



Generative AI in Action: Transforming International Tax

Transforming tax.
Redefining connections.

2025 US Cross-Border Tax Summit



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Presenters

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GenAI In-Action

“Building on the Fly”



John

In the next 40 minutes...



**Create a GenAI Solution relating to:
The “One, Big, Beautiful Bill”**



Showcase a demo of your development

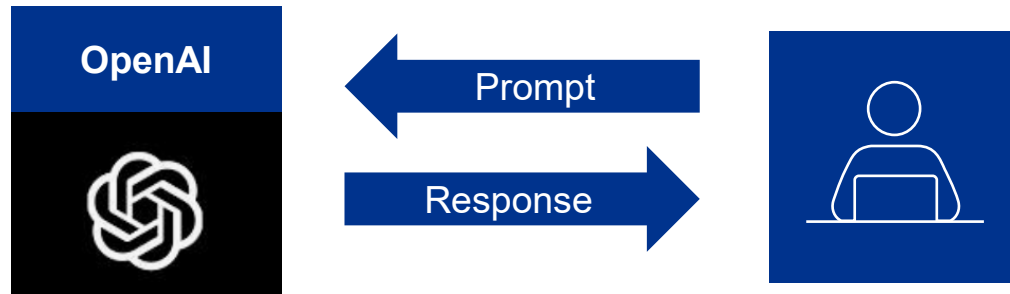


Tom

365 Days Later...

The AI Journey

Chat





Let's chat!

Model

⦿ GPT-4o

Creativity

⚡ 3 - Conservative and predictable

Start a conversation or choose an example prompt below.



Guided Prompt Improver

Need help getting started or improving a prompt? The KPMG CARTS framework is a great place to start!

Let's go!



Guided Persona Builder

Persona creation made simple! Tell us your vision and we'll do the rest!

Let's go!

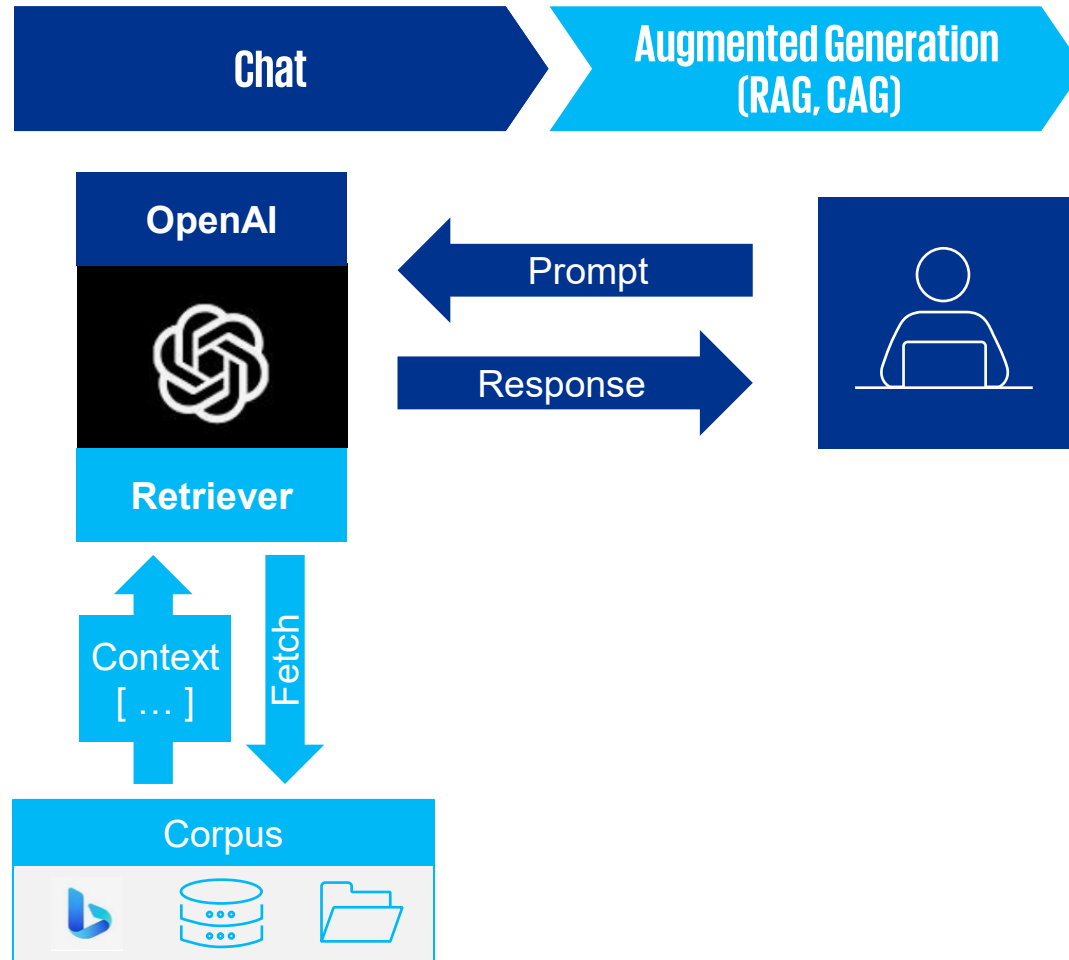
Write your prompt or type / to attach a document, persona, or tool



