



The Future of Tax: Connected Modeling and an AI-Enabled Tax Function



Navigating the Ever Changing Global Tax Landscape

Today's tax environment is defined by rapid regulatory change and increasing complexity. From the corporate alternative minimum tax (CAMT) to evolving global minimum tax standards under Pillar Two, tax leaders are challenged to respond with agility, accuracy, and strategic foresight. Forward-thinking organizations are leveraging these changes as catalysts to modernize their tax functions—transforming compliance and reporting into engines of insight and value.

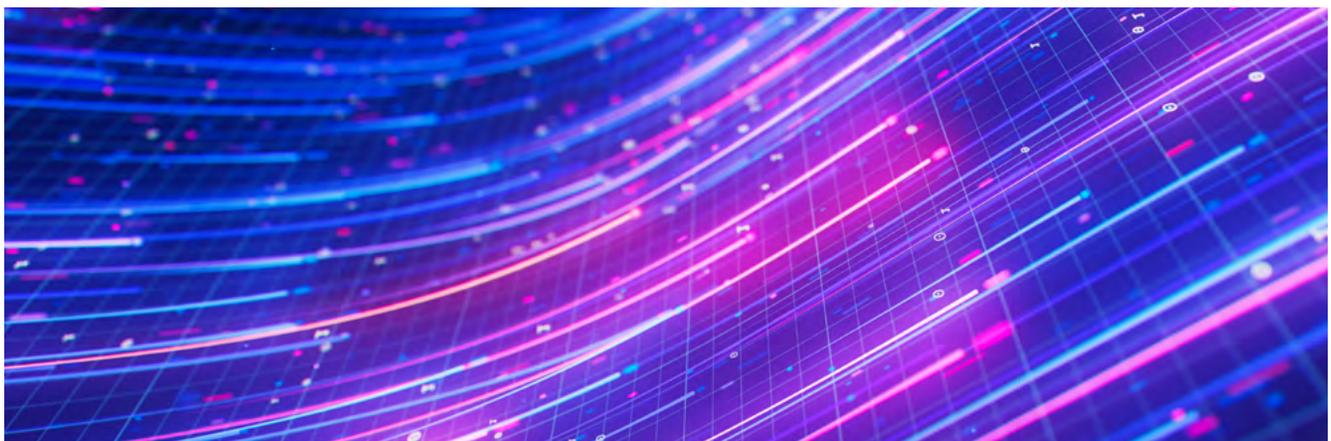
At KPMG LLP, we believe the future of tax is built on a connected data ecosystem, advanced modeling capabilities, and processes driven by artificial intelligence (AI). Our Digital Gateway platform helps bring these principles to life, enabling tax departments to operate with greater efficiency, control, and strategic impact.



The Data Strategy Imperative

As highlighted in a recent KPMG TaxWatch webcast, many organizations continue to grapple with fragmented data landscapes—multiple enterprise resource planning systems (ERPs), local ledgers, and disconnected spreadsheets. This fragmentation leads to incomplete, unstructured, or inconsistent information, driving numerous time-consuming reconciliations and manual data transformation exercises at quarter- and year-end.

A robust data strategy is now essential. Tax leaders must take stock of existing data and technology processes and proactively redesign data flows to consolidate information in a single, accessible location. Centralization is the foundation for leveraging AI, achieving operational efficiencies, and delivering accurate results. When tax engages in data strategy from the outset, organizations unlock real-time insights and empower teams to focus on higher-value activities.





The KPMG Digital Gateway Advantage

KPMG Digital Gateway stands apart from other platforms in a number of key ways:

- **Truly Connected and Unified Platform:** Unlike stand-alone or loosely bundled technologies, Digital Gateway integrates all KPMG tax technologies in a single ecosystem—eliminating data silos and enabling smooth data flow across multiple modules.
- **Embedded AI and Automation:** AI and automation are core to Digital Gateway, not just add-ons. Clients can realize real efficiency gains, accelerate close times, and reduce manual effort, while maintaining transparency and control.
- **Flexible, Modular Approach:** Select and pay for only the tools and outcomes needed, supporting cost management and phased adoption.
- **Integration with Data and Downstream Systems:** Designed to integrate with leading tax compliance applications, ERPs, and data sources, supporting both in-house and outsourced models.
- **Continuous Innovation and Support:** Ongoing platform enhancements, tax technical updates, and new features help ensure clients benefit from the latest advances and leading practices.
- **Security and Privacy Safeguards:** Rigorous standards for data security and privacy provide confidence in the integrity and protection of sensitive information.



Building a Connected Data Ecosystem

The KPMG Digital Gateway is purposefully designed to address various data challenges. It acts as a centralized repository for all key tax information, helping ensure data is consistently accurate, accessible, and ready for downstream applications and AI-driven processes.

Key Features and Modules of the Digital Gateway Data Ecosystem:

Legal Entity Manager (LEM): Serves as the single source of truth for entity data, creates a dynamic visual organizational chart, and helps ensure consistency and accuracy of entity data in all downstream tax applications and models.

DG Data Ecosystem: Centralizes data ingestion and management, helping ensure that all tax-relevant information is stored in one location and available for use across applications and modules.

Standardized Data Pipelines: Enables efficient input and output flows to and from the data ecosystem, eliminating disconnected workpapers and manual reconciliations. These pipelines support seamless integration with AI-enabled processes and downstream tax applications.

