The Tax Readiness Dividend

How operational readiness in the tax function is shaping enterprise performance

KPMG US Tax
US Report

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Foreword

Tax readiness is becoming a defining business advantage

Tax departments are increasingly being asked to do more than manage compliance and risk. As organizations navigate growth, investment decisions, transactions, supply chain changes, regulatory uncertainty, geopolitical disruption, and AI-driven transformation, leaders are recognizing that tax has a critical role to play in shaping business outcomes.

Yet in many organizations, tax is still brought into business decisions too late. When tax lacks the visibility, capabilities, or connectivity to engage early, opportunities can be missed, risks can increase, and value can be harder to realize.

The organizations creating the most value from tax are moving beyond a reactive model. They are embedding tax earlier into decision-making and equipping their teams with the data, technology, talent, and operating models needed to influence outcomes before decisions are finalized.

This report explores what distinguishes those organizations and the capabilities that help make tax a strategic contributor to enterprise performance.



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Methodology

Defining tax readiness

To develop the tax readiness framework, KPMG worked with leading market research company Ipsos. Ipsos conducted foundational research to identify the capabilities most strongly associated with high-performing tax functions. That research informed the five dimensions of tax readiness used throughout the study:



1.Governance & risk management



4.Talent, skills & workforce capability



2. Process efficiency & workflow management



5. Strategic alignment & organizational influence



3. Technology & data infrastructure

Click on the icon to see what each dimension enables.

Together, these dimensions define tax readiness: a tax function's ability to operate as an integrated, adaptive, and scalable capability while shaping broader enterprise strategy.

Creating readiness scores

Survey responses across the five dimensions were used to generate a tax readiness score for each organization. The research team tested the framework and confirmed that the dimensions operated together as a consistent measure of tax readiness.

The research then evaluated readiness using two complementary perspectives:

An objective readiness score derived from survey responses across the five dimensions: Scores were used to assess the maturity and integration of the tax function, and respondents were grouped into performance quartiles (four equally sized groups), enabling comparisons between the most and least tax-ready organizations.

A self-assessment of organizational readiness provided by respondents: Respondents assessed their organization's current level of readiness, from foundational to leading.

Organizations with the highest readiness scores demonstrated strength across all five dimensions rather than isolated capability in a single area.

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METHODOLOGY (CONTINUED)

Assessing the impact of readiness

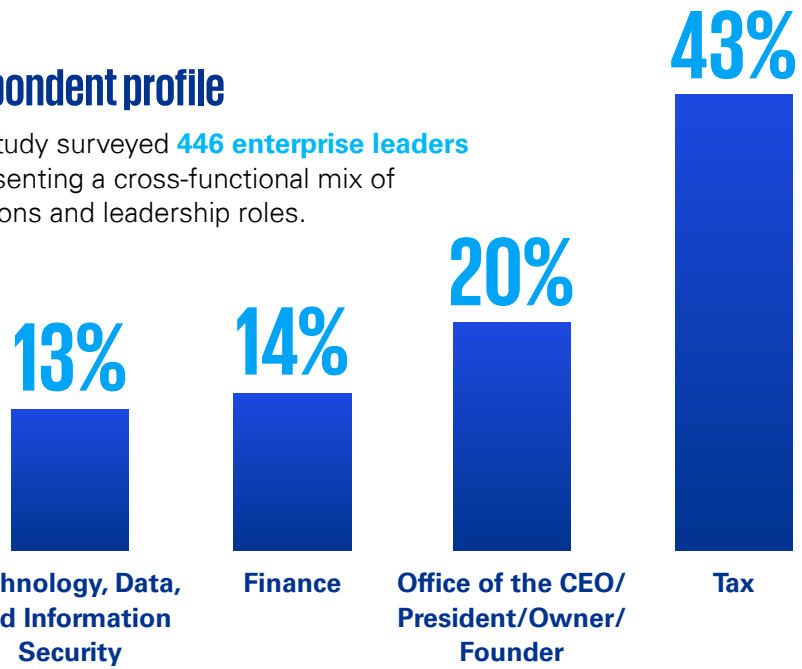
The readiness scores were then compared against operational and business outcomes to evaluate how organizations at different readiness levels performed.

The analysis found meaningful differences in both tax function capabilities and broader enterprise outcomes. Based on modeled valuation scenarios—which translated statistically estimated changes in enterprise-value positioning into conservative valuation assumptions—organizations with stronger operational readiness were associated with an approximate enterprise-value advantage of $8 billion to $13 billion.*

*The findings reflect associations between readiness and outcomes and do not establish causation.