Web search



The AI Journey





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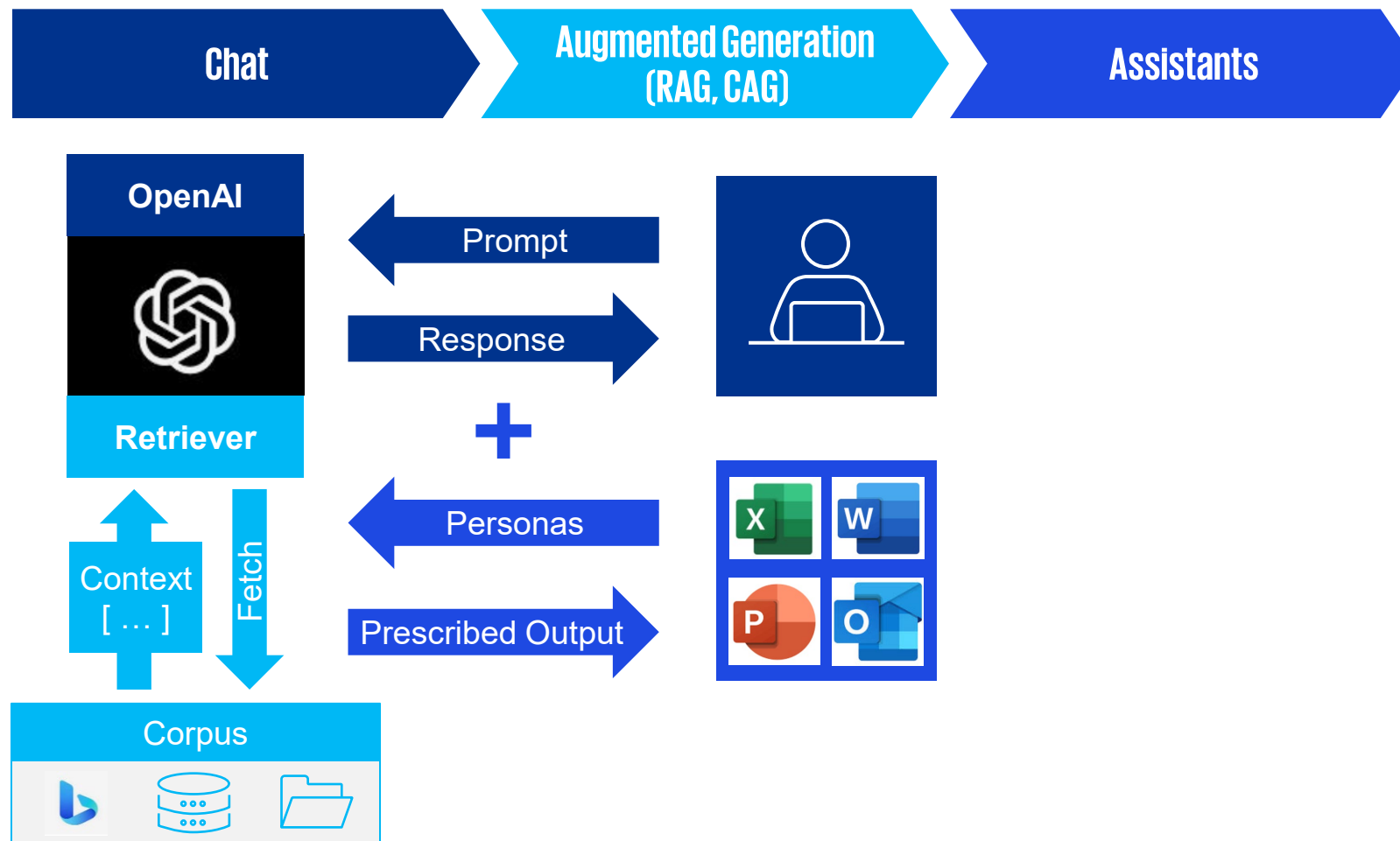
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Web search



The AI Journey



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Start a conversation or choose an example prompt below.



US Tax Knowledge Base

Provide insights and explanations on US tax topics, KPMG Tax policies, procedures, guidelines, tools, and resources based on content from the US One Intranet Tax sites.

[Let's go!](#)

