



# Identifying and mitigating corporate exposure to tariffs

A thorough approach to tariff mitigation



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## A thorough approach to tariff mitigation



Tariffs continue to affect organizations across multiple functions, from supply chain dynamics to tax compliance and forecasting capabilities. The impact is broad and multifaceted, requiring a thorough assessment to identify areas of vulnerability and opportunities for optimization. To effectively mitigate risks and maintain operational resilience, organizations must prioritize awareness, preparedness, and compliance.

By adopting a comprehensive approach to tariff impact management, organizations can not only mitigate risks but also uncover opportunities for growth and efficiency. KPMG has the vast experience and proprietary tools designed to support this journey, providing the insights and planning needed to navigate the evolving landscape of global trade.

### KPMG Tariff Modeler

The KPMG Tariff Modeler is a powerful tool designed to empower your organization with real-time insights into your trade data. Using your historical import and export data, the Tariff Modeler generates a tailored and interactive dashboard that allows you to analyze your trade data, identify areas of risk, and understand financial impacts.

With the Tariff Modeler, your teams can quickly access and visualize critical data, enabling you to simulate potential tariff scenarios, make informed decisions, and effectively communicate impacts across your organization and to stakeholders.



[Learn more about the KPMG Tariff Modeler and request a demo today.](#)



# Identifying and mitigating corporate exposure to tariffs

## A thorough approach to tariff mitigation, continued



In today's volatile global trade environment, tariffs have emerged as a persistent and complex challenge for companies that import and export. From disrupting supply chain operations to complicating tax compliance and forecasting, the ripple effects of tariffs are felt throughout every facet of a business. The impact from tariffs requires a detailed analysis to detect areas of exposure as well as opportunities for optimization. To reduce risk, optimize savings and build operational resilience, organizations may consider forward-looking planning, process optimization, and strong regulatory compliance.

KPMG offers a suite of services designed to support organizations in navigating the complexities of tariffs. By leveraging the KPMG Tariff Modeler, a proprietary tool that provides real-time insights into trade data, organizations can gain a deeper understanding of their tariff exposure. KPMG advisory, tax, and audit services can then be tailored to address specific needs, including:



**Supply chain planning:** Enhancing supply chain resilience through strategic sourcing and network improvements.



**Tax compliance and planning:** Adhering to trade regulations and identifying opportunities for tax savings.



**Operational efficiency:** Improving forecasting and demand planning to minimize the impact of tariffs on operations.

# Tariffs are shifting market dynamics and changing competitive landscapes

Building visibility into your tariff exposure is just the start



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## Tariff impact assessment and modeling

KPMG assists businesses in assessing the financial impact of various tariff scenarios by simulating changes in tariff rates and trade policies on costs. Supporting these services are analytical tools to forecast outcomes, evaluate strategic options, comply with trade regulations, and support decision-making to optimize supply chain strategies and mitigate risks associated with tariff fluctuations.

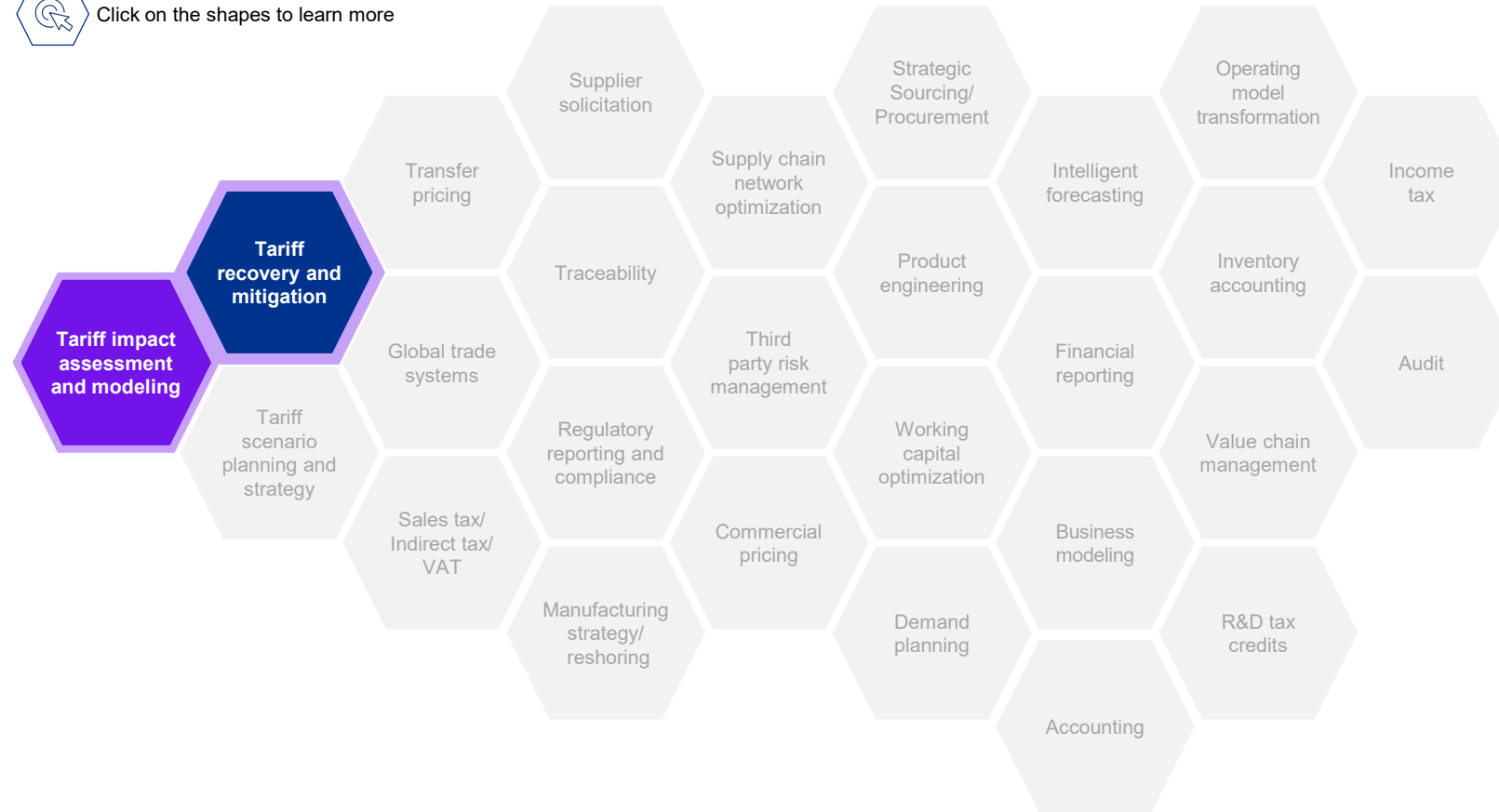


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## Tariff recovery and mitigation

Assists businesses in reclaiming overpaid tariffs and reducing future tariff liabilities by identifying savings and implementing savings. This service includes conducting audits of past transactions, enhancing savings methodologies, and implementing strategic sourcing and supply chain adjustments to help minimize tariff impacts and improve cost efficiency.

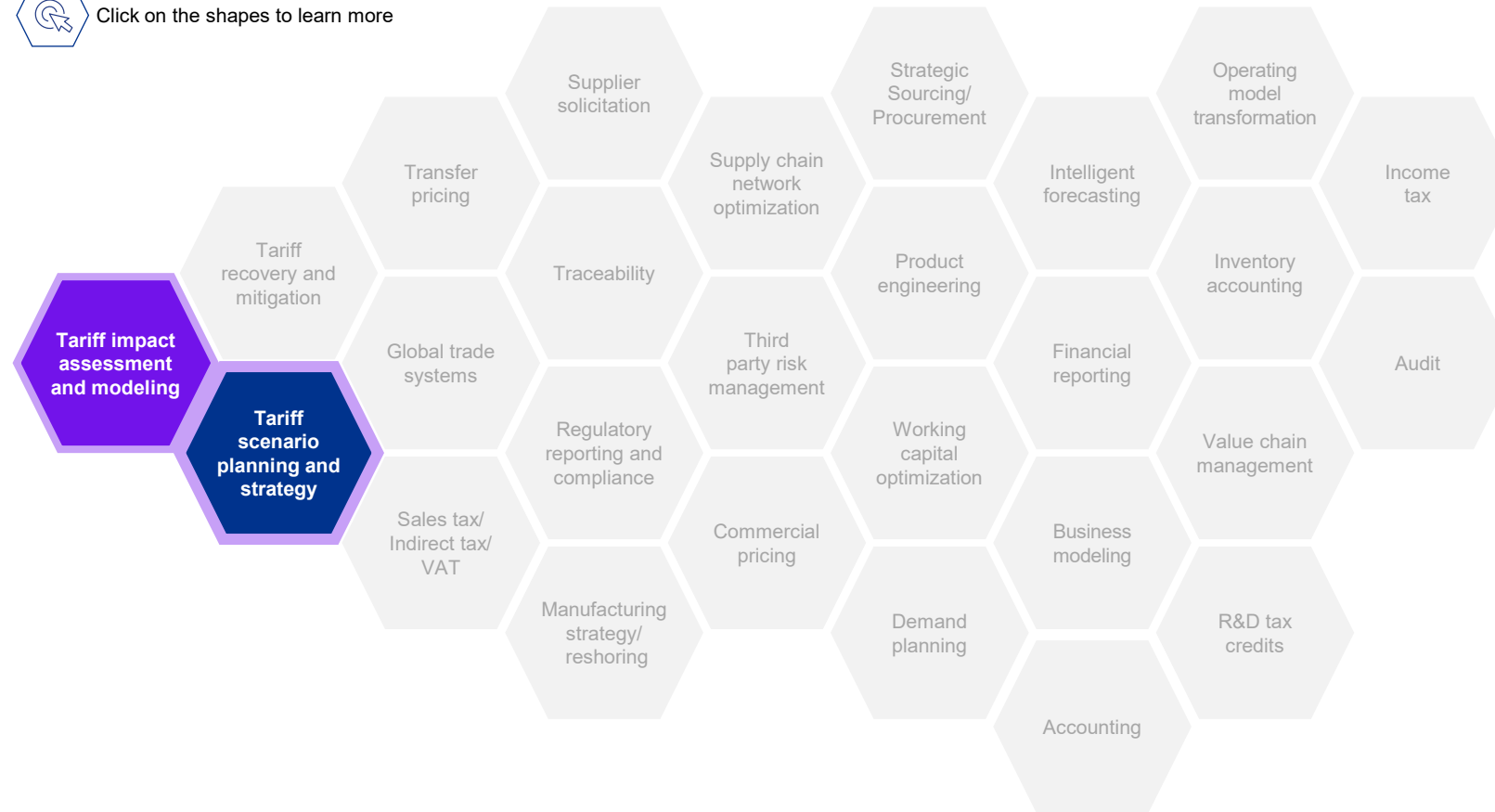


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## Tariff scenario planning and strategy

Assists businesses in preparing for potential tariff changes by analyzing various scenarios and developing responses to mitigate risks. This service includes conducting impact assessments, modeling financial outcomes, and formulating contingency plans to analyze supply chain decisions and maintain competitive advantage in fluctuating trade environments.