Respondent profile

The study surveyed **446 enterprise leaders** representing a cross-functional mix of functions and leadership roles.



Respondents included leaders from Tax (43 percent), the Office of the CEO/President/Owner/Founder (20 percent), Finance (14 percent), and Technology, Data, and Information Security (13 percent), with additional representation from Strategy, M&A and Business Transformation, Supply Chain/Procurement, Risk & Audit, and Legal & Compliance.

All findings are based on respondents' self-reported assessments.

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Executive summary: The tax readiness advantage

Business leaders increasingly recognize that tax should play a more strategic role in enterprise decision-making. In fact, **83 percent of organizations say tax should be involved earlier in strategic decisions, yet only 6 percent report having a fully integrated, enterprise-aligned tax function.** That gap between aspiration and execution is creating a new divide in enterprise performance. Organizations with higher tax readiness are more likely to involve tax before major decisions and report stronger business performance than those that engage tax after decisions have been finalized.

Top quartile: Tax functions operate upstream, leveraging mature data and automated workflows to evaluate the tax impact of major enterprise decisions before they are executed. In doing so, they are more likely to report advantages in resilience, innovation, and strategic agility.

A clear divide has emerged based on the tax readiness quartiles identified in our research

Bottom quartile: Operating in the rearview mirror, downstream functions expend resources on manual data wrangling and react to business decisions after the fact.

Our findings suggest that tax readiness is not simply a functional modernization effort. It is an enterprise capability associated with stronger business outcomes. As complexity accelerates, readiness is increasingly linked to how effectively organizations adapt, align on decisions, and execute at scale.

Importantly, these findings reflect perspectives from across the enterprise, not just the tax function. In addition to tax leaders, survey respondents included leaders from the Office of the CEO/President/Owner/Founder (20 percent), Finance (14 percent), and Technology, Data, and Information Security (13 percent).

Readiness is becoming a measurable source of enterprise advantage

3–6x

Organizations in the top quartile of tax readiness are **3–6x** more likely than those in the bottom quartile to outperform peers on innovation, resilience, workforce capability, stakeholder trust, and enterprise value.

$13B

Based on modeled valuation scenarios, organizations with stronger tax readiness were associated with a greater likelihood of outperforming peers on enterprise-value measures. For an organization of comparable scale to those represented in the study, translating those probability shifts into conservative valuation scenarios produced an estimated **enterprise-value advantage of up to $13 billion.**[1] This finding underscores the relationship between tax readiness and broader business performance.

[1]This estimate represents a modeled enterprise-value range for an organization of comparable scale to those represented in the study; it is not an aggregate value across survey respondents. The analysis examined how different levels of operational readiness relate to an organization´s likelihood of outperforming peers on enterprise-value measures. Those probability shifts were then translated into conservative valuation scenarios and converted into estimated dollar impacts using mean respondent revenue as a revenue anchor. The resulting estimates illustrate potential enterprise-value differences associated with higher levels of readiness and do not predict any individual company´s future value, market valuation, or financial performance.

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EXECUTIVE SUMMARY (CONTINUED)

Meet the readiness leaders

Organizations in the top quartile of tax readiness report a stronger ability to operate effectively under increasing complexity and continuous change.

AI and data readiness

4x more likely to report a high appetite for investing in tax-specific AI capabilities

5x more likely to report very high value from workflow automation in the past year

18x more likely to report access to high-quality data for AI-enabled tax analysis

Workforce capability

5x more likely to report an advantage in attracting and retaining high-quality talent

9x more likely to report having the workforce skills required for current and future demands

Enterprise performance by tax readiness quartile

Across every outcome measured, organizations in the top readiness quartile reported stronger tax and business performance than those with lower readiness scores, highlighting a clear "tax readiness dividend."