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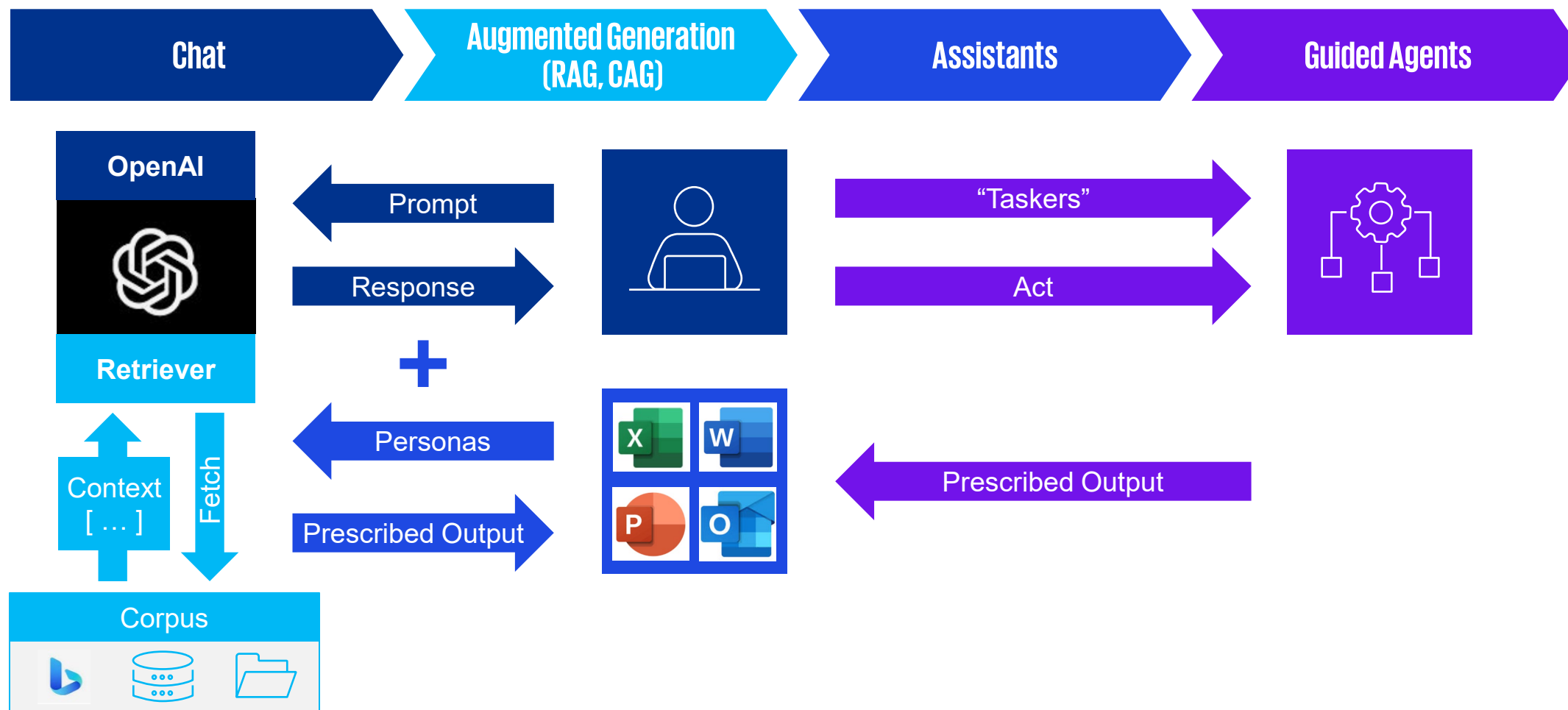
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Web search



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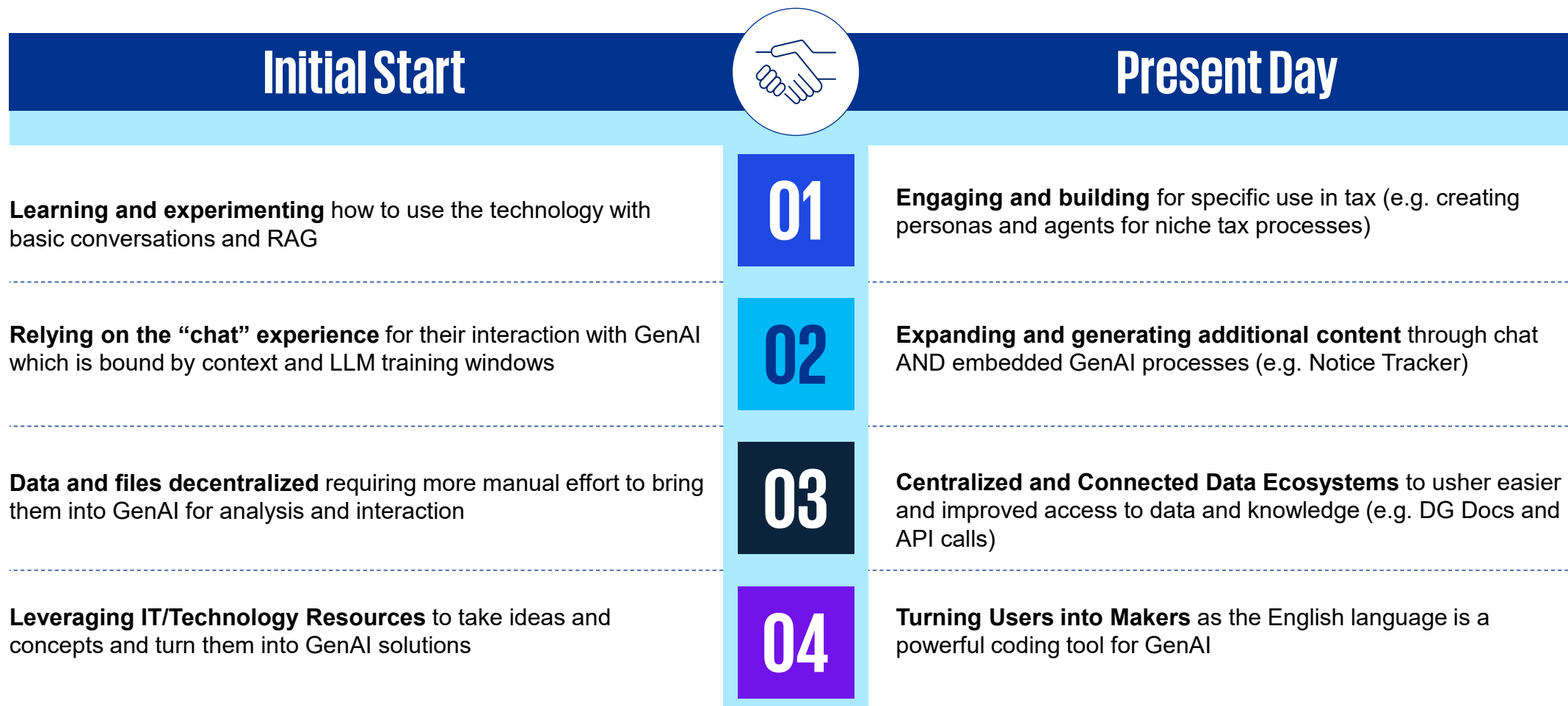
Write your prompt or type / to attach a document, persona, or tool



Web search



Seeing the movement...