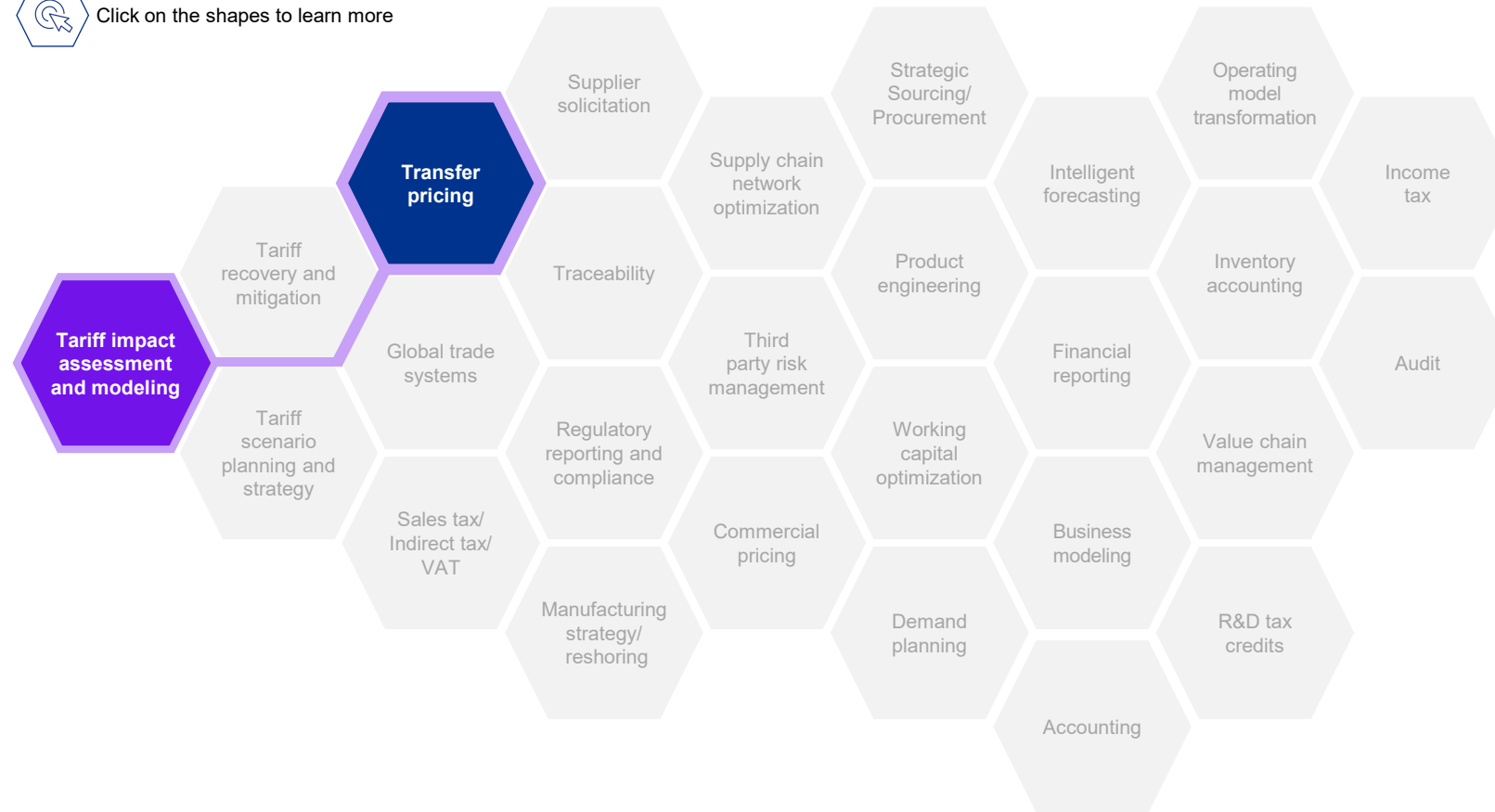


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## Transfer pricing

Assists businesses in structuring their cross-border transactions to minimize tariff impacts by confirming that intercompany pricing aligns with market conditions and regulatory requirements. This involves analyzing and documenting pricing strategies, conducting economic analyses, and fostering compliance with international trade and tax laws to enhance supply chain efficiency and reduce tariff liabilities.





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## Global trade systems

Automation that businesses rely on to efficiently manage trade related processes by leveraging technology solutions to automate compliance, documentation, and reporting tasks. This service includes implementing software for real-time tariff classification, duty calculation, and trade data analysis, enabling companies to streamline operations, reduce manual errors, and enhance responsiveness to regulatory changes.

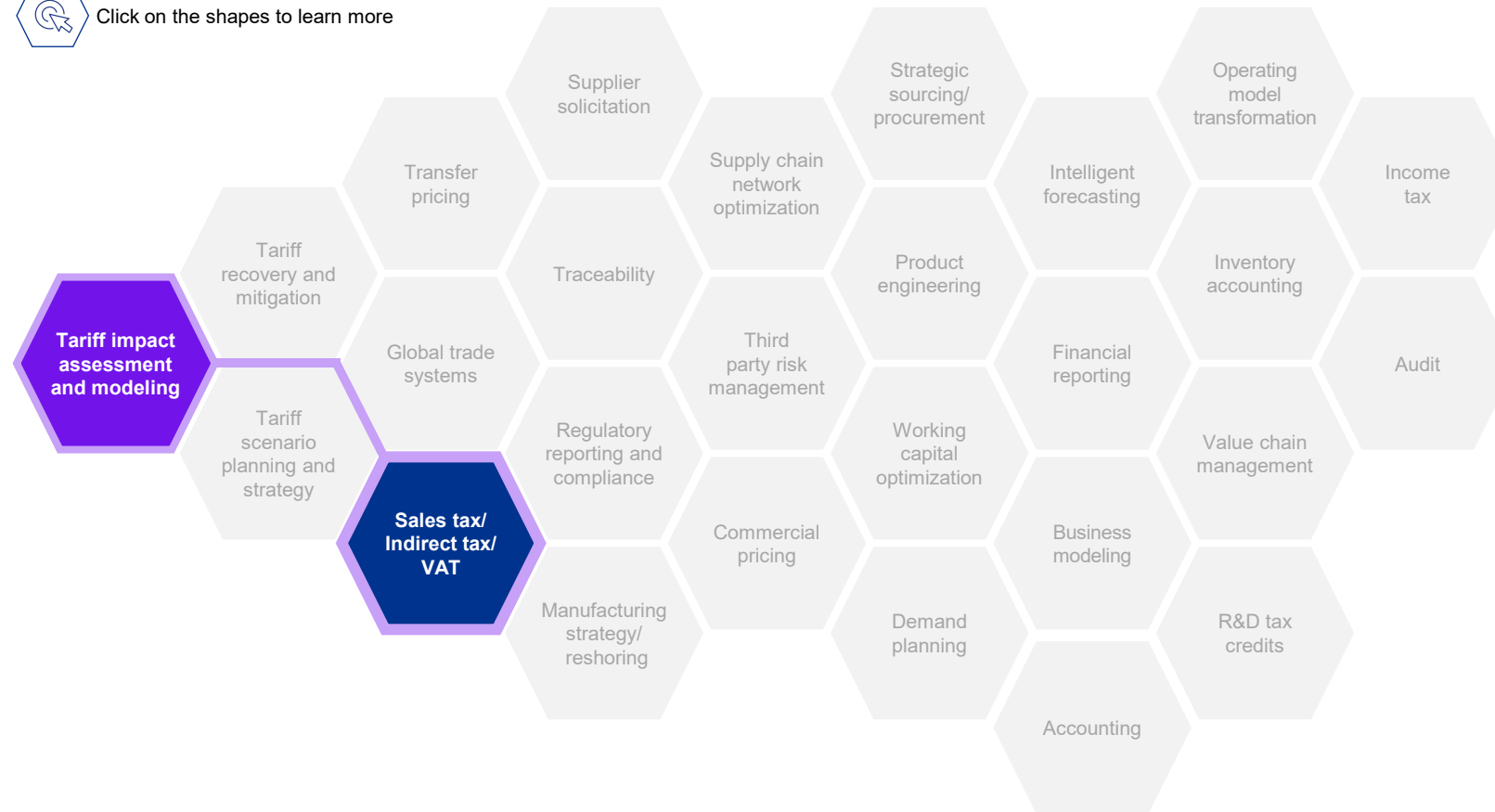


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## Sales tax/ Indirect tax/VAT

Assists businesses in understanding and managing the impact of tariffs on their state and local tax obligations by ensuring compliance with regional tax regulations and optimizing tax positions. This service includes analyzing the interplay between tariffs and local taxes, identifying potential tax credits or incentives, and implementing strategies to minimize tax liabilities and enhance overall financial performance.