Capability	Bottom quartile of tax readiness	Top quartile of tax readiness	Performance advantage
Innovation leadership	**9%**	**52%**	**5.8x**
Talent advantage	**7%**	**35%**	**5.0x**
Stakeholder	**14%**	**51%**	**3.6x**
Resilience	**12%**	**41%**	**3.4x**
Enterprise value	**13%**	**41%**	**3.2x**

Strategic agility

4x more likely to report the ability to mobilize quickly when deal opportunities arise

6x more likely to report having the data infrastructure required to model tax implications of transactions on short notice

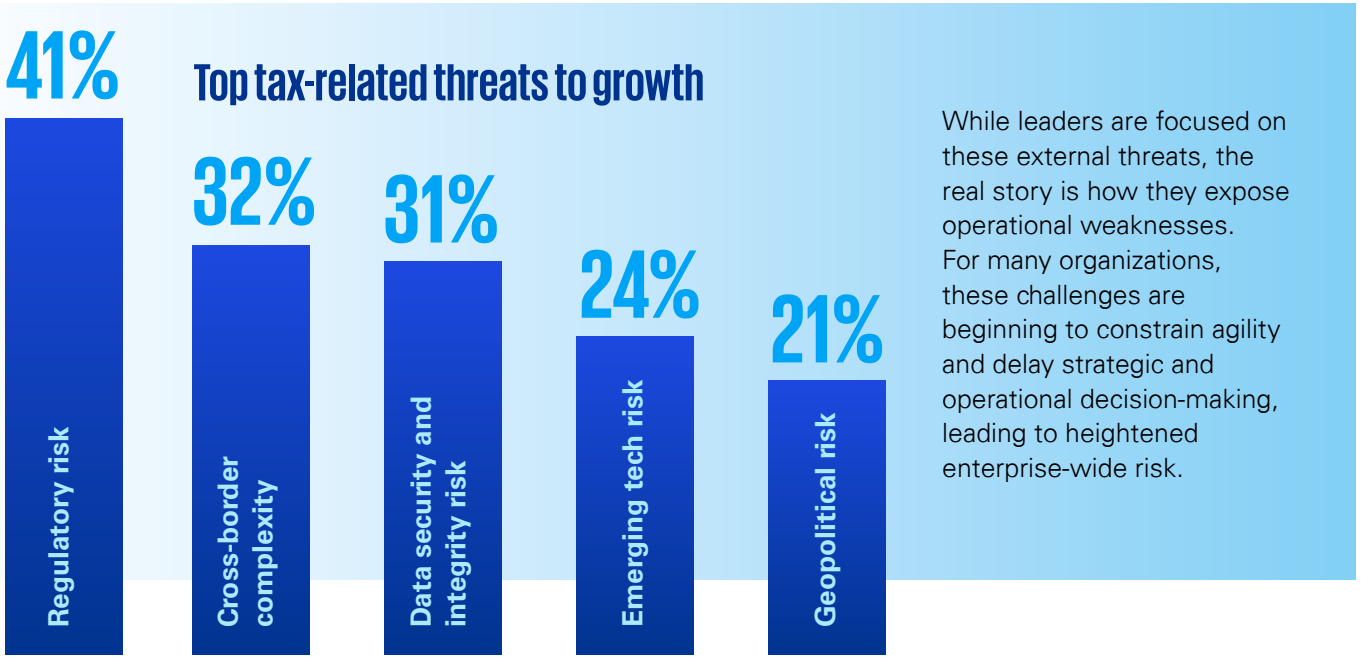
8x more likely to report that stronger tax readiness has increased confidence in pursuing M&A activity

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Operating models under pressure

Tax functions are operating in an environment of continuous change. Requirements once managed through periodic compliance cycles now evolve constantly across jurisdictions, disclosure regimes, and business operations. As a result, leaders now see a range of tax-related issues as direct threats to enterprise growth.



While leaders are focused on these external threats, the real story is how they expose operational weaknesses. For many organizations, these challenges are beginning to constrain agility and delay strategic and operational decision-making, leading to heightened enterprise-wide risk.

> **Complexity and change aren't visiting the C-suite, they've moved in. As tax leaders are called upon to provide greater business value, keeping pace requires operating models built to bend and flex as regulations, business priorities, and technology evolve. The goal is not simply to do the work more efficiently, but to create more value.**
>
> —Ann Holley, National Managing Partner – Tax, KPMG LLP

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OPERATING MODELS UNDER PRESSURE (CONTINUED)

Many legacy tax functions are struggling to scale effectively

Such pressures reveal the core limitations of legacy tax operating models. Functions designed for periodic compliance and planning cycles are struggling to provide the real-time, cross-jurisdictional insights needed to evaluate transactions, model scenarios, and support strategic decisions with confidence.

