen, nuclear, and carbon capture—though support for solar and wind is less certain.

Social program spending: The House's cuts to Medicaid and nutritional programs are expected to be scaled back in Senate negotiations, setting the stage for a contentious reconciliation process.

GILTI[1] (Global Intangible Low Tax Income) rates and share buybacks: The House has proposed a modest increase to the GILTI rate to support budget reconciliation, but the Senate is talking about much more complex changes, which may or may not be favorable depending on a company's facts and circumstances.

100% bonus depreciation: Strong bipartisan support exists, with expectations that it will stimulate investment in the near term.

Corporate SALT deduction: Initial efforts to limit or eliminate the corporate SALT deduction have lost momentum.

> "There seems to be a consensus on the need for tariffs to protect some domestic industries, even though they may lead to increased consumer prices."
>
> —John Gimigliano, Tax Principal, KPMG

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[1] The GILTI tax rate is equal to the U.S. corporate tax rate. But companies can deduct up to 50 percent of their foreign income for GILTI calculations, resulting in an effective rate of at least 10.5 percent. The tax rate on GILTI is intended to be in the range of 10.5 percent to 13.125 percent. However, some businesses pay much higher tax rates on GILTI because of the rules for foreign tax credits.

Guidance in flux

How CFOs are navigating uncertainty

CFOs are continuing to provide financial guidance to stakeholders, but with a noticeable shift in approach. In today's volatile environment—shaped by economic, political, and regulatory uncertainty—many are favoring shorter-term forecasts, such as quarterly updates, over traditional annual projections. This shift is often accompanied by explicit disclaimers acknowledging the unpredictability of the data and the broader market context.

Some CFOs are expanding the range of their revenue guidance to account for variables like proposed tariffs and fluctuating demand, particularly in sensitive markets such as China. Others are adjusting projections downward for the latter half of the year, using historical data to support these decisions. There's also a trend toward widening revenue and P&L projections to signal increased variability and maintain transparency with investors and analysts

In competitive sectors, quarterly guidance is seen as a necessity to keep pace with peers. Some CFOs are opting for a more flexible approach—offering "guard rails" rather than precise figures—to help stakeholders understand the broader financial picture without overcommitting to specific outcomes.

Across the board, CFOs agree that some form of guidance is essential. Avoiding it altogether is viewed as a misstep. The prevailing view is that guidance—whether annual, quarterly, or both—should be maintained, with appropriate context and caveats.

On the topic of price positioning, CFOs are also being strategic. In response to political sensitivities, particularly around tariffs, some are framing price increases as a result of inflationary pressures rather than tariff pass-throughs. This approach is seen as a way to manage both public perception and regulatory scrutiny. Others are exploring how to share inflation-related cost increases with suppliers or determine what portion can be passed on to end-users.

These insights reflect a broader CFO mindset: one that balances transparency with caution, and responsiveness with strategic communication.

> "There's a good chance you'll start seeing full-year guidance back when uncertainty calms down and we start getting more insight into what's going to happen."
>
> —Sanjay Sehgal, Principal, Advisory Head of Markets, KPMG partner

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AI and shared service operations

The future is now

CFOs across industries are increasingly recognizing the transformative potential of artificial intelligence (AI) in shared service operations. As organizations seek greater efficiency, cost savings, and agility, AI is being integrated into functions such as finance, HR, IT, and procurement—often within centralized Global Business Services (GBS) or Shared Services Centers (SSCs). This integration is enabling more standardized processes, improved service quality, and enhanced scalability.

In the near term, AI is automating routine tasks and delivering data-driven insights through tools like chatbots and predictive analytics. Financial models powered by AI are accelerating the analysis of financial statements, helping organizations identify trends and forecast performance with greater accuracy.

CFOs also acknowledge the challenges that come with AI adoption. Upskilling the workforce, ensuring transparency and accountability, and addressing concerns around bias, privacy, and data security are all critical considerations. Many are taking proactive steps to build ethical frameworks and governance structures that support responsible AI use.

Looking ahead, CFOs anticipate that AI will become the backbone of shared services. There is a growing consensus that within the next five years, AI will handle the majority of analytics functions, fundamentally reshaping how shared services operate. This shift is expected to reduce reliance on offshore outsourcing, as more work is either on-shored or managed entirely by AI systems.

To navigate this transformation, many finance leaders are turning to external expertise to support the planning and implementation of AI strategies. These partnerships are helping organizations accelerate adoption, manage change, and align AI capabilities with broader business goals.

Overall, CFOs are approaching AI not just as a tool for automation, but as a strategic enabler of long-term value creation in shared services. The focus is on balancing innovation with governance, and efficiency with ethical responsibility.

> “There is a playbook on how to integrate AI into your shared service operations. All companies would benefit from an experienced third party’s support to help think through the methodology and implement both short- and long-term strategies.”
>
> —Automotive CFO

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Key considerations

- Monitor legislative developments to anticipate tax and tariff impacts early.
- Reevaluate financial guidance strategies to reflect today's heightened market volatility.
- Assess AI readiness in shared services to drive future operational efficiency.
- Strengthen disclosure practices to align with evolving stakeholder expectations and risks.

Additional resources

Catching Up on Capitol Hill

Policy in Motion: Insights for navigating with confidence

The future of the close with AI

The future of FP&A with AI

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