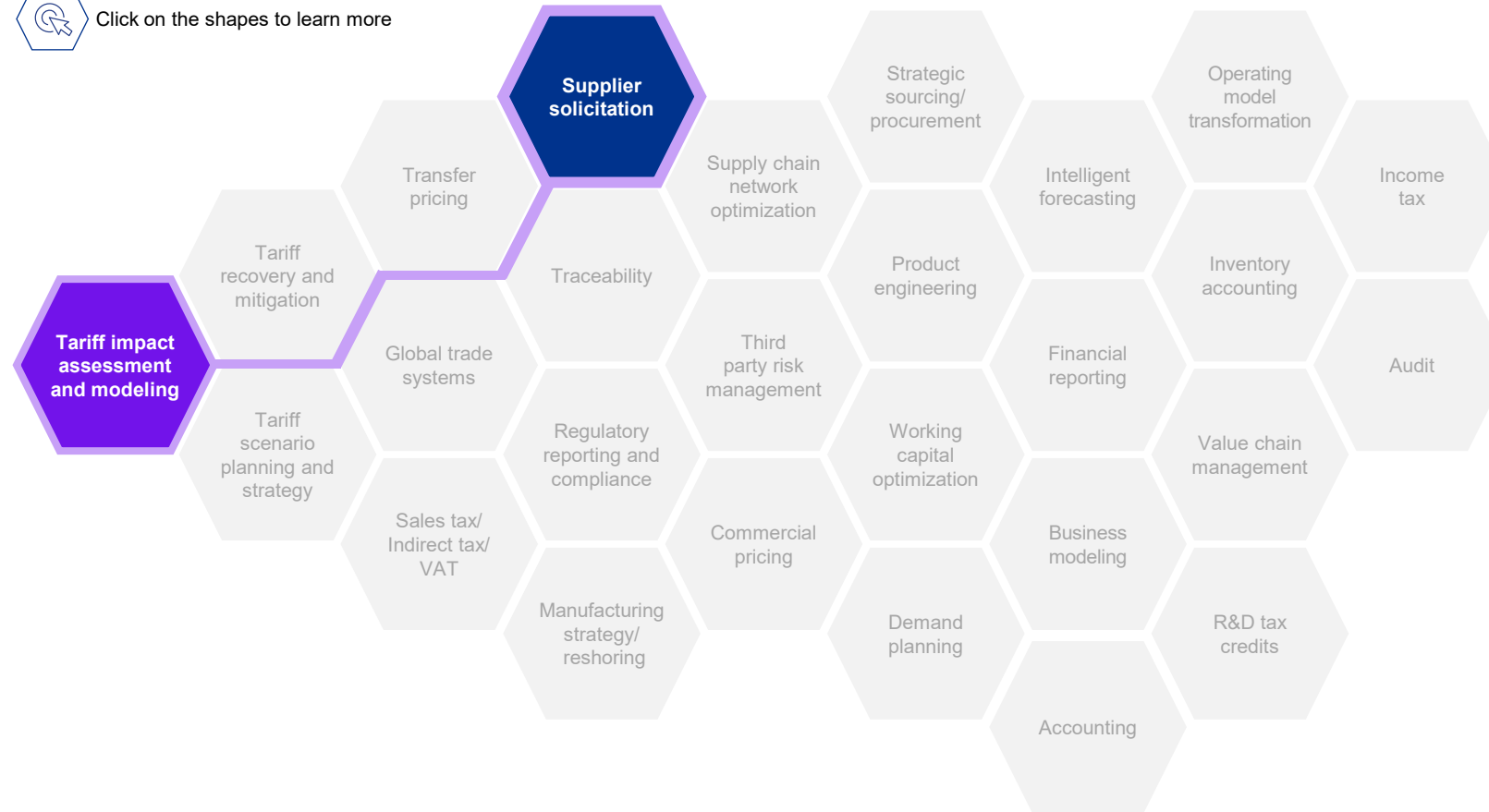


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## Supplier solicitation

Assist businesses in mitigating tariff impacts and providing supply chain visibility by identifying and engaging with suppliers in regions with trade agreements or where supply chain visibility is required to maximize savings. This process entails evaluating potential suppliers, gathering product related information, and ensuring compliance with international trade regulations to optimize cost efficiency and supply chain resilience.

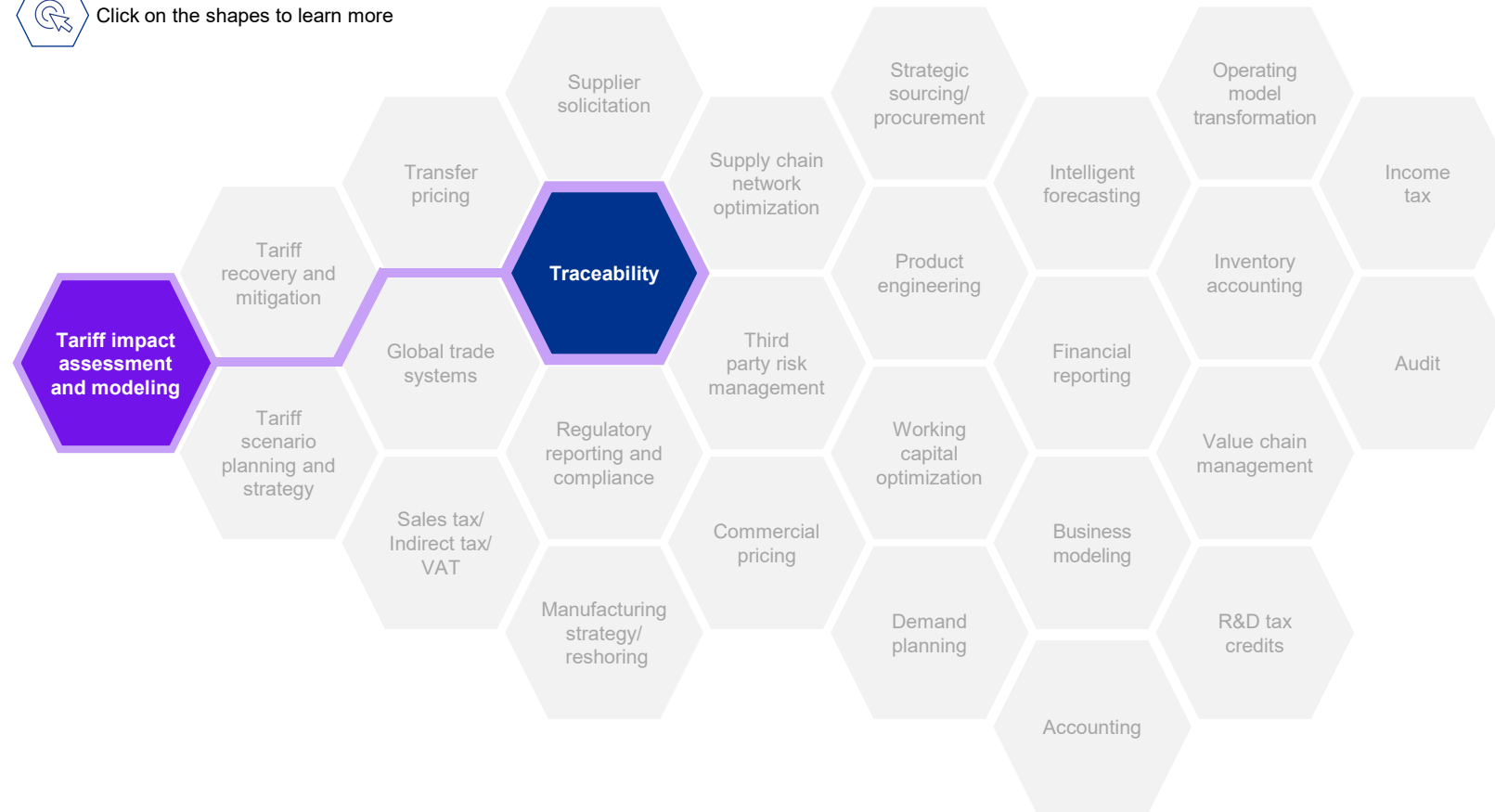


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## Traceability

The ability to track the production history, location, and movement of products or materials throughout the supply chain. Traceability entails documenting and maintaining detailed records at each stage of production and distribution, helping to ensure transparency, quality control, and compliance with regulations.





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## Regulatory reporting and compliance

Can assist businesses in adhering to trade-related laws by fostering accurate reporting and timely submission of required trade reports to authorities. This involves assessing key compliance areas, identifying opportunities for enhancements, evaluating transactions, and assisting in compliance program maturity development to avoid penalties and help ensure smooth cross-border operations.



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## Manufacturing strategy/reshoring

Assists companies in evaluating current manufacturing strategies and identifying optimal site locations. This includes assessing cost factors, labor markets, and logistical advantages to support decisions about re-shoring, near-shoring, or off-shoring manufacturing operations.

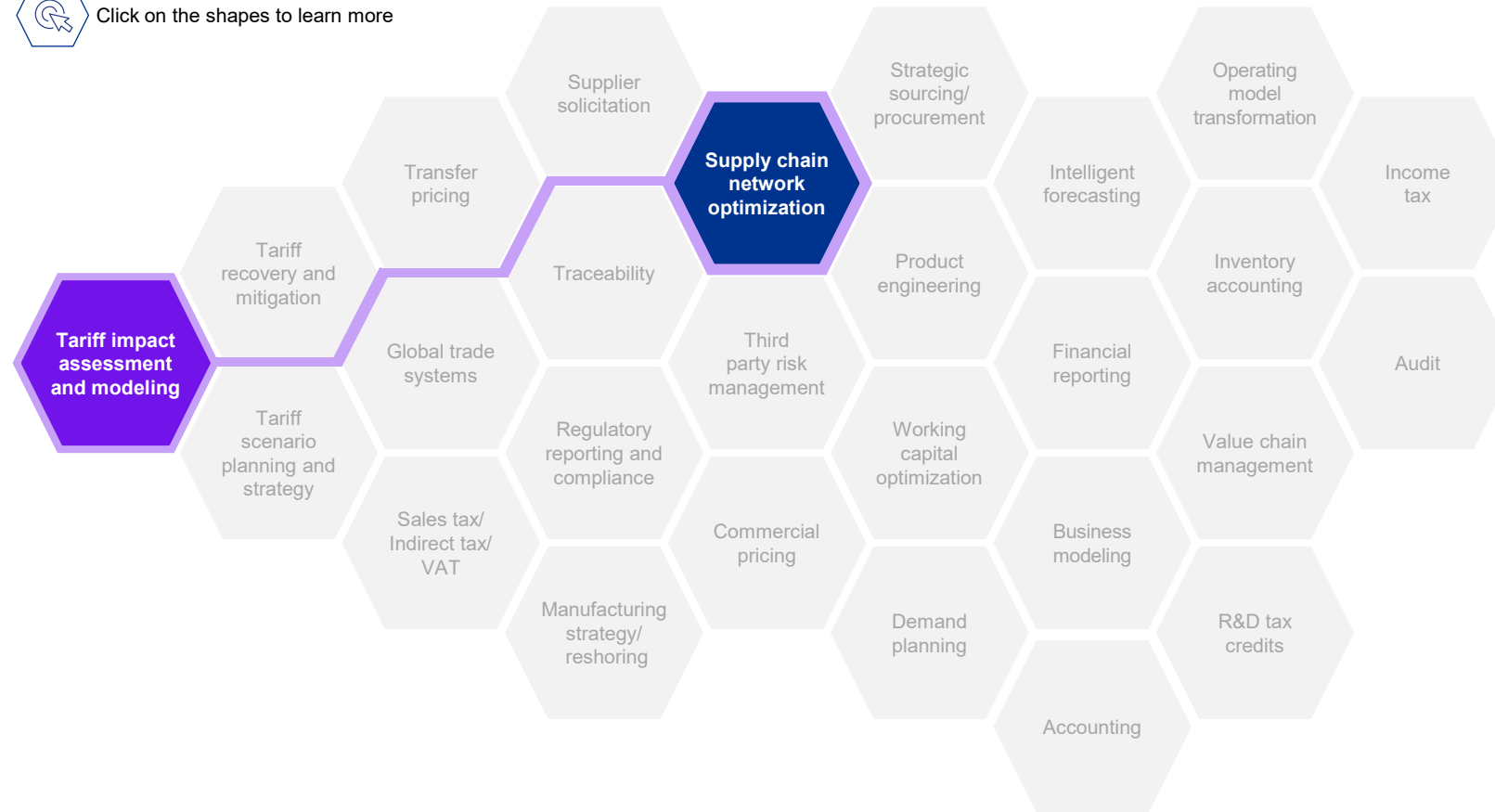


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## Supply chain network optimization

Involves the configuration of end-to-end supply chain processes to reduce costs, enhance efficiency, and help to ensure timely delivery. This includes leveraging advanced analytics for demand planning, network design for distribution, and improving transportation strategies.