The growing gap between external pressures and internal capabilities makes it clear that simply layering new technology onto legacy processes is not enough for tax functions to manage risk, let alone drive enterprise value. A new approach is needed—one in which the tax function moves beyond simply reacting to change and sustains a new level of responsiveness to changing conditions.

The organizations pulling ahead are not just making isolated improvements; they are fundamentally transforming their operating models.

> **Pressures on staffing costs, external resources, and workforce location will continue. At the same time, it's becoming harder for companies to stay agile and scale effectively.**
>
> —Jed Larkin, Senior Vice President of Tax & Payroll, Moderna

Leadership checklist: Strengthening the tax operational foundation

As regulatory and geopolitical pressures mount, tax readiness becomes a critical component of enterprise agility. Leaders can move from a defensive posture to a proactive stance by treating the tax function as a strategic enabler of growth.

- ☐ **Break down functional silos:**
- ☐ **Build for agility:**
- ☐ **Connect tax readiness to enterprise resilience:**

Click on each box to see how to strengthen enterprise agility.

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Why integrated readiness outperforms fragmented modernization

Many organizations are modernizing tax, but too often those efforts remain fragmented. While technology investments and automation initiatives are advancing, they often outpace the structural changes required to support execution at scale.

For most organizations, modernization is improving selected activities without fundamentally transforming how the tax function coordinates work, manages complexity, or supports enterprise decisions.

A modernization gap prevents tax from deriving full value from investments

This is the modernization gap: the difference between making isolated improvements and building a truly integrated tax operating model. The data reveals that organizations with stronger readiness report greater value from their modernization investments across every capability area measured.

Value derived from modernization activities (percentage reporting very high value)

Activity	Bottom quartile of tax readiness	Top quartile of tax readiness	Performance advantage
Data quality/governance	**11%**	**46%**	**4.2x**
Staff training/skill building	**9%**	**41%**	**4.6x**
Workflow automation	**11%**	**52%**	**4.7x**
Tax technology	**4%**	**42%**	**10.5x**
Analytics/Dashboards	**4%**	**44%**	**11.0x**

The findings suggest that isolated investments may not be enough to drive broad performance improvement. Across all five modernization activities measured, organizations in the top quartile of tax readiness are between 4 and 11 times more likely than those in the bottom quartile to report deriving very high value from their investments.

Organizations in the top quartile of tax readiness also reported being significantly more likely than those in the bottom quartile to outperform peers across innovation, resilience, enterprise value, stakeholder trust, and workforce capability.

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WHY INTEGRATED READINESS OUTPERFORMS FRAGMENTED MODERNIZATION (CONTINUED)

The readiness dividend: Driving strategic enterprise impact

The "tax readiness dividend"—the quantifiable advantage associated with a more integrated operating model—is most visible in moments that demand strategic agility.

For organizations anticipating M&A activity, readiness is closely linked to success. Top-quartile organizations are significantly more likely to report confidence in mobilizing quickly for transactions, modeling transaction implications rapidly, supporting cross-functional decision-making, and responding under compressed timelines.

This is because organizations with the strongest tax readiness are likely to be better positioned to:

- Make decisions more confidently under uncertainty
- Coordinate more effectively across functions and jurisdictions
- Scale new capabilities more efficiently
- Maintain execution consistency under pressure

As complexity increases, the organizations pulling ahead are not simply modernizing tax. They are building integrated readiness. That is the difference between incremental progress and measurable performance advantage, and it appears to be an important foundation for scaling advanced tools like AI.

Becoming AI-native requires more than tools—it demands an integrated, enterprise-aligned tax function. Tax readiness is no longer a nice-to-have; it's the structure that turns modernization into measurable impact—and it's what separates organizations that compete and win from those that don't.

—Rema Serafi, Vice Chair – Tax, KPMG LLP

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WHY INTEGRATED READINESS OUTPERFORMS FRAGMENTED MODERNIZATION (CONTINUED)

Leadership checklist: Moving from fragmented progress to integrated readiness

True tax readiness that translates to measurable enterprise performance comes from building an integrated operating model, not just deploying disconnected tools.

- ☐ **Prioritize data integrity:**
- ☐ **Focus on the operating model, not just the technology:**
- ☐ **Invest in your people:**
- ☐ **Measure what matters:**

Click on each box to see how to build an integrated operating model.

We are supporting the business, allowing it to do the things it really wants to do, by giving them the right guidance to perform in the most efficient way possible.

