



Voice of the CFO

A recurring conversation with CFOs
on finance-related issues



March 2025

CFOs engage in strategies for tariffs and taxes

In our ongoing conversations, chief financial officers (CFOs) once again turned their attention to tariffs and taxes. The collective sense is that tariffs are the new normal. However, the quest for normalcy has CFOs strategizing and pursuing innovative tactics. Most rely on data models and use scenario planning to juggle the variables ad nauseum. One CFO uses quarterly models to stay ahead of tariff uncertainties. Another relies on an independent merchandising group that works closely with vendors. While tariffs dominated the conversation, the tax agenda

will soon appear prominently. As one CFO noted, “if you’re not talking to people in Washington, D.C., you probably should.” Revenue raisers are coming in the form of corporate taxes, so lobbying and other advocacy efforts make sense. As tariffs persist and taxes continue to be debated and considered, CFOs are increasingly focusing on technology, advocacy, and strategic planning to maintain operational flexibility and protect their bottom lines.

On the CFO agenda

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Editor’s note: These conversations occurred prior to April 3, 2025, and reflect KPMG insights on trade and tariff reform. Our perspective may change as developments evolve. Please visit [Trade and Tariff Insights](#) to stay current on all KPMG commentary.

Tariff acceptance

CFOs accept the new normal

The Trump administration's tariffs are causing complexity and uncertainty for companies, but CFOs agree on making the best of the situation. Tariffs are here to stay.

The CFO for an agricultural supplier and food marketer summed up his perspective toward tariffs.

"We're just waiting to see which levers get pulled, and then we'll course correct as an organization."

Andrew Siciliano, who leads international tax and trade for KPMG, notes:

"Tariffs are the new normal. The latest is a 25 percent tariff imposed on imported passenger vehicles, light trucks, and

some auto parts. On April 2, President Trump also announced a 10 percent baseline tariff on all imports with higher levies for select nations."

The delay that led to the April 2 announcement was the study requirement. The America First executive order stipulates that Department of Commerce and Department of Treasury draft and submit a report to the president detailing some 15 requirements, including the creation of an External Revenue Service tasked with collecting all tariffs, duties, and revenues.

Siciliano agrees that tariffs are compounding. The administration attempted to simplify reciprocal tariffs

levying China with a 34 percent tariff, the European Union at 20 percent, and Japan levied a 24 percent tariff. Other country tariff announcements include Vietnam (46 percent), Taiwan (32 percent), and India (26 percent)."

If this is it for tariffs, then CFOs know how to plan and strategize going forward. Having tariffs resolved will allow CFOs to turn their attention to corporate taxes. The uncertainty on tariffs has been the biggest issue with data models and scenario planning failing to provide guidance.

Other CFOs are challenged by the tariff sourcing requirements with aluminum steel, dealing with smelting and potash,

proactively purchasing source materials, and clarifying tariff terms with suppliers. The sourcing or traceability is the biggest hurdle. Because a company doesn't want to pay a tariff on all aluminum steel, they must determine the percentage that is foreign, the origin, and the worth.

Tariffs impact companies differently with factors like industry and locations weighing more. For example, insurers can present tariffs to their regulators and incorporate the cost into pricing. Meanwhile, a company with coffee suppliers in Mexico must employ special pricing or accept the added costs.

"Tariff uncertainty is the new normal."

—Andrew Siciliano, KPMG Partner, Tax, Trade, and Customs

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Tariff mitigation

Dusting off the tariff playbook

CFOs took notes during previous tariffs and are applying these lessons to tariffs in 2025.

“Based on the 2017 Chinese tariff, our team sprang into action,” said the CFO of a multinational home improvement company. “To our suppliers, we’re not paying tariffs on your cost to us. We’re paying tariffs on your internal cost of materials and manufacturing cost.”

For this CFO, this strong stance with vendors comes from an independent merchandising group formed years ago to act as consultants to merchants and work closely with them. As a result, the company has insights on suppliers and manufacturers that can be leveraged.

“We know their facilities, understand supply chain costs, and then share that knowledge with vendors to correct or debate. It’s become the foundation of how we deal with tariffs.”

Artificial intelligence and technology tools have also advanced in recent years. CFOs and their teams leverage data models and use scenario planning to strategize the variables around tariffs.

“We have detailed models by quarter, noted the CFO of a global manufacturer of semiconductor chips and displays. “That said, it’s been uncertain exactly what tariffs will stick.”

“We’ve done some scenario planning that’s resulted in the proactive purchases of chemicals,” remarked the CFO for an agricultural supplier and food marketer.

Siciliano sees technology assisting with country of origin, which is more challenging to determine than country of export, as well as keeping up with the on/off nature of tariffs.

“Using data in modeling and scenario planning, companies can develop flexible plans that can adapt should a tariff stipulate historical values that require country of origin or the administration switches courses and rescinds the tariff. What’s my next move? Technology can help answer that.”

Data collected can help determine the return on investment of a foreign trade zone, as well as produce the assessment. While a foreign trade zone would take six months to a year to implement, many CFOs see value in the long run. A North America free trade zone with Canada and Mexico would provide a host of benefits due to the intertwined supply chain. Currently, a free trade zone remains an aspiration rather than a reality.

“It felt like a luxury, but it’s now a necessity.”

—CFO of a multinational home improvement company on the value of having an independent merchandising group that consults with vendors.

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Taxes and consequences

The legislative agenda and impact to business

The legislative agenda is in a state of flux. The House passed a \$4.5 trillion budget resolution that includes a revenue target for tax. That is likely to change when it goes to the Senate.

Jennifer Acuna, a KPMG Tax principal in our Washington National Tax office, shares what is at the top of the legislative agenda. “It’s trying to negotiate a tax bill. Republicans have a trifecta on the Hill, and they can pass a reconciliation bill.”

Reconciliation is favored because only a simple majority in the Senate is required for passage. However, there are strict budgetary constraints with reconciliation, most notably Section 313 of the Budget Act.

It’s a two-step process to pass a budget resolution. Committees receive instructions on developing legislation that achieves the budgetary outcomes, and the resulting legislation is then considered under the expedited process.

The goal is a bill that reallocates government spending along with tax cuts. Once everyone agrees (not an easy feat), the entire bill can come together quickly. Paying for those tax cuts is where CFOs and their companies are most impacted. Acuna can read the tea leaves on corporate tax.

“Most of the revenue raisers we’ve been hearing the most about target inbound companies, offshore activities, and financial moves like round tripping.”

This isn’t the first time, nor the last time, corporations are targeted for raising revenue. The CFO for a North America financial services firm shared their unique approach for influencing tax policy.

“For close to ten years, we’ve spent time with tax writers, which allows us to get some of the changes we need. We write tax policy for them, banking on our long-term relationship. It’s not just the Senate Finance committee or the House Ways and Means. It’s the people who have hands on the keyboard.”

For other companies, advocacy is limited once policies are written. Acuna and her team believe potential areas business can influence are effective dates and transition rules. It’s easier to convince elected officials to push out an effective date or revise transition terms to be more advantageous to the company’s perspective.

“Effective dates and transition rules are where advocacy can happen.”

—Jennifer Acuna, Principal, KPMG Tax, Washington National Tax

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Key considerations

- Stay attuned on tariff announcements
- Review tech stack for tariff management
- Step up advocacy efforts in Washington

Additional resources

[Trade and tariff insights](#)

[Customs Valuation Strategies to Manage Tariff Disruption](#)

[Black Swans flock: Recession risks rise](#)

[Policy in Motion: Insights for navigating with confidence](#)



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