



# Strategically scale your tax operations with managed services

Discover a tax operating model for navigating short-term demands and creating long-term value

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# Introduction: Why are tax and finance leaders leaning into managed services?

In a demanding tax landscape, collaboration is essential. Tax managed service alliances bring the best of organizations and their tax providers together to effectively navigate complex tax challenges.

**Christopher Yeaton**  
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Rapid changes in the tax landscape, driven by the recently enacted One Big Beautiful Bill (H.R.1), the implementation of the Organisation for Economic Co-operation and Development's global tax deal, and frequent regulatory and tariff changes—collectively known at KPMG as the “Tax Policy Trifecta”—are creating unprecedented challenges for tax and finance leaders. To navigate this complex environment, tax departments need scalable, end-to-end solutions and access to leading technology and talent.

This is where tax managed services come into play, offering a comprehensive and flexible approach to managing tax operations. According to the KPMG Managed Services Outlook Survey 2026, **tax is the #1 area where managed services are deployed at scale.** Forty percent of 1,224 global senior leaders surveyed have adopted managed services at scale in their organization's tax function. Companies are adopting managed services across tax and other key business functions to drive cost savings and efficiency as well as other kinds of strategic impact, including access to new tech and faster speed to market for new products and services. Tech innovation is where managed services are expected to drive the greatest transformational effects.<sup>1</sup>

Tax managed services provide organizations with the ability to leverage advanced technology, data-driven insights, and specialized expertise from a trusted tax provider. By integrating these capabilities, tax functions can enhance their operational efficiency, ensure compliance, and drive strategic value. The managed services model allows for the seamless scaling of resources to meet evolving needs, enabling tax departments to stay ahead of regulatory changes and help optimize their tax strategies.

In our work helping organizations enhance their tax functions, we have helped many clients adopt thorough sourcing strategies, including integrated, efficient, and adaptable managed services solutions. This report provides insights and guidance from our extensive experience in building digital, global, and efficient tax operating models. We hope it helps you explore the managed services opportunity within your organization's tax function.

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<sup>1</sup> Accelerating AI with managed services: KPMG Managed Services Outlook Survey 2026 (KPMG LLP, 2026)

# 1 Market signals: The growing case for tax managed services



In my experience, the Tax Managed Services market is approaching \$1B - and more importantly, it's accelerating. What we're seeing is a clear shift from transactional outsourcing to long-term operating model transformation, as organizations look to balance efficiency, risk, and long-term scalability.



**Christopher Yeaton**  
Tax Managed Services Leader

<sup>2</sup> Accelerating AI with managed services: KPMG Managed Services Outlook Survey 2026 (KPMG LLP, 2026)

<sup>3</sup> Accelerating AI with managed services: KPMG Managed Services Outlook Survey 2026 (KPMG LLP, 2026)

<sup>4</sup> Accelerating AI with managed services: KPMG Managed Services Outlook Survey 2026 (KPMG LLP, 2026)

<sup>5</sup> 2024 KPMG Chief Tax Officer Outlook (KPMG LLP, 2024)

**Tax** is the **#1** area where managed services are deployed at scale.

**40%** of companies have adopted managed services at scale in the tax function.<sup>2</sup>

**87%** say managed services are highly integrated in digital transformation strategy.<sup>3</sup>

**98%** cite AI implementation as a critical capability.<sup>4</sup>

**Greater access to advanced technology** is the **#1 benefit** of increasing sourcing strategies like managed services in the tax department.<sup>5</sup>

## Dive into our thinking

Get started reimagining your tax function with insights and guidance on:



Key drivers of operational change in the tax function



Differences between managed services, outsourcing, and co-sourcing



How managed services address major tax operational challenges



A look at the power of managed services in tax

## 2 The tax policy trifecta: A catalyst for change

New levels of efficiency, scalability, and insight are needed—levels that cannot be achieved alone.

Today's tax environment is extremely complex, with tax functions facing rapid and constant changes both externally and internally.