—Robert Deitz, Vice President of Tax, Aramark

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AI's role in readiness

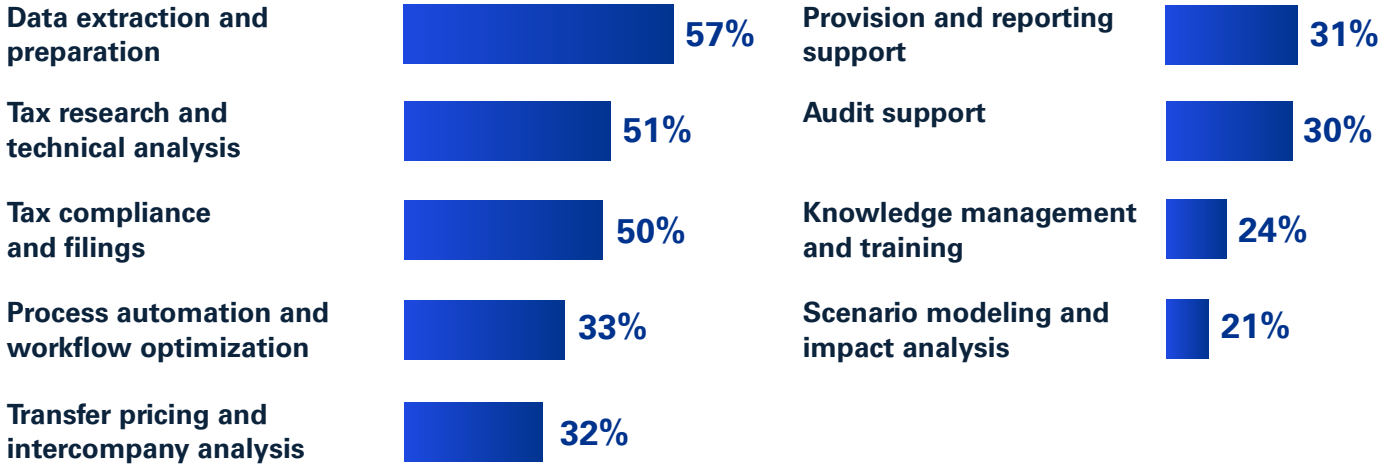
AI adoption is accelerating faster than operational integration

Organizations are expanding AI investment across tax operations to manage growing complexity, improve efficiency, and strengthen decision-making. One-third of respondents (34 percent) report that their organization has an aggressive appetite for AI investment. And AI is already being applied across a broad range of tax activities, from data extraction and compliance to research and workflow optimization.

However, AI deployment remains concentrated at the task level in many organizations. Most deployments remain concentrated within discrete activities and workflows rather than integrated across end-to-end operating processes, limiting broader operational impact.

AI is being applied broadly across tax activities

(percentage of organizations applying AI across specific processes)



> **AI is becoming an increasingly important driver of readiness, with the potential to help organizations navigate complexity, uncover deeper insights, and respond more quickly to change. Realizing its potential, however, requires the right foundations, from data and governance to processes and talent, so AI can be embedded across the business and deliver meaningful value.**
>
> —Brad Brown, Chief Digital Officer – Tax, KPMG LLP

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AI'S ROLE IN READINESS (CONTINUED)

AI is exposing operational capability gaps

Organizations with stronger readiness are significantly more likely to report integrated data environments, governed AI adoption practices, workforce trust in AI-supported decision-making, and enterprise systems capable of supporting AI deployment at scale. They are also far more likely to embed AI into day-to-day operations in a controlled, repeatable way.

The data illustrates this gap clearly: 53 percent of top-quartile organizations report access to high-quality data suitable for AI-enabled tax analysis, compared with just 3 percent of bottom-quartile organizations. These findings reinforce the importance of operational readiness in translating AI adoption into sustained value.

> **When it comes to investing in AI for tax, the key driver remains access to data. AI may provide a supercharger, but without the data, you don't have the engine, and the supercharger does not add a huge amount of value—it's just another thing that you have.**
>
> —Jed Larkin, Senior Vice President of Tax & Payroll, Moderna



of tax leaders view their function as fully integrated with enterprise systems and decision-making

The AI readiness divide

Investment in digital tools and generative AI across corporate tax departments has accelerated dramatically. However, technology acquisition alone does not translate to strategic capability. In fact, nowhere is the readiness divide more visible. Top-quartile organizations are **24x more likely** to derive very high value from deploying agentic AI than bottom-quartile peers.