02

What we have learned

Our Journey as our own Client Zero

The main issues GenAI users are facing is quality of output

Why?



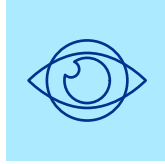
Improper prompting techniques



Inadequate RAG



Not enough technical detail
being found/used by the LLM



General hallucinations



So how do we get better output?



Larger context windows

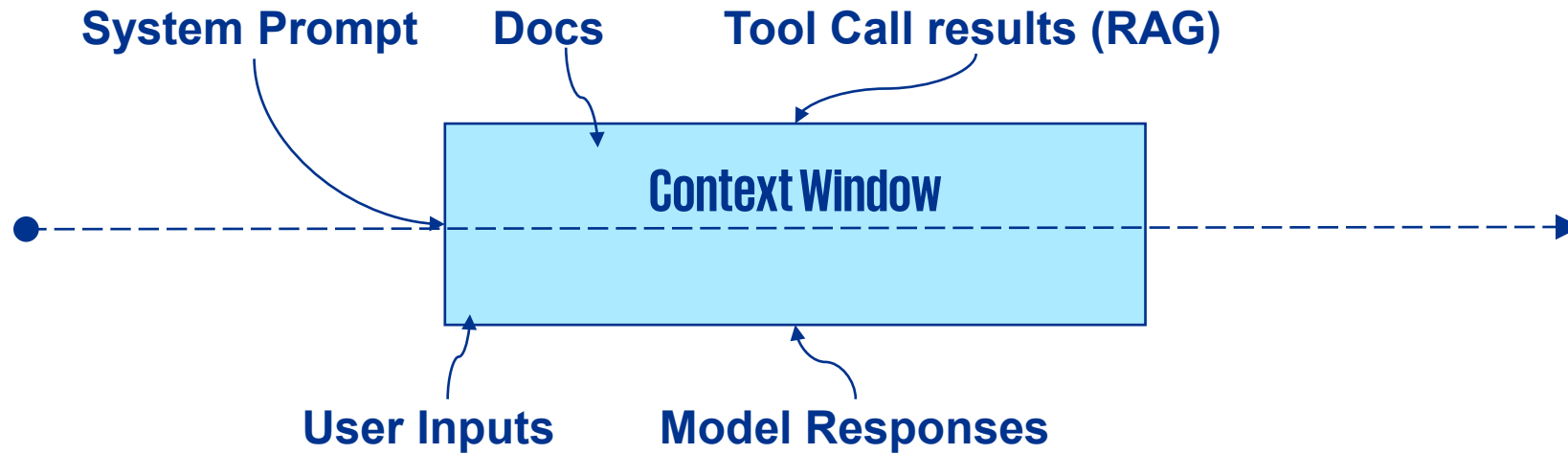


Custom domain models



Agents and APIs

Learning Through Growing – “We need more detail!”



Pros

- Longer, more coherent conversations
- Fewer hallucinations
- Ability to analyze large data sets

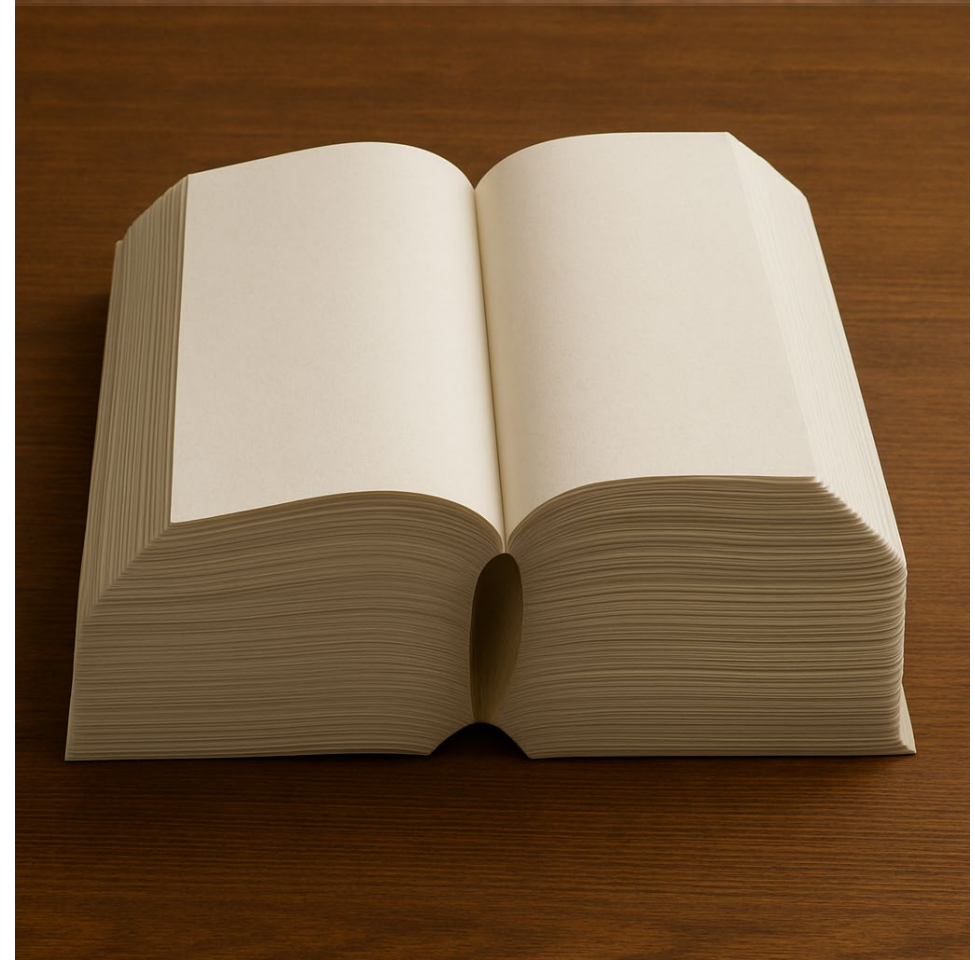
Cons

- Increased Cost
- More opportunities to confuse the AI
- Does not automatically mean better results

Learning Through Growing – “We need more detail!”