Externally, the tax landscape is undergoing significant transformations due to the tax policy trifecta, which includes tax changes and provisions of the One Big Beautiful Bill Act, the implementation of global reforms such as BEPS 2.0 Pillar Two, and new regulatory changes under the Inflation Reduction Act and Corporate Alternative Minimum Tax. These disruptions are driving the need for new approaches to navigate risks, respond swiftly to regulatory changes, and plan for future scenarios.



**One Big Beautiful Bill:** The One Big Beautiful Bill adds another wave of complexity to the tax code, with both temporary and permanent provisions for corporations to sift through. The bill, signed into law by President Trump on July 4, 2025 to complete the year's budget reconciliation process, introduces a host of revenue-raising provisions, generally makes the expiring tax provisions of the Tax Cuts and Jobs Act permanent and cancels planned structural changes to international tax rules. It also includes various deductions for certain sectors and individual taxpayers related to research and development investments, state and local taxes paid, tips and overtime income, and more.



**Global reforms:** The ongoing implementation of BEPS 2.0 Pillar Two, future developments post-Pillar One, and global trends like the United Nations' agenda on cross-border services withholding tax all demand strategic attention and adaptation. These global reforms aim to address tax base erosion and profit shifting (BEPS), ensuring that multinational enterprises pay their fair share of taxes in the jurisdictions where they operate. Tax functions must stay abreast of these changes and implement robust compliance measures to avoid penalties and reputational risks.



**Evolving regulatory and tariff changes:** New guidance under the Inflation Reduction Act and the Corporate Alternative Minimum Tax—along with the Trump administration's evolving regulatory agenda, which has created potential new legislation and executive orders surrounding tariffs and trade policies—require agile responses. The evolving regulatory landscape necessitates continuous monitoring and adaptation to ensure compliance and optimize tax outcomes. Tax functions must be equipped with the tools and expertise to navigate these changes effectively.



The external disruptions are also compounding internal challenges that have long burdened tax departments—namely, access to the technology and talent at the scale needed to meet business and regulatory expectations. Despite efforts to leverage tax software, enterprise systems, data and analytics, compliance automation, and other tools to boost productivity and efficiency, many tax departments struggle to keep up.

# 3 Managed services: The next-generation tax operating model

Going beyond outsourcing in scope, agility, and impact

To navigate the complexities and disruptions of today's tax environment and meet growing expectations and responsibilities, maintaining a traditional, business-as-usual approach is no longer feasible. Tax functions need advanced tools and skills, but investment has lagged, workloads have increased, and resources are limited.

Tax leaders facing this confluence of challenges realize that end-to-end operational change is the only way forward. As they envision their future, managed services increasingly stand out as an operating model built to position their tax function to stay ahead of the evolving tax landscape.

A tax managed services delivery model is a collaborative, comprehensive sourcing approach that brings together key teams to provide the best possible contingent of talent to deliver the tax function. Implementing managed services allows for a blend of internal and external resources, leveraging the expertise of both the in-house team and the service provider. This model enhances the tax function's operational efficiency and effectiveness by allowing for flexibility in scaling resources based on the organization's evolving needs and priorities.

In a managed services relationship, the combined team includes a dedicated core service provider team, service provider specialists, and, potentially, rebadged tax professionals from the client organization. Together, they comanage all aspects of specific or full tax function processes to help deliver internal and external requirements and achieve the organization's tax and business objectives. Coverage generally spans the full tax operations lifecycle: forecasting, data collection and processing, technical analysis, last mile reporting, accounting impact, planning and process improvement, and stakeholder management.

Unlike the segmented style and limited interactions of a typical outsourcing or co-sourcing engagement, the managed services provider becomes an integral part of the organization and its day-to-day tax functions. In a managed services relationship, deep connectivity to the business, constant communication, and inclusion in strategic conversations are the norm. This level of involvement helps ensure the combined tax team thoroughly understands the organization's key business priorities along with the entire tax landscape, including processes, operations, business approach, and financial cycles. In this way, the managed services model allows the enterprise to retain control of tax function data, intellectual property, and decision-making authority, while still having access to institutional knowledge and benefiting from the strategic insights, practical efficiencies, and technology investments of the service provider.

