



How generative AI is transforming mergers and acquisitions tax

The KPMG approach



Introduction

Generative artificial intelligence (GenAI) is no longer a futuristic concept reserved for tech-savvy companies. In the world of mergers and acquisitions (M&A) tax, where volumes of data intersect with complex regulations, GenAI offers a crucial edge. By accelerating text-intensive tasks, enabling deeper insights, and creating a culture of innovation, tax professionals can transform their approach to compliance, due diligence, and strategic advisement.

In our recent TaxWatch webcast, “A Case Study in Unlocking the Power of GenAI in M&A Tax,” Jim Tod, US national leader for the M&A Tax practice at KPMG, summarized the shift succinctly: “Client feedback has been one of our biggest catalysts. They expect us to go beyond compliance and provide actionable insights.” In this article, we explore how KPMG is leveraging GenAI to help reshape M&A tax, from cultural shifts and technology adoption to leadership engagement and risk management.

The KPMG journey with GenAI

Integrating GenAI effectively requires both a supportive organizational culture and structured processes. Our own KPMG transition from local activities to a unified national practice illustrates this evolution. By standardizing the technology stack and consolidating workflows, teams gain consistent tools—resulting in uniform, high-quality deliverables.

This shift has also broadened the scope of M&A tax professionals’ responsibilities. Rather than focusing predominantly on transactional tasks, practitioners now engage in deeper advisory roles. With clients increasingly seeking forward-looking insights, AI-driven tools help automate administrative work, allowing professionals to emphasize deal structures and specialized tax strategies—ultimately providing more targeted value to clients.



GenAI in action: Key use cases in M&A tax

- ▶ **Tax research with GenAI Research Assistant for Navigating Tax:** This KPMG GenAI tool assists in analyzing complex questions, from corporate restructuring to transaction-specific rules—and returns targeted research with appropriate references to statutory and case law. This complements existing research processes, freeing practitioners to focus on in-depth analysis.
- ▶ **Accelerated legal document review:** Long stock purchase agreements (SPAs) and partnership agreements are integral to M&A transactions. AI-driven tools enable professionals to rapidly parse lengthy documents, highlight nonstandard clauses, and compare contract language to baseline expectations. This frees time for practitioners to delve into the strategic dimensions of each clause, rather than getting lost in a sea of details.
- ▶ **Due diligence report generation with KPMG Mergers & Acquisitions Tax Reporting System:** Due diligence reporting can be streamlined with AI-driven drafting tools. This KPMG GenAI tool helps in rapidly preparing an initial report based on inputs like jurisdiction, transaction type, and client-specific constraints. Professionals then build on this draft to include their assessments and overarching recommendations. By reducing the burden of repetitive writing, teams can apply greater focus to financial modeling or unearthing hidden tax risks.
- ▶ **Writing review assistant:** The GenAI Writing Review Assistant goes beyond basic spelling and grammar checks to unify style and formatting according to KPMG guidelines. The tool corrects documents, provides recommendations, and offers a glossary of defined terms. It enhances the quality and efficiency of tax reports, freeing up professionals to concentrate on more strategic work.

Balancing risk and innovation

GenAI is a powerful predictive algorithm that analyzes and transforms text at high speed. This technology supplements rather than replaces the professional judgment of tax practitioners. Yet the risk of “hallucination”—where an AI produces plausible but incorrect information—necessitates strict oversight. KPMG addresses this through a “human in the loop” model, where citations and hyperlinks validate all AI outputs; regular training sessions further enhance the team’s ability to identify inaccuracies. By combining GenAI’s efficiencies with thorough verification, KPMG effectively balances technological innovation and professional integrity.

Leadership engagement and ongoing learning

Leadership buy-in has been vital in shaping a culture that embraces AI. When leadership signals that AI is a priority, it cascades across the organization. We have found that regular office hours, newsletters, and pilot programs keep professionals informed about new tools and success stories. This approach not only sustains momentum but also encourages a willingness to experiment in a controlled, supported environment.

Realigning skills for greater client value

Adopting GenAI is not about sidelining human expertise—it’s about empowering professionals to perform higher-value activities. Jim Tod likened it to the introduction of Excel, which didn’t eliminate traditional accounting but elevated the skill set required for the profession. With GenAI handling repetitive or data-intensive tasks, tax professionals can delve more deeply into strategic deal considerations, risk assessment, and advisory roles that foster client trust.

Looking ahead

The integration of GenAI in M&A tax is still unfolding, offering exciting possibilities for continuous evolution. Among the immediate focus areas are:



▶ Personalizing AI-driven solutions for different industries and transaction types.



▶ Further refining automated data extraction to accommodate emerging tax regulations.



▶ Enhancing collaboration between M&A tax teams, data analytics specialists, and AI experts within the broader KPMG ecosystem.

Conclusion

GenAI is redefining how M&A tax services are delivered—accelerating manual processes, elevating the quality of analysis, and positioning teams to offer more strategic insights. Clients increasingly look to tax professionals for proactive guidance, and AI-driven tools help deliver on that expectation by enabling faster, more informed decisions.

For organizations mapping M&A complexity, the path forward involves adopting GenAI in a way that reinforces rigorous standards and collaborative best practices. KPMG underscores that when AI is paired with human judgment and backed by a cohesive culture, it becomes a catalyst for more effective and forward-thinking M&A tax services.

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