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## Third party risk management

Entails assessing and managing risks associated with third-party vendors and suppliers. This ensures continuity, compliance, and security, and mitigates potential disruptions through comprehensive risk assessment, monitoring, and mitigation strategies.



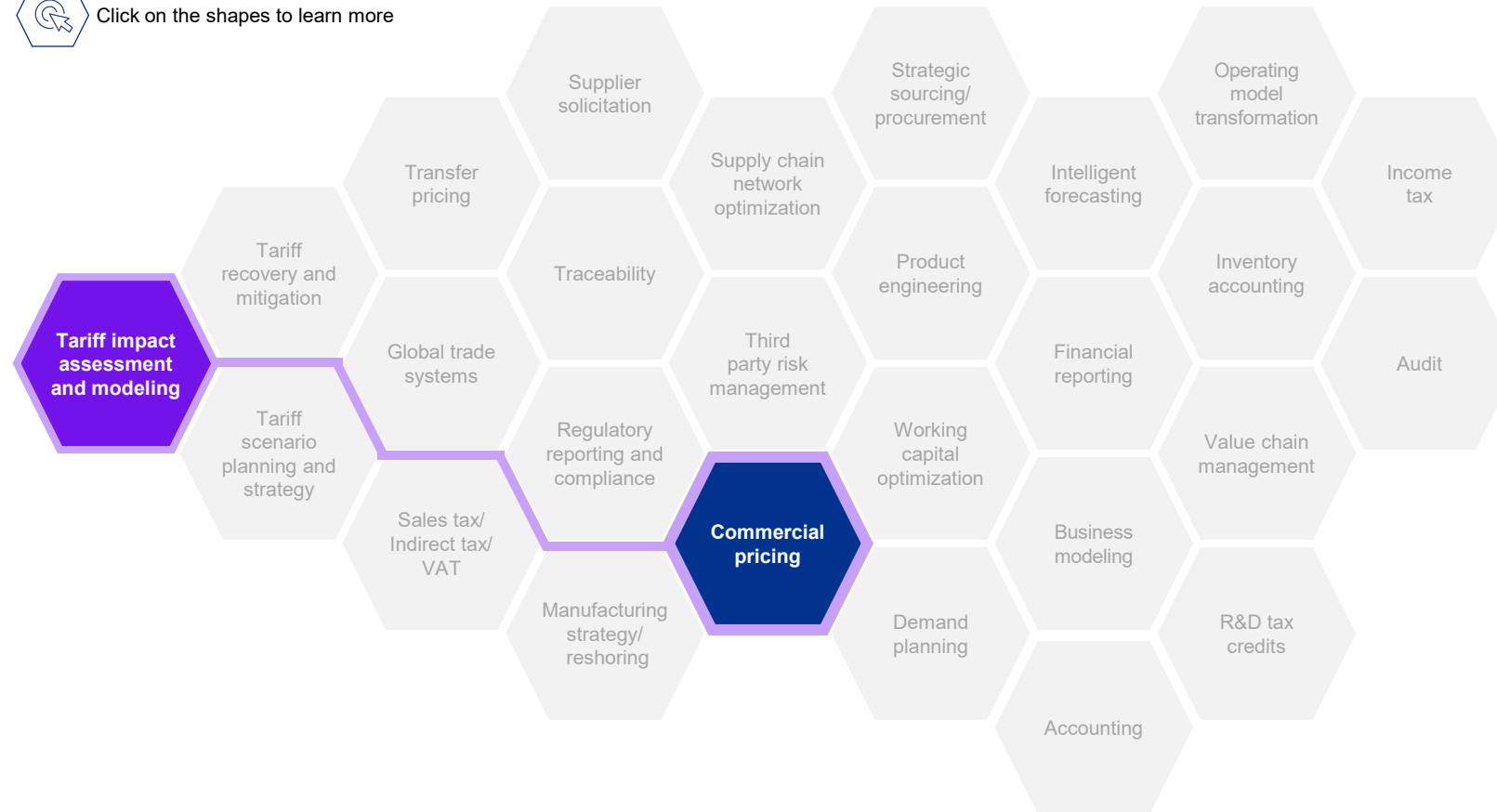


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## Commercial pricing

Involves developing strategic pricing models that reflect market conditions, customer demands, and competitor actions to maximize revenue and profitability. This can include dynamic pricing strategies, discount management, and value-based pricing approaches.



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## Strategic sourcing/ procurement

Focuses on optimizing procurement processes to achieve cost savings, improve supply chain resilience, and enhance supplier relationships. This entails identifying high-value suppliers, negotiating favorable terms, and implementing best practices in procurement operations.

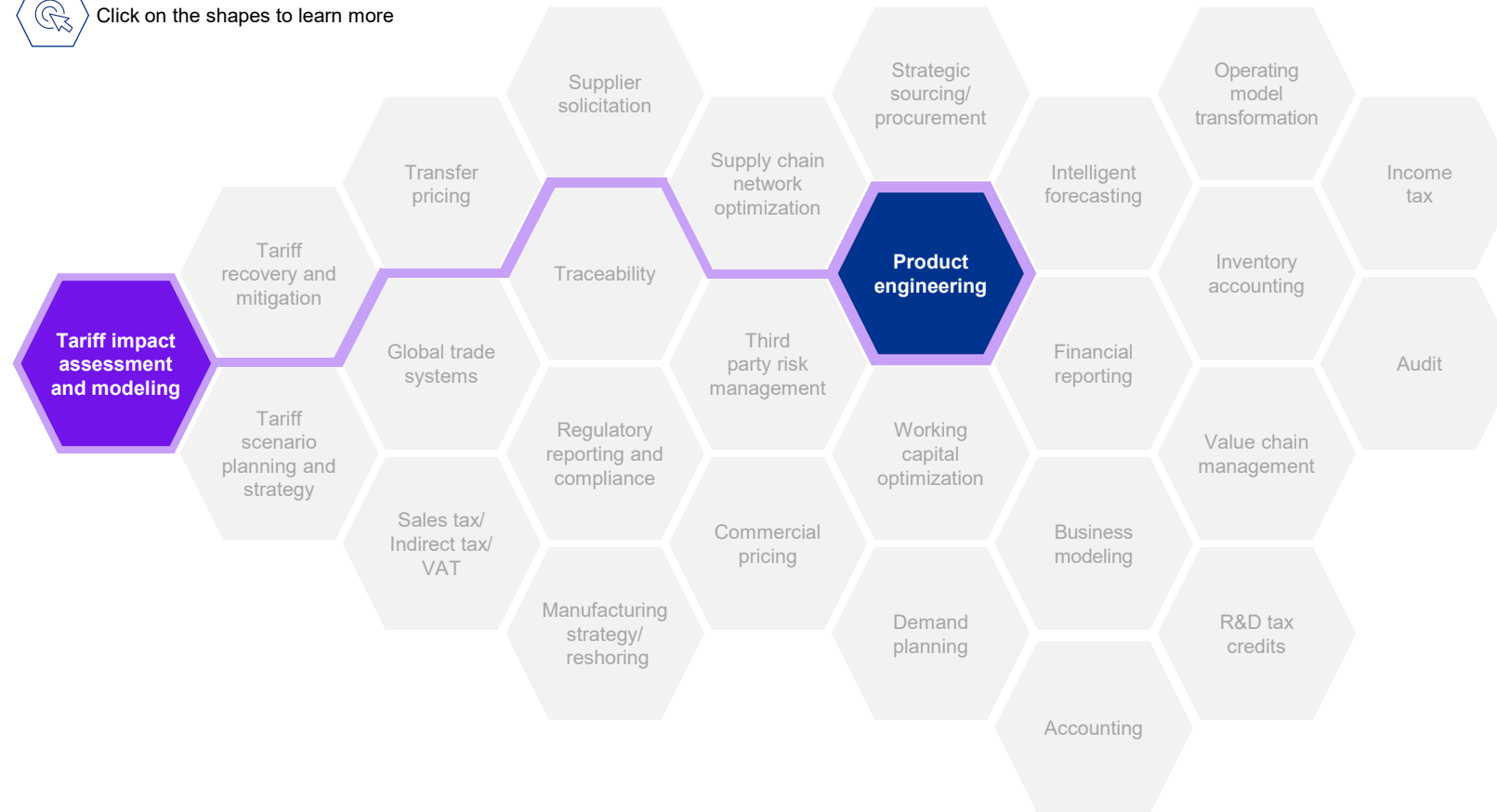


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## Product engineering

Entails the end-to-end design, development, and optimization of products to meet customer needs and market demands. This includes innovation, prototyping, testing, and utilizing the latest technology and manufacturing practices to ensure product excellence.