For Example:

- **2021-2022** – 2000 tokens (6 pages)
- **2023-2024** – 100K tokens (300 pages)
- **2025** – +1M tokens (3000 pages)

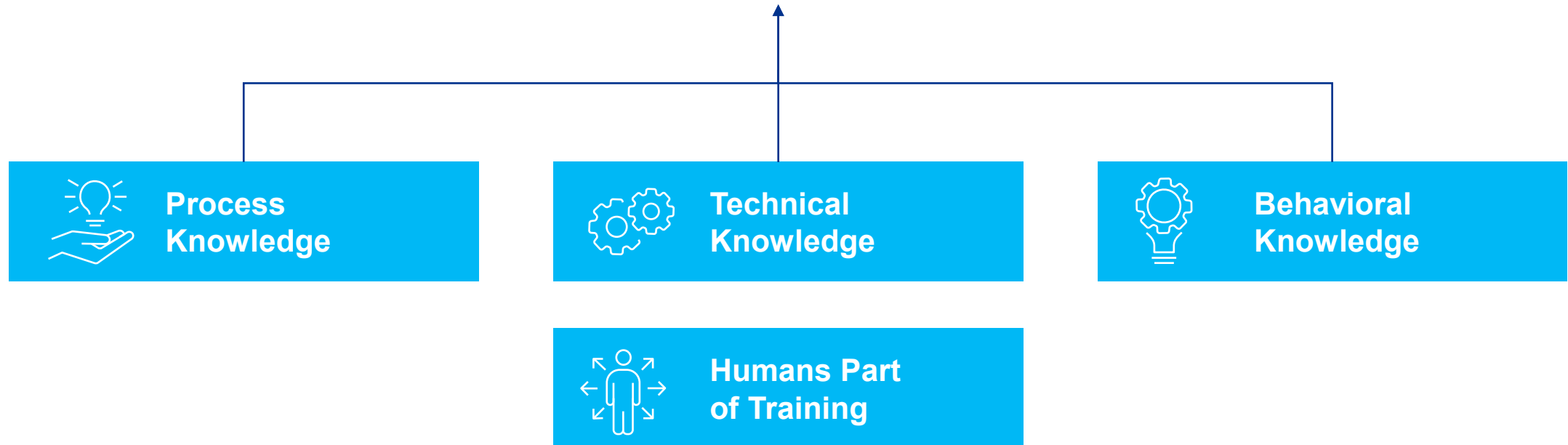


Learning Through Growing – “We need tax specific answers”

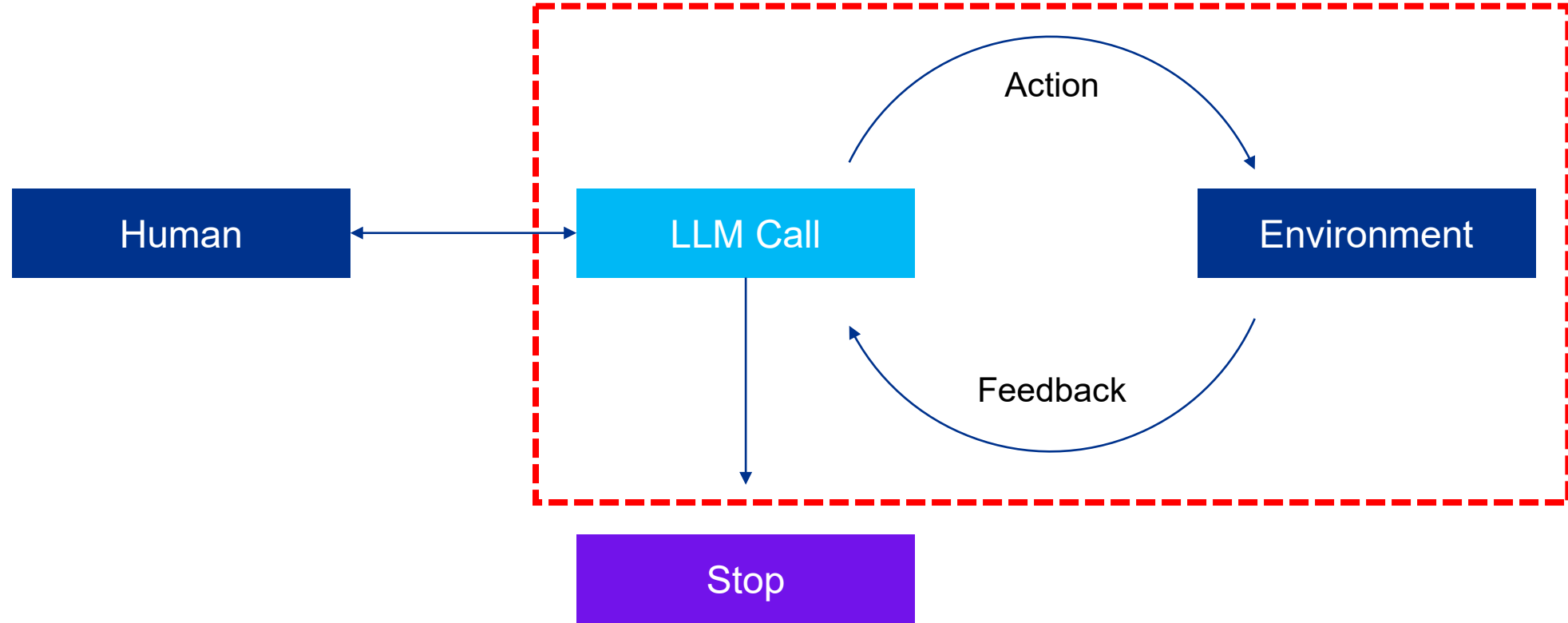


Custom Tax Domain Models

“Building in tax knowledge”