This reality reflects broader enterprise trends documented in recent KPMG research conducted with the University of Texas at Austin, which found that just 5 percent of organizations have reached sophisticated, scaled AI maturity.[2]

Similarly, this survey finds that only 6 percent view their tax function as fully integrated with enterprise systems and decision-making.

Both findings highlight a critical principle: Technology investments are more likely to deliver ROI when layered onto mature operating models, high-quality data pipelines, and clear governance. Success can also depend on people, including how effectively teams adopt new tools, build new skills, and integrate AI into everyday decision-making. For tax leaders seeking to move upstream, the opportunity extends beyond acquiring new software to embedding digital intelligence, together with the right expertise, more deeply into enterprise decision workflows.

> **You have to be able to communicate, you have to be analytical, and you have to be able to use the tools correctly. In my mind, those three things line up as to how you drive value.**
>
> —Robert Deitz, Vice President of Tax, Aramark

[2] "What the Best AI Users Do Differently—and How to Level Up All of Your Employees," Harvard Business Review, March 19, 2026.

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AI'S ROLE IN READINESS (CONTINUED)

From adoption-led AI to performance-oriented AI

The strongest AI outcomes are associated with organizations that have embedded AI into how work moves across the function, rather than layering AI onto disconnected processes. In higher-readiness organizations, AI integration is associated with greater speed and consistency across functions and jurisdictions.

Adoption-led AI	Integrated AI
Task-level use cases	End-to-end process integration
Isolated tools	Integrated systems and data
Localized efficiency gains	Enterprise impact
Limited governance	Embedded governance and trust
Incremental improvement	Operating model transformation

The next competitive divide will likely be between organizations that have built the readiness required to operationalize AI at scale and those that have not.

Leadership checklist: Turning AI adoption into strategic impact

Leaders can close the gap between AI experimentation and realized business value by shifting focus from adopting AI tools to integrating AI into the core of their operating model.

Move beyond task automation: Identify opportunities for end-to-end process integration, where AI can orchestrate workflows and connect disparate systems, rather than just automating isolated tasks.

Recognize that AI amplifies your foundation: Understand that AI will not fix a broken operating model; it will only highlight its weaknesses. A strong data foundation is nonnegotiable for AI success.

Embed governance from the start: Build trust and ensure responsible scaling by embedding risk management, human oversight, and clear governance protocols into your AI initiatives from day one.

Click on each box to see how to turn AI adoption into strategic impact.

Reset

Our organization has acquired a tax-specific AI subscription and continues to leverage it, while realizing the scope of what AI can do for the tax function.

—Robert Deitz, Vice President of Tax, Aramark

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Building readiness to scale

Balanced investment across the operating model

The strongest readiness outcomes come from balanced investment across all five dimensions, rather than concentrating investment in just one or two.

Readiness leaders don't build capabilities in isolation but invest across the full operating model so that progress in one dimension is supported by the others.

Capabilities most associated with scalable readiness	What they enable
Governance and risk management	**Control, trust, and adaptability**
Process efficiency and workflow management	**Scalable execution across jurisdictions**
Technology and data infrastructure	**Visibility, integration, and AI scalability**
Talent, skills, and workforce capability	**Judgment, execution, and agility**
Strategic alignment and organizational influence	**Earlier involvement in enterprise decisions**

Together, these capabilities form the foundation of a scalable tax operating model, enabling organizations to absorb change, coordinate effectively, and deploy new technologies with confidence. They also help position tax as a more strategic function, with the talent, skills, and organizational influence needed to engage earlier in enterprise decisions and shape business outcomes.

Readiness leaders are significantly more likely to report formal, repeatable approaches to tax risk management and proactive monitoring of emerging regulatory changes rather than reactive escalation under pressure.

Workforce capability is also emerging as a key differentiator. Readiness leaders are significantly more likely than bottom-quartile organizations to report workforce advantage (35 percent versus 7 percent). Fifty-six percent report having the workforce capabilities required to operate effectively under evolving business and regulatory demands, compared with just 6 percent of bottom-quartile organizations.

But building and maintaining those capabilities is becoming increasingly challenging as tax functions face growing complexity and resource constraints. As a result, many organizations are turning to managed services to improve scalability and gain access to specialized expertise. More than two-thirds (66 percent) report that managed services delivered high value to their tax function over the past year.