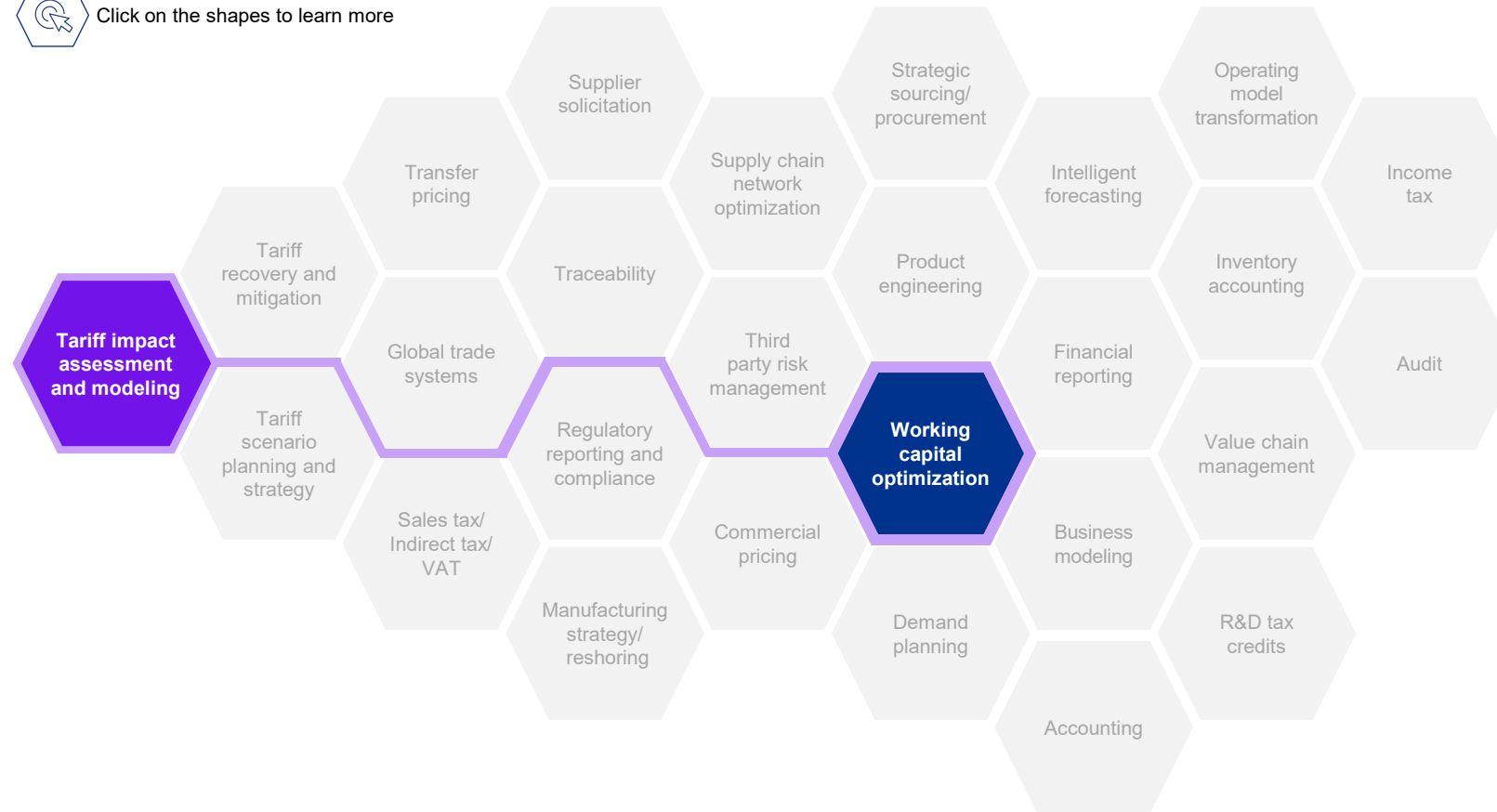


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## Working capital optimization

Provides consultation to manage cash flow efficiently, reduce operational expenditures, and enhance working capital. It involves analyzing financial operations, optimizing accounts payable and receivable, and identifying opportunities for cost reduction and efficiency improvements.



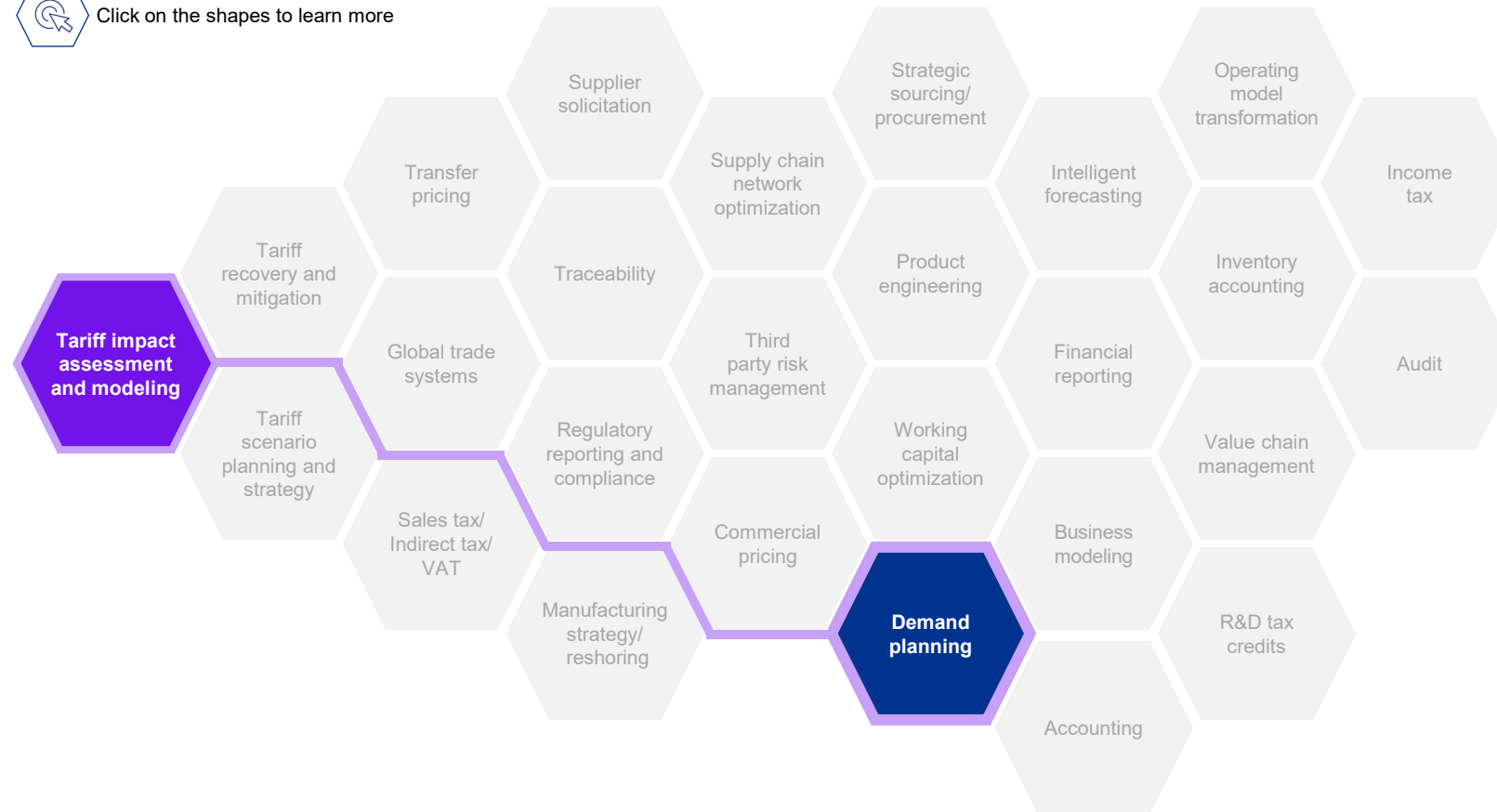


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## Demand planning

The strategic process of forecasting future customer demand to ensure optimal inventory levels and resource allocation. It entails analyzing historical data, market trends, and consumer behavior to create accurate demand forecasts, which help in aligning production, purchasing, and distribution strategies.

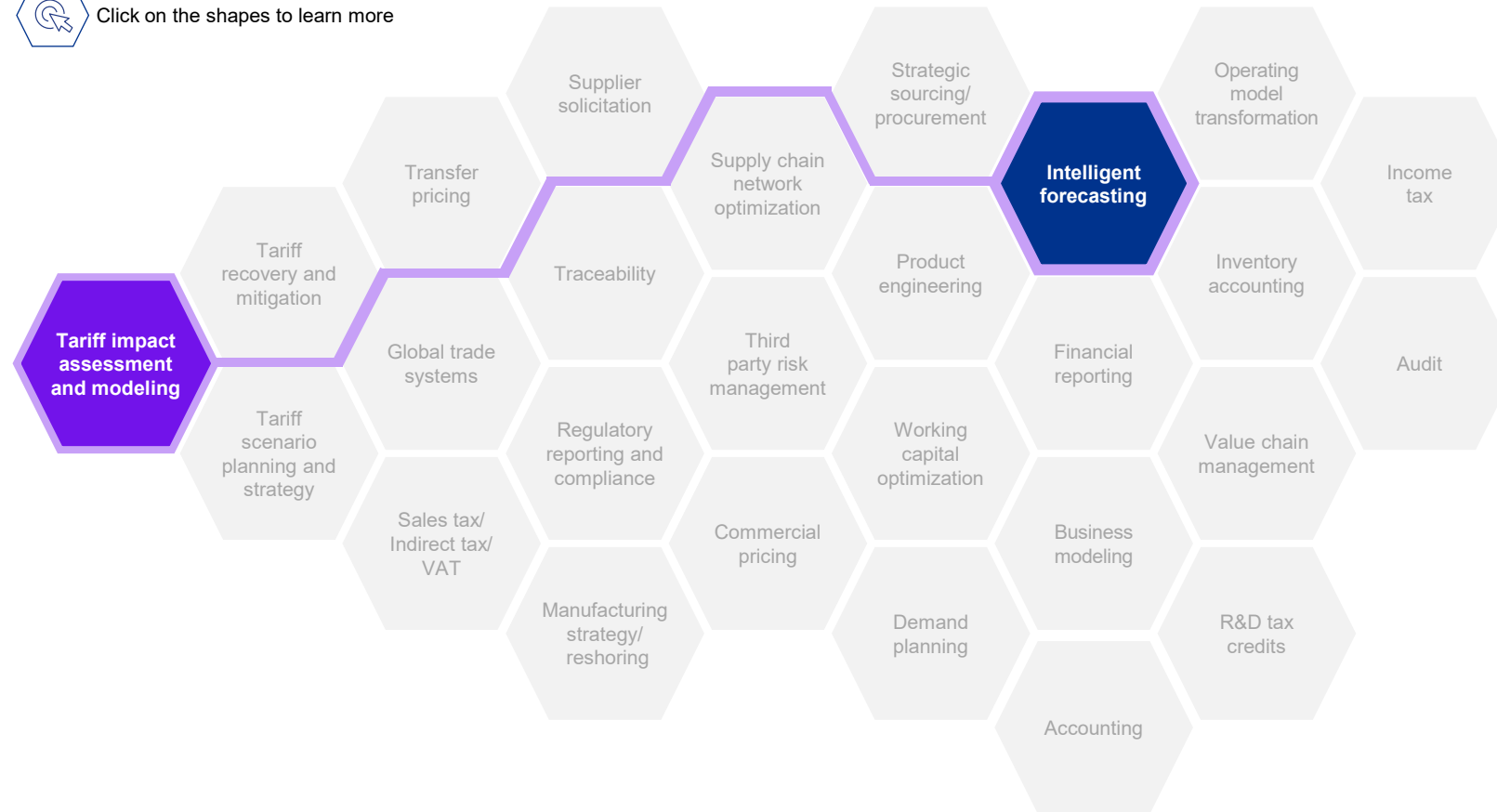


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## Intelligent forecasting

Utilizes advanced predictive analytics and machine learning to generate accurate demand forecasts. This enables businesses to optimize inventory levels, reduce stockouts, and improve overall supply chain efficiency.



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## Financial reporting

Estimating and modeling tariff cost impacts on product lines, business units, and the enterprise profit and loss (P&L) will require additional data and more accurate cost allocations. Creating visibility up and down the P&L allows for better communication with the board and allows operating executives to understand the margin implications of new tariffs and to make informed financial, commercial, and supply chain decisions.