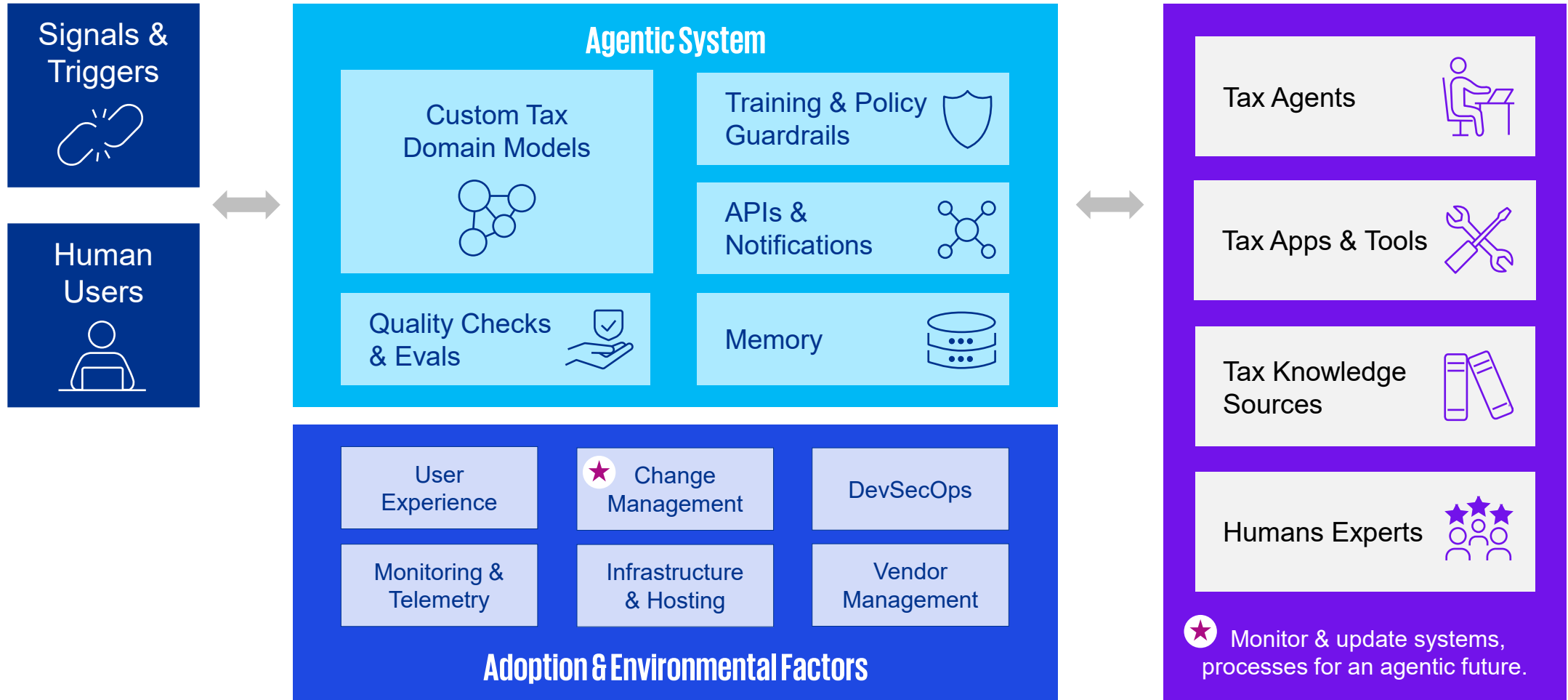


Learning Through Growing – “We need automation”



Source: <https://www.anthropic.com/engineering/building-effective-agents>

Agentic Systems



“Building on the Fly” – Check In



John

How is it going...



Explain your concept



Digital Gateway GenAI tools you are using



Remaining items to perfect



Tom

2025 and Beyond

What does the future hold



2025 = Marks the year the “Frontier Firm” is born



On-demand intelligence



Powered by “hybrid” teams of humans + AI Agents

- Faster Scaling
- Operational agility
- Greater value at quicker pace

The Frontier Firm Transformation

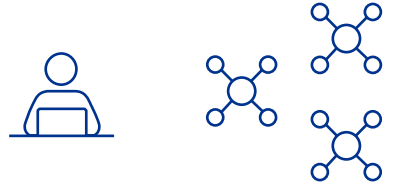
Phase 1



Human with assistant

Every employee has an AI assistant that helps them work better and faster

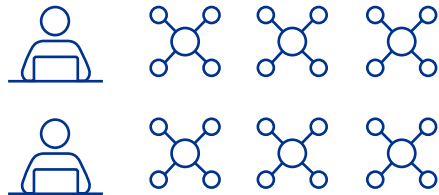
Phase 2



Human-agent teams

Agents join teams as “digital colleagues,” taking on specific tasks at human direction