DG Documents & Workflows: Provides centralized document storage (tax returns, trial balances, certificates, etc.) integrated with process workflows. Tasks, due dates, and milestones are aligned, with real-time updates visible to all relevant stakeholders.

Analytics & Visualizations: Real-time summation and variance analysis prevent hidden anomalies. Clear dashboards illuminate changes and potential risk points, supporting proactive decision-making.

Connected Modeling Suite: The Connected Modeling Suite empowers tax teams to seamlessly link data to various models and tools used throughout the annual tax lifecycle, from legal entity forecasting and transfer pricing to tax provision, compliance, and planning processes. Users can quickly model the impact of complex legislative and business changes—all within a unified environment. Excel's familiar transparency is enhanced by automated data flows, allowing organizations to run multiple scenarios in parallel; assess the interplay of global, domestic, and state tax rules; and make informed, strategic decisions with confidence.



The KPMG Digital Gateway Connected Modeling Platform

From local compliance tasks to global scenario modeling, tax teams can coordinate everything in one location—reducing reconciliation hurdles and unlocking real-time insights. The platform’s modular design allows organizations to select the applications and modules most impactful to their needs, including:



US Domestic Tax

- **Business Tax Engine (BTE):** Cloud-based tax compliance solution for US federal, state, and international tax that integrates with third-party filing platforms.
- **Asset Management Platform (AMP):** Automates all phases of the asset management tax compliance and planning process, from data collection to tax form generation and distribution.
- **CAMT – Adjusted Financial Statement Income (AFSI) Model:** Helps taxpayers “right-size” financial statement income for US and foreign parented organizations and applies CAMT—specific adjustments to arrive at adjusted financial statement income for scoping and liability purposes.



Transfer Pricing/Legal Entity Forecasting

- **Legal Entity Forecasting (LEF):** Provides a reliable view of a company’s financial outlook by legal entity, function, and One Big Beautiful Bill Act (OBBBA) drivers, which reconciles to the Financial Planning and Analysis (FP&A) view, as well as transfer pricing policy and intercompany trade flows.



US State and Local Tax

- **State and Local Tax Modeling:** Calculates numerous state income tax modifications to federal taxation and potential state cash tax. Integrates with ITRA to determine state income tax for each relevant filing group.



US International Tax

- **International Tax Reform Analyzer (ITRA):** Enables extensive modeling of the international tax rules, including those introduced by the 2017 Tax Cuts and Jobs Act, OBBBA, prior-existing tax rules, and current international tax proposals.
- **KPMG Pillar 2 Analyzer:** Calculates the impact of the BEPS 2.0 Pillar Two provisions, including safe harbor calculations; global anti-base erosion (GloBE) computations; and determination of qualified domestic minimum top-up tax (QDMTTs), Income Inclusion Rule (IIRs), and Undertaxed Payments Rule (UTPRs).
- **Previously Tax Earnings & Profits Analyzer (PTEP):** Performs extensive attribute tracking and determines the impact of cross-border cash repatriation, including Section 986(c) gains/losses, Section 960(b) credits, and hypothetical distributions under APB 23/ASC 740-30.
- **Section 987 Model:** Allows taxpayers to quantify the impact of remittances, consider the impact of relevant methods and tax elections, track deferred gain/loss, and suspended losses and comply with the final section 987 regulations.



The KPMG Digital Gateway Connected Modeling Platform

To learn more about how KPMG Digital Gateway can address your organization's unique tax challenges, we invite you to reach out to your local KPMG contact or one of our specialists for a brief discussion or tailored demonstration.



Contact us

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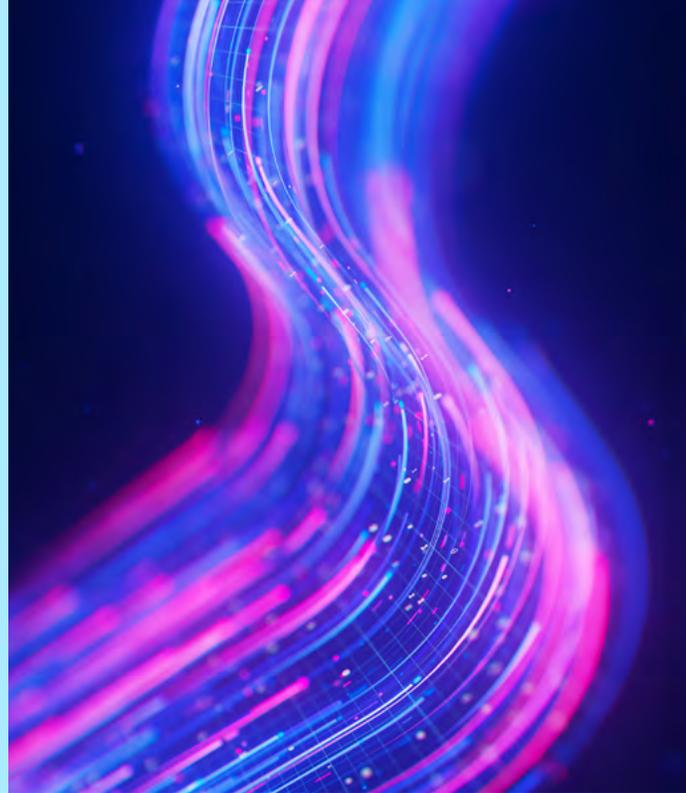
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