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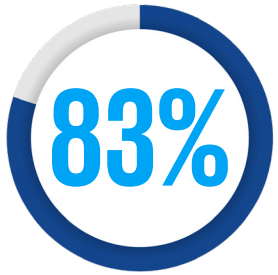
BUILDING READINESS TO SCALE (CONTINUED)

Moving tax upstream in enterprise decision-making

Leaders are looking to tax functions to help shape how strategic choices are evaluated, structured, and executed under changing regulatory and geopolitical conditions.

This expectation is not coming from tax leaders alone. Survey respondents included a broad mix of enterprise decision-makers, including leaders from the Office of the CEO/President/Owner/Founder, Finance, and Technology, Data, and Information Security functions, reinforcing that the demand for earlier tax involvement extends across the organization.

Tax in enterprise decision-making



of organizations say that tax should be involved earlier in strategic business decisions.

High-readiness organizations are significantly more likely to involve tax early in:

- M&A activity
- Supply chain decisions
- Pricing strategy
- Operational transformation

As organizations seek earlier tax involvement, the distinction between readiness leaders and their peers becomes increasingly visible. While many organizations expect tax to operate as a strategic business partner, helping inform decisions, manage risk, and create value, not all have the operating capabilities required to support that role.

Aligned organizations	Misaligned organizations
Commitments supported by operating capabilities	**Commitments exceed operational capabilities**
Consistent execution across jurisdictions	**Fragmented or inconsistent execution**
Integrated data and governance	**Gaps in data, process, or control**
Transparent and credible reporting	**Increased exposure to scrutiny and challenge**
Trust reinforced over time	**Trust eroded over time**

> **People need to think about what's coming next. Five years from now, the tax organization is going to look incredibly different.**
>
> —Jed Larkin, Senior Vice President of Tax & Payroll, Moderna

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BUILDING READINESS TO SCALE (CONTINUED)

Leadership checklist: Prioritizing the capabilities that drive scalability

Readiness leaders are not trying to do everything at once; they are making focused investments in the core capabilities that deliver scalability and adaptability. A strategic approach to capability building is the most effective path to sustained readiness.

- ☐ **Elevate tax governance to a strategic priority:**
- ☐ **Treat your workforce model as a competitive advantage:**
- ☐ **Align commitments with capabilities:**

Click on each box to see how to prioritize the capabilities that drive scalability.

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The next generation of tax readiness

As regulatory volatility, AI adoption, geopolitical disruption, and cross-functional interdependence continue to accelerate, tax readiness is becoming less about modernization and more about organizational resilience.

The organizations pulling ahead are not simply investing in new technologies or isolated process improvements. They are building operating models capable of coordinating decisions, managing risk, and adapting under continuous change.

The challenge for leaders is no longer determining whether readiness matters. It is understanding where readiness gaps remain and how quickly they can be addressed.

Assessing your organization's tax readiness

Readiness leaders are distinguished by how effectively they strengthen and coordinate capabilities across five interconnected dimensions. The following questions are designed to help leadership teams identify constraints on readiness, prioritize capability development, and evaluate whether the tax function is positioned to support enterprise performance as complexity grows.



1.Governance and risk management



2.Process efficiency and workflow management



3.Technology and data infrastructure



4.Talent, skills and workforce capability



5. Strategic alignment and organizational influence

Click on each icon to see how to assess your organization's tax readiness.

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The tax readiness dividend is not created by any single technology, process, or organizational change.

It emerges when governance, data, workflows, talent, and strategic influence operate together as a coordinated system.

As complexity accelerates, the advantage will increasingly belong to organizations that can adapt, coordinate, and execute with consistency. For those organizations, tax readiness will become more than an operational capability. It will become a source of enterprise resilience, strategic influence, and long-term business value.

How KPMG can help

Digital Gateway

Powered by Claude

The role of tax is expanding. Organizations are pushing tax to move upstream—to inform strategy, shape decisions, and drive enterprise value, not just report what already happened. But as this report shows, most tax functions aren't there yet. The ambition is clear; the readiness isn't.

Closing that gap takes more than isolated technology upgrades. It takes a modern operating model that brings people, processes, and technology together—and that's where KPMG Tax works alongside your team. Whether you're optimizing processes, deploying new technology, or scaling through cosourcing and managed services, we help turn readiness into reality.