Phase 3

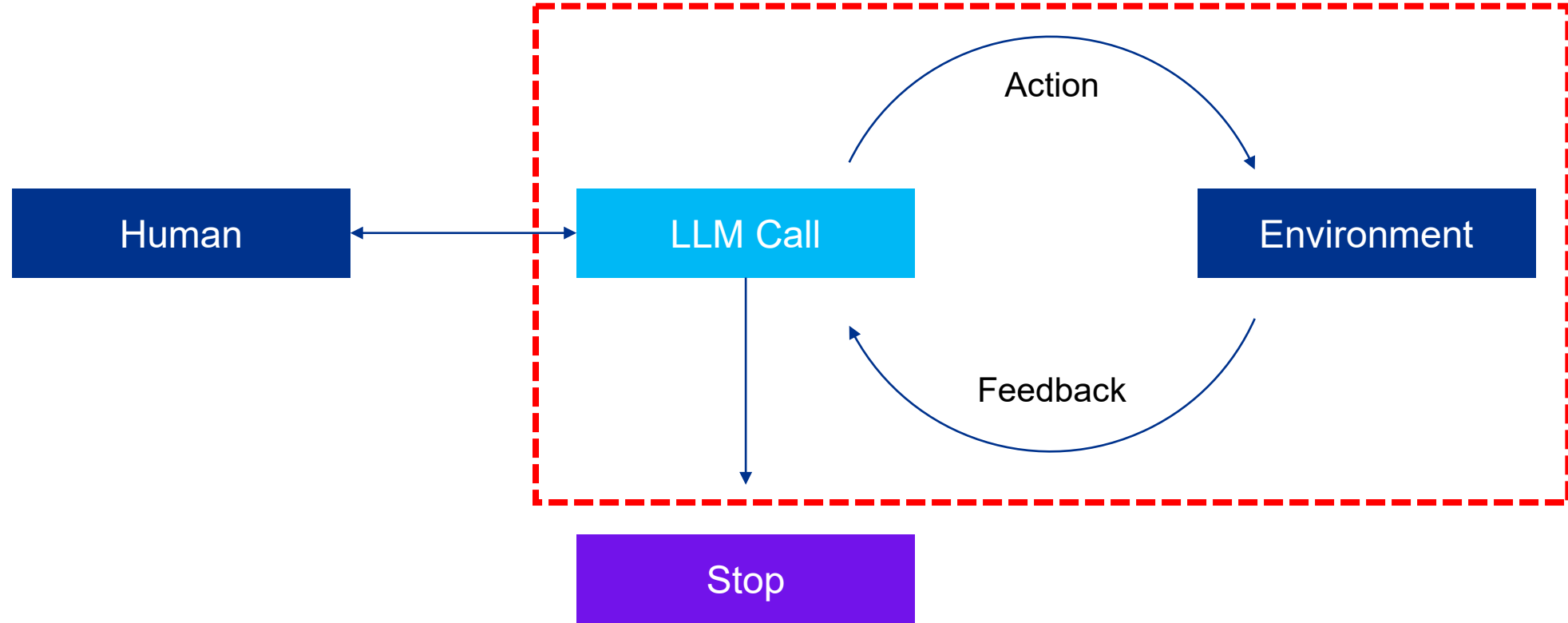


Human-led, agent-operated

Humans set direction and agents execute business processes and workflows, checking in as needed

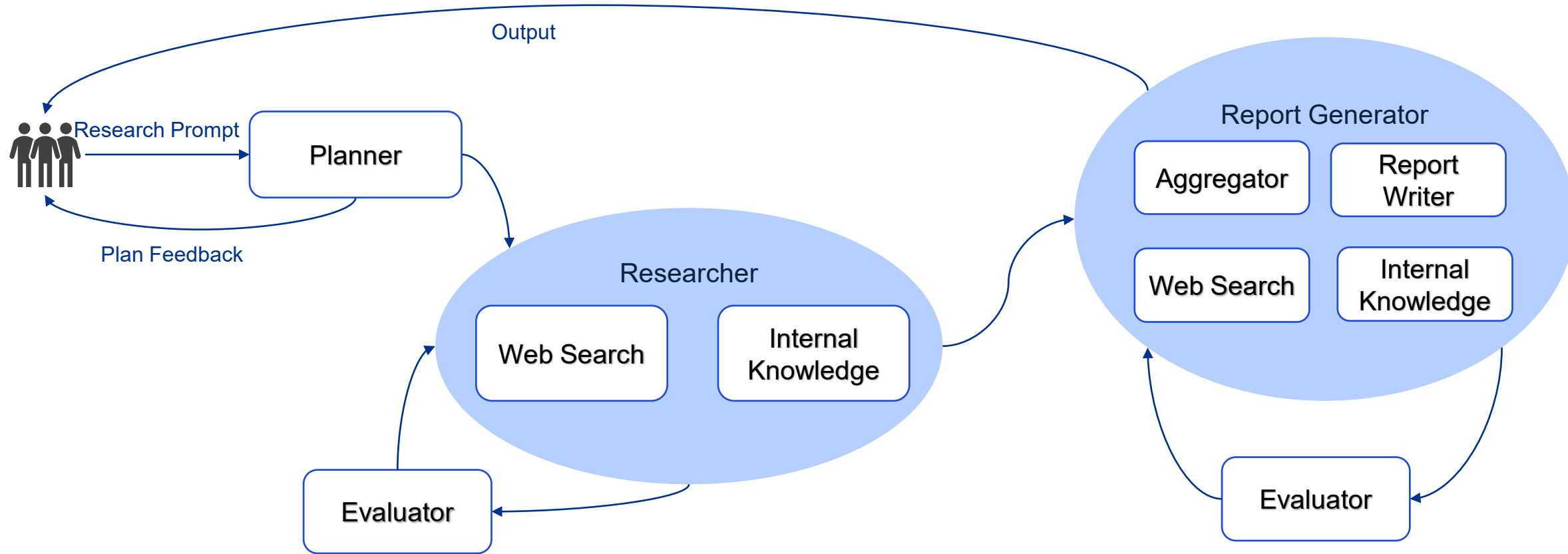
Source: <https://www.microsoft.com/en-us/worklab/work-trend-index/2025-the-year-the-frontier-firm-is-born>