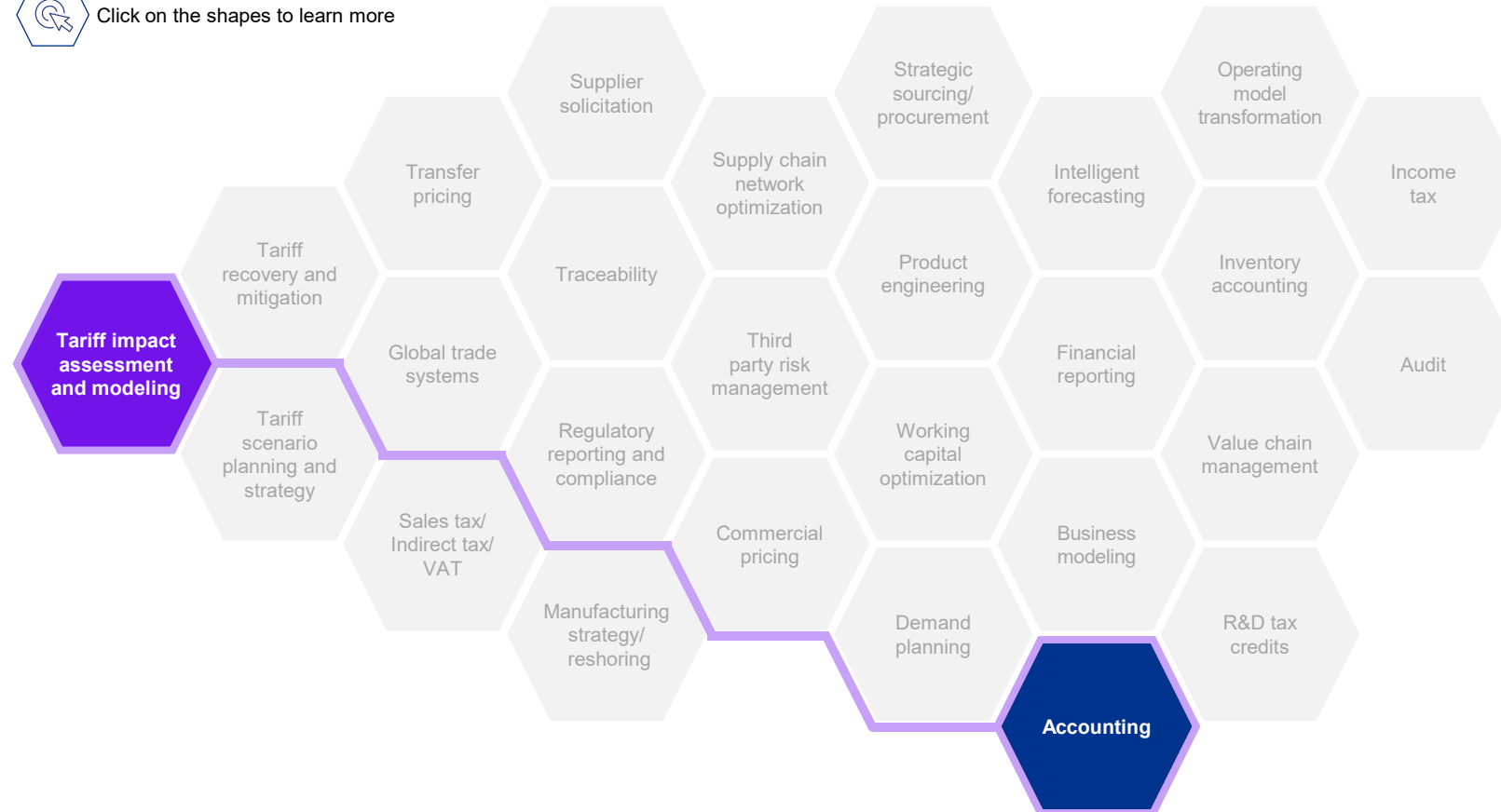


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## Accounting

Addressing the impacts connected with accounting and reporting pressures—such as inventory costing, impairment risk, and revenue recognition—requires better data and refined assumptions. Factoring increased costs into financial projections is critical, as these forecasts support key accounting models. Enhancing visibility across financials helps stakeholders evaluate disclosure needs and make informed strategic and compliance decisions.



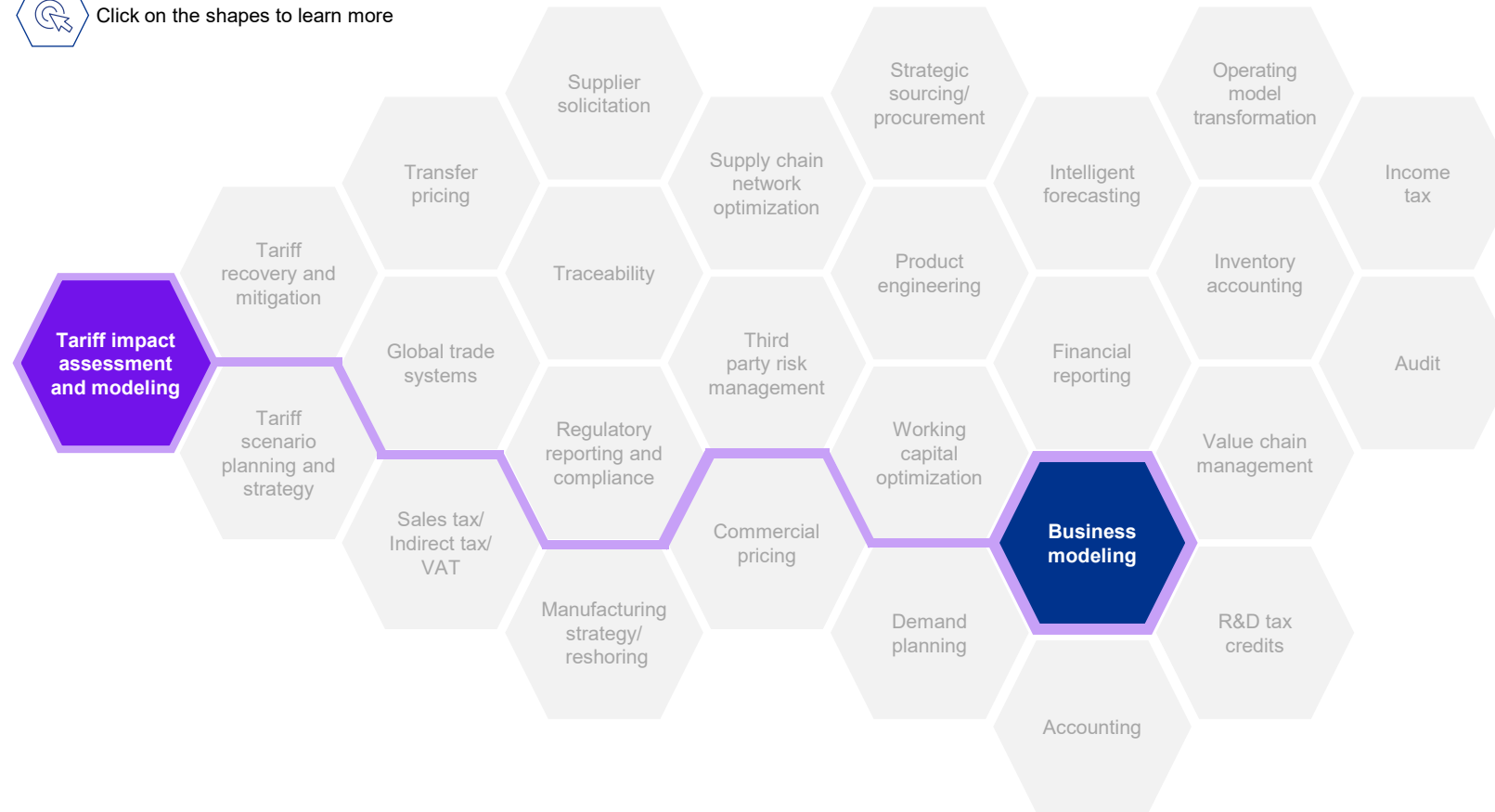


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## Business modeling

Assists companies in understanding the impact of tariffs on their operations by simulating different business scenarios and evaluating the financial and operational effects of tariff changes. This service includes developing models to analyze cost structures, revenue streams, and supply chain dynamics, enabling informed strategic planning and risk management in response to evolving trade environments.

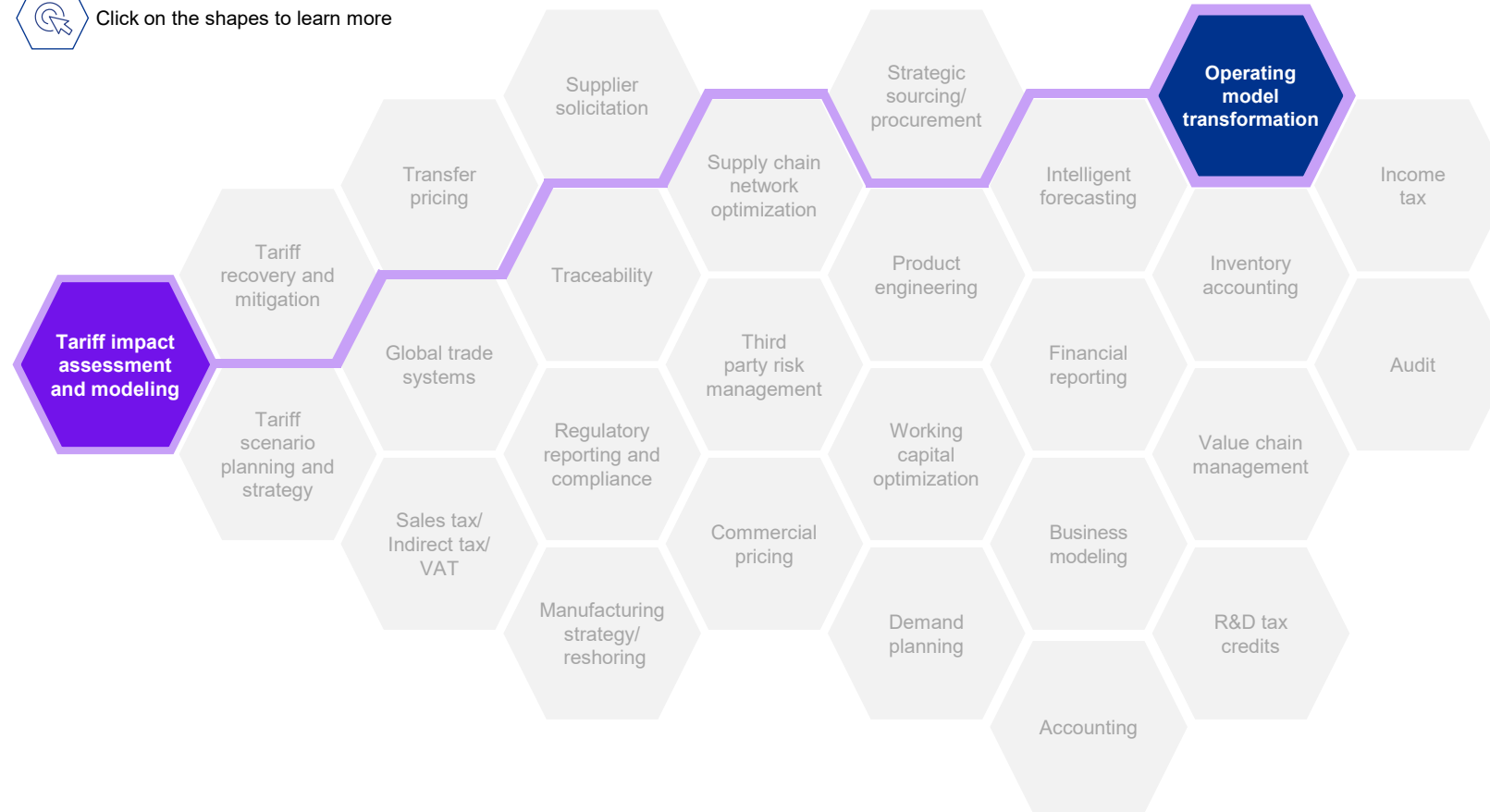


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## Operating model transformation

Can help businesses adapt to tariff changes by restructuring their operations to increase supply chain efficiency and reduce costs. This involves reevaluating sourcing strategies, redesigning processes, and implementing technology solutions to enhance agility and compliance with international trade regulations, thereby minimizing tariff impacts on business performance.