At the center is Digital Gateway Powered by Claude, which brings Anthropic's frontier AI into the platform where tax work happens—data, documents, and workflows in one connected, governed environment. It surfaces sharper insight and frees your people for the judgment and strategy only they can provide, because the value was never the technology alone.

Ultimately, we help tax leaders close the distance between where they are and where the business needs them to be, equipping them to deliver the forward-looking insight, strategic guidance, and enterprise value their expanding role demands.

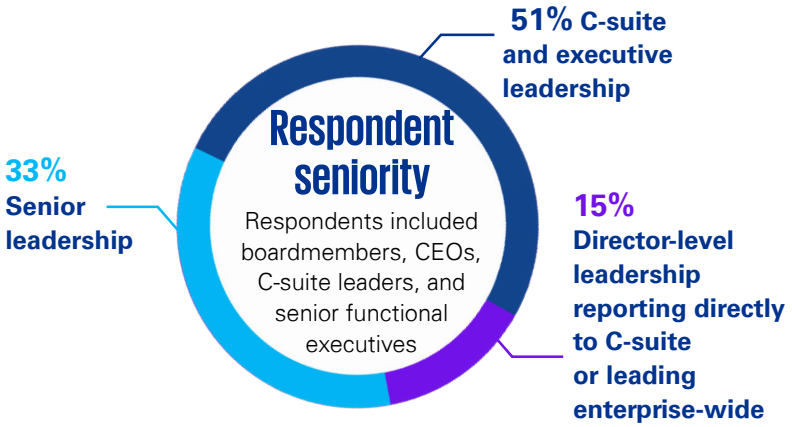
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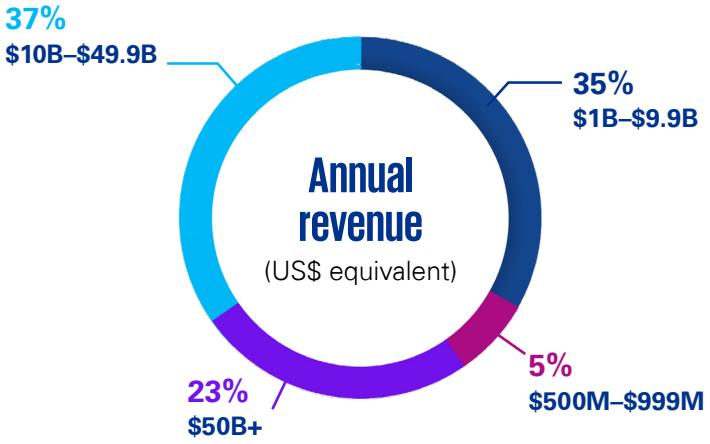
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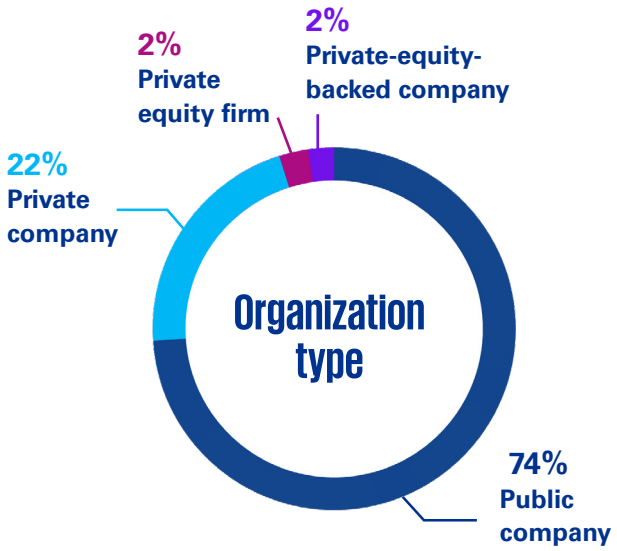
About the research

This study is based on a survey of 446 US senior leaders across tax, finance, legal, risk, operations, strategy, technology, and executive leadership roles.

The survey was conducted in collaboration with Ipsos between March 4 and April 9, 2026, and included organizations across financial services, technology, consumer and retail, healthcare, energy, and insurance, with annual revenues ranging from US$500 million to more than US$50 billion.







Additional Voices and Perspectives

Jed Larkin, Senior Vice President of Tax & Payroll, Moderna

Robert Deitz, Vice President of Tax, Aramark

This report also includes perspectives shared through interviews with the individuals above. Their observations provide additional context to the research findings; they did not participate in the research or analysis.

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