Circling Back to Agentic Activities



Source: <https://www.anthropic.com/engineering/building-effective-agents>

Deep Research Explained



Deep Research in Action

GH



summarize any international tax implications found in the "One Big Beautiful Bill Act"



Deep Research ▾

The main gaps are the lack of detail about which parts of the Act are relevant, the desired depth of the summary, and whether any initial review has been done. These questions clarify the scope, focus, and starting point for the research.

Follow-up Questions:

1. Which specific provisions of the 'One Big Beautiful Bill Act' are most likely to affect cross-border transactions or multinational entities?
2. Are there particular countries or regions whose tax treaties or agreements may be impacted by the Act?
3. What is the intended scope of your summary—do you want a high-level overview or a detailed analysis of each relevant section?
4. Have you already identified any sections of the Act that reference international tax, or should the review cover the entire text for potential implications?





Deep Research in Action

GH

1. tariffs and pillar 2
2. Germany and Ireland
3. high level overview for my client
4. cover the entire text

Deep Research ▾

This is the current plan.

Current Plan:

- (1) Brief overview of the One Big Beautiful Bill Act and why its international tax provisions matter for businesses, investors, and tax authorities.
- (2) Clarify how the Act defines foreign entities, controlled foreign corporations, qualified foreign income, and other terms that determine the reach of its cross-border rules.
- (3) Analyze rules affecting U.S. corporations' foreign earnings, including repatriation, participation exemptions, deemed inclusions, and foreign tax credit changes.
- (4) Explain provisions governing taxation of income earned by foreign persons from U.S. sources, new withholding rates, and any treaty override mechanics.
- (5) Assess anti-avoidance measures such as limitation on interest deductions, hybrid mismatch rules, and provisions aligning with OECD Pillar Two minimum tax.
- (6) Describe new disclosure obligations (e.g., country-by-country reporting, transfer pricing documentation) and penalties for non-compliance.
- (7) Distill key international tax implications into a concise reference and wrap up findings.

Introduction

The "One Big Beautiful Bill Act" is a sweeping tax and spending proposal introduced by House Republicans in 2025, with the backing of President Trump. Its central aim is to make permanent many of the tax cuts and international tax provisions first enacted in the 2017 Tax Cuts and Jobs Act (TCJA), which are otherwise set to expire at the end of 2025. By locking in these rules and introducing new measures, the bill is poised to reshape the U.S. tax landscape for years to come, with far-reaching effects on federal revenue, business planning, and international tax policy.

International tax provisions are a core feature of the Act, and their significance cannot be overstated. For multinational businesses, these rules determine how foreign profits are taxed, influence decisions about where to invest and operate, and affect the overall competitiveness of U.S.-based firms. Investors with cross-border interests must consider how changes in international tax law will impact after-tax returns. Tax authorities, both in the U.S. and abroad, are watching closely as the U.S. responds to global efforts to coordinate tax policy—especially as the OECD and G20 push for a global minimum tax and new rules to prevent profit shifting. The "One Big Beautiful Bill Act" is being debated at a time of rapid change in international tax norms, and its provisions will shape how the U.S. interacts with the global tax system. Understanding these international tax implications is essential for businesses, investors, and policymakers navigating an increasingly interconnected world.

Key Definitions and Scope of International Provisions

The "One Big Beautiful Bill Act" (OBBA) builds on the international tax framework established by the 2017 Tax Cuts and Jobs Act (TCJA), making permanent and refining several key provisions that affect how U.S. tax law applies to cross-border activities. Understanding the Act's reach begins with how it defines and applies terms central to international taxation.

Foreign Entities under the OBBA are defined in line with existing U.S. tax law: any business entity not created or organized in the United States or under U.S. law is considered foreign. This includes corporations, partnerships, and other entities formed under foreign jurisdictions, regardless of their treatment for U.S. tax purposes.

A **Controlled Foreign Corporation (CFC)** remains a foreign corporation in which U.S. shareholders—those owning at least 10% of the total voting power or value—collectively own more than 50% of the corporation's stock. This definition is crucial, as it determines which foreign subsidiaries are subject to U.S. anti-deferral rules, such as Subpart F and the Global Intangible Low-Taxed Income (GILTI) regime.

The Act does not introduce a new category called "qualified foreign income," but it does make permanent the treatment of certain foreign earnings through the GILTI and Foreign-Derived Intangible Income (FDII) provisions. **GILTI** is defined as the income earned by CFCs that exceeds a routine return on tangible assets, targeting low-taxed foreign profits of U.S. multinationals. **FDII** refers to income earned by U.S. corporations from serving foreign markets with U.S.-based intangible assets, and the Act continues to provide a preferential tax rate for such income.

Other key terms include the **Base Erosion and Anti-Abuse Tax (BEAT)**, which the Act extends. BEAT applies to large multinational corporations making

“Building on the Fly” – Final POC Presentation



Final Wrap



Gain access to this amazing technology



Identify how and where GenAI could play a role in your organization



Personal and Enterprise education and learning experiences



Disrupt vs Becoming Disrupted



04 Q&A



Thank you!

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