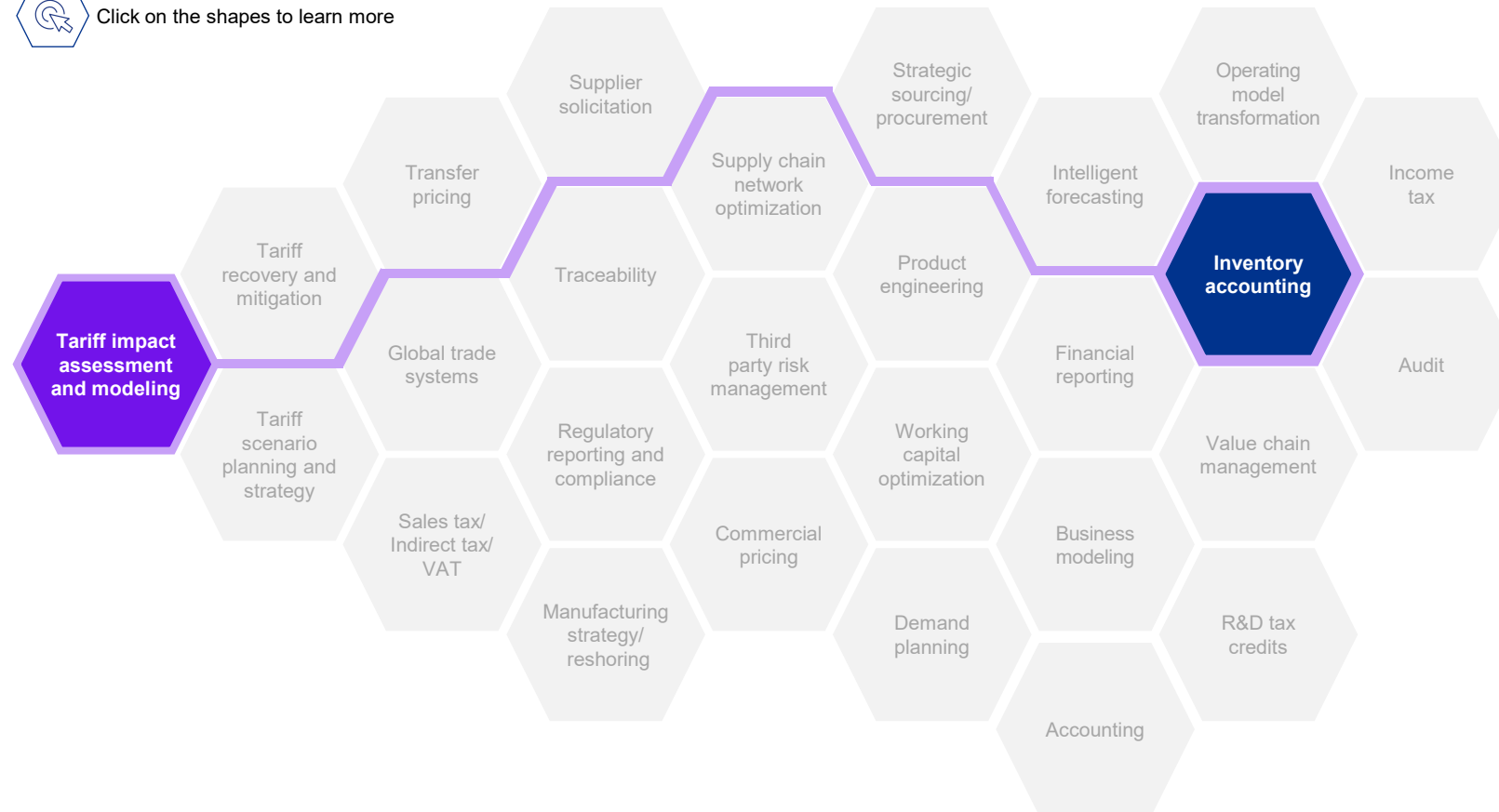


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## Inventory accounting

The process of valuing and recording a company's inventory, which includes raw materials, work-in-progress, and finished goods. It entails tracking inventory costs, determining cost of goods sold, and ensuring accurate financial reporting through methods like FIFO, LIFO, or weighted average cost.



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## Value chain management

Assists businesses in reducing tariff impacts by assessing each stage of the production and distribution process to enhance efficiency and reduce costs. This service includes analyzing and restructuring sourcing, manufacturing, and logistics strategies to align with favorable trade agreements, improve compliance, and maintain competitive advantage in global markets.

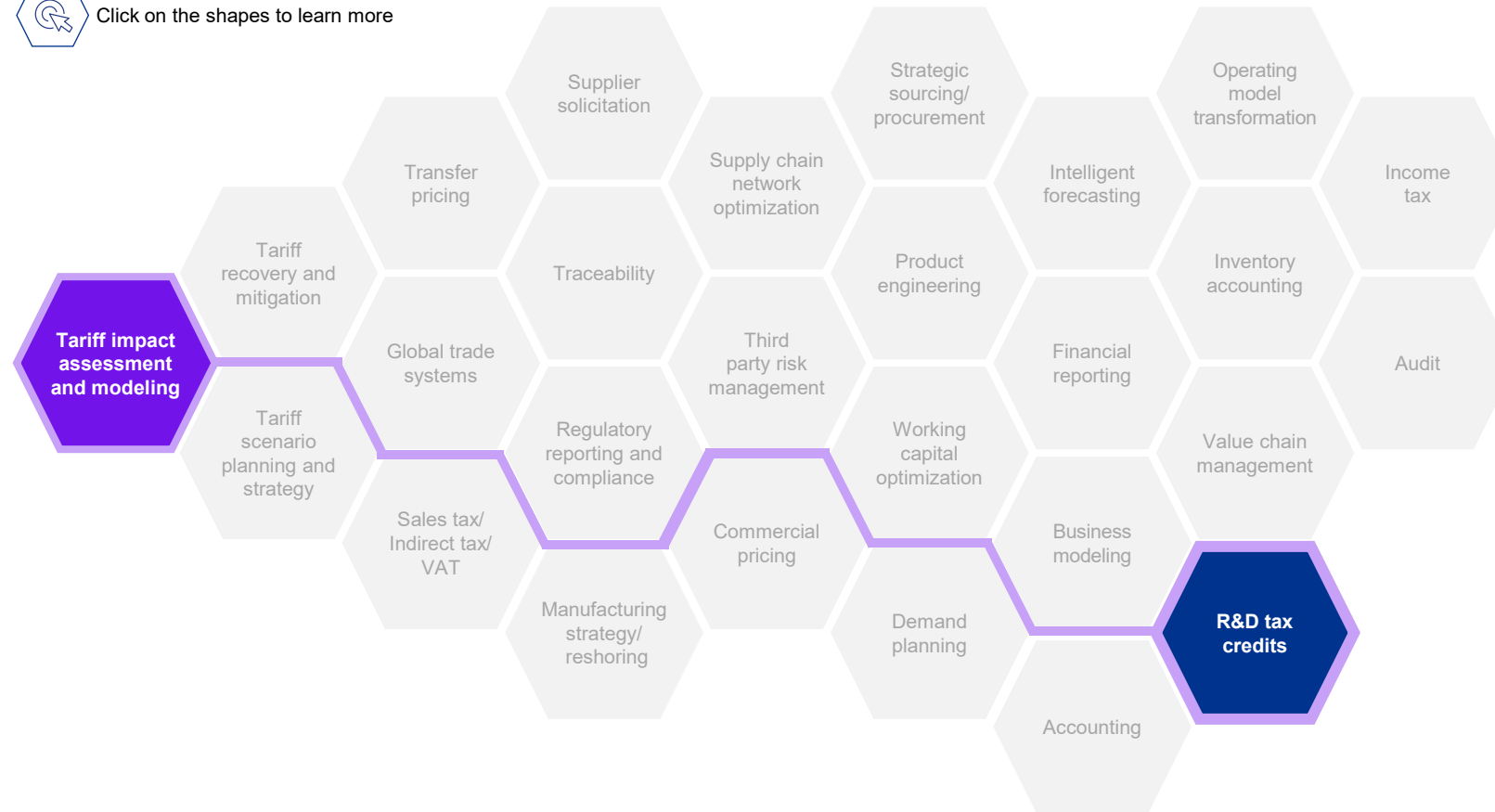


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## R&D tax credits

Helps businesses mitigate the financial burden of tariffs by offering tax relief for eligible research and development activities, thus reducing overall tax expenses. This service includes identifying qualifying R&D projects, compiling necessary documentation, and optimizing credit claims to support innovation and maintain competitiveness in the face of tariff-related challenges.



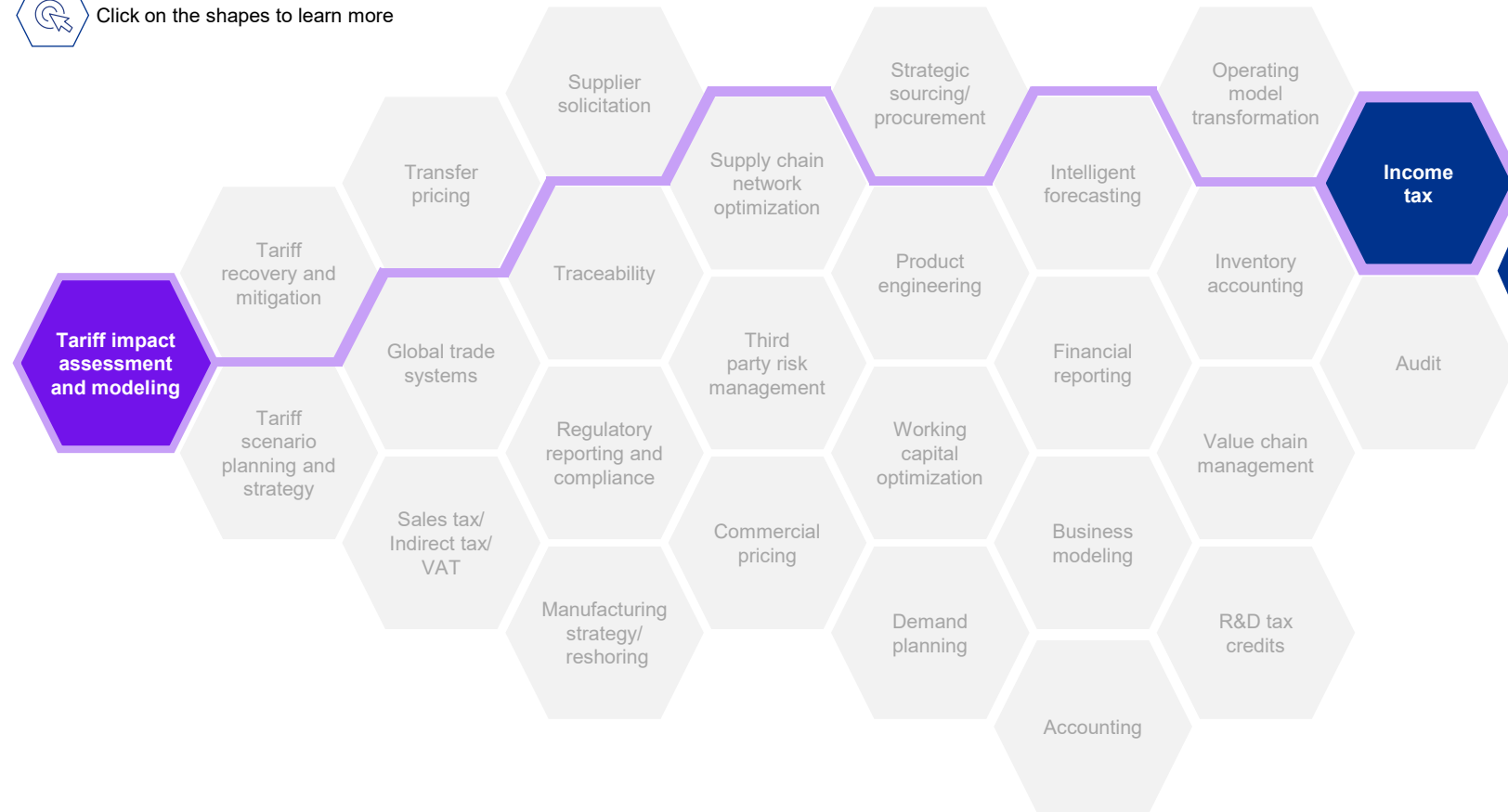


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## Income tax

A government levy imposed on individuals and businesses based on their earnings or profits. Income tax entails calculating taxable income, applying the appropriate tax rates, and filing returns to report income and pay any taxes owed, while adhering to relevant tax laws and regulations.

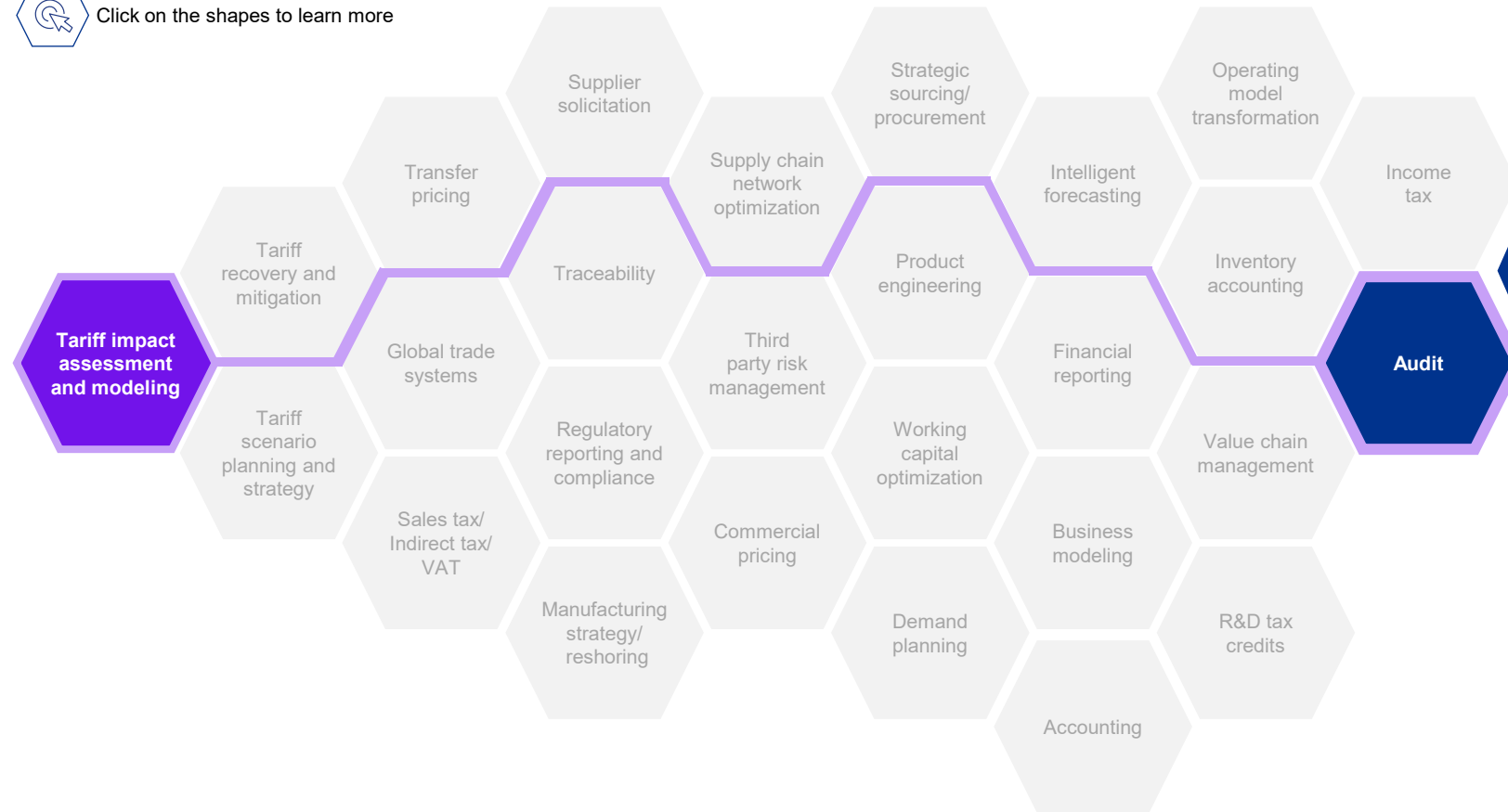


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## Audit

Assists organizations in managing tariff-related risks by evaluating compliance with trade regulations and assessing the effectiveness of tariff management strategies.

This entails reviewing documentation, processes, and controls to ensure accurate tariff classification, proper duty payments, and adherence to international trade laws, thereby enhancing operational efficiency and reducing potential liabilities.



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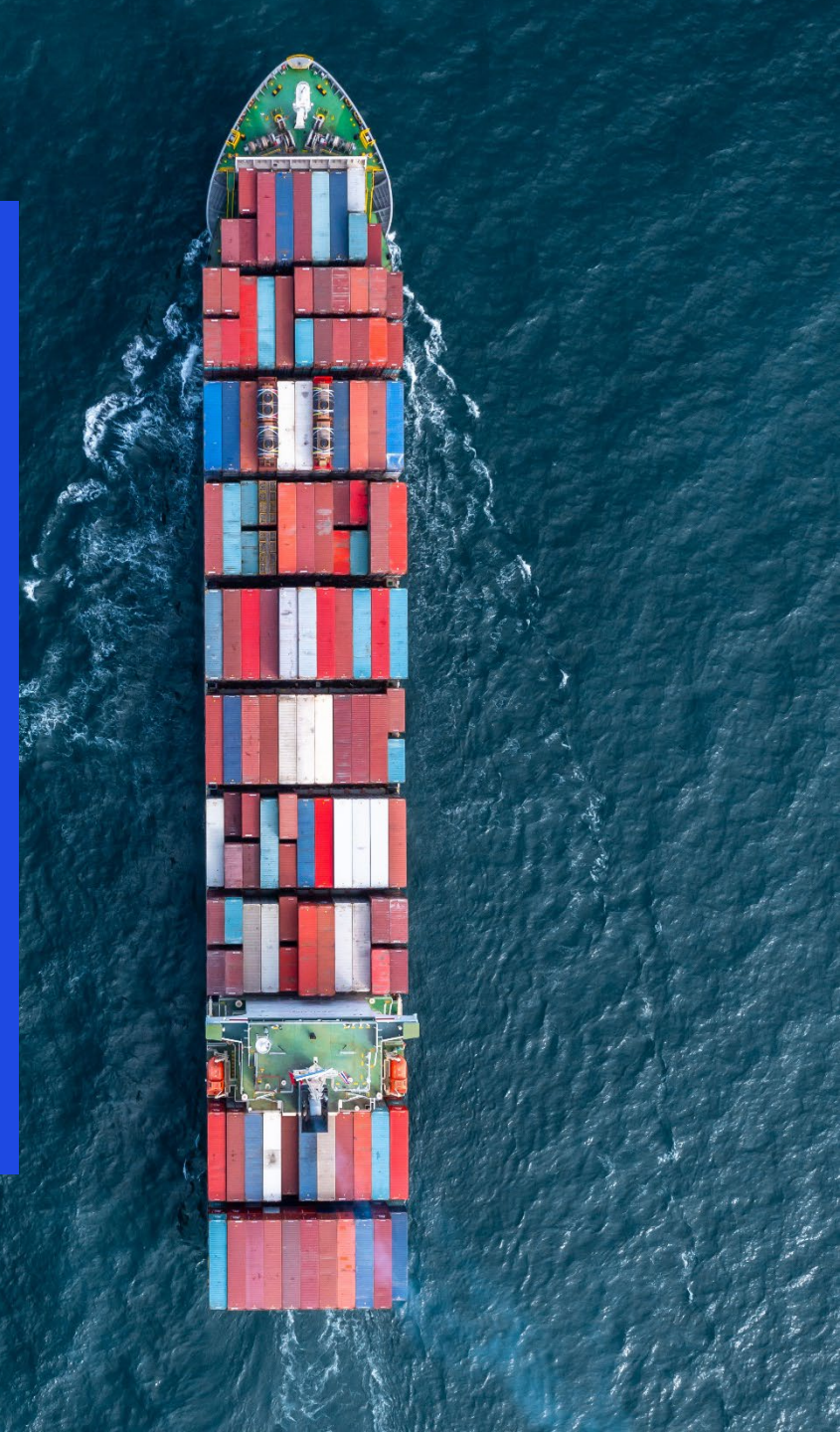
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