## Where do managed services fall on the sourcing spectrum?

Managed services, outsourcing, and co-sourcing are different approaches to handling tax operations within an organization.

# 4

## Managed services: A strategic lever for modern tax functions

### How managed services addresses today's tax challenges

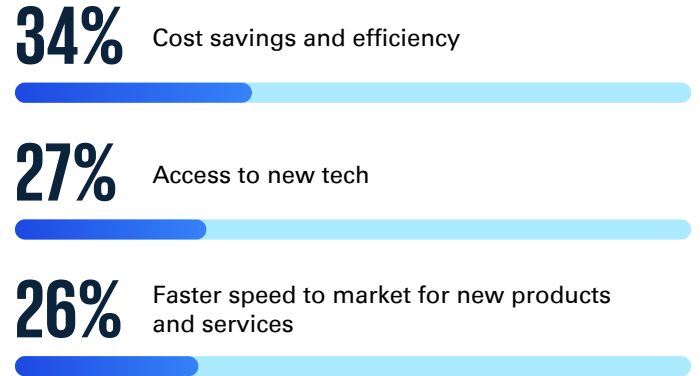
Managed services—more than any other sourcing strategy—has the potential to holistically address the range of operational issues that keep tax and finance leaders up at night, from managing fluctuating workloads, to the adoption of advanced technologies, to attracting and retaining talent, to controlling costs amid a changing regulatory environment.

In fact, the 2026 KPMG Managed Services Outlook Survey finds that companies are increasingly using managed services toward strategic intentions like accelerating innovation and transforming models. In addition, over the next two years, transformational managed services will become increasingly for long-term value generation.<sup>6</sup>

Tax especially is emerging as a leading function in the adoption of managed services at scale—ranking among the top three across the enterprise. Tax leaders increasingly view managed services as a strategic lever for long-term value, aligning with broader global trends.

<sup>6</sup> Accelerating AI with managed services: KPMG Managed Services Outlook Survey 2026 (KPMG LLP, 2026)

### Top 3 goals for managed services<sup>6</sup>



Here is a deeper look at how a managed services relationship enhances tax operations, driving its emergence as a trusted solution for tax leaders to meet ever-growing demands and drive business value.



# 5 A look at the power of managed services in tax



# 6 Expect more: KPMG Tax Managed Services

What if the sky isn't the limit for your tax function?

KPMG Tax Managed Services can help you reimagine your tax operating model to keep pace in today's highly fluid, fast-paced environment with agility and efficiency. We support you across your entire tax lifecycle by providing broad, scalable tax capabilities—fueled by technology, operational experience, and a deep bench of professionals—that align with your unique needs.



## Our scalable, thorough approach...

- Methodologies and tools that align to your unique needs
- Services that adapt to changing business requirements, regulations, and risks
- People who help bridge your skills gap, increase resilience, and create opportunities for career growth
- A platform that prioritizes data as the force that drives your tax function
- The latest technology with AI and advanced data analytics

## ... helps your tax function achieve key benefits and outcomes:

- Elevating tax into an enterprise-wide value creator
- Generating capacity for strategy and risk-management activities
- Delivering innovation and efficiency
- Enhanced compliance and reporting capabilities
- Improved risk management
- Greater insights into tax-saving paths
- Career opportunities for transferred talent.

# Connect with us

Our team of tax specialists is ready to collaborate with you to evolve your tax operations—helping you meet intensifying demands while maintaining control.



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Chris is a Tax partner leading the KPMG Tax Managed Services practice. Prior to joining KPMG from another Big Four firm, Chris was the operations leader of their managed service platform. In this role, Chris helped pioneer the tax managed service offering in the market and was responsible for operating the go-to-market approach, delivery model, technology strategy, human capital strategy, and operations as well as managing financial results of the practice. Earlier, Chris spent 10 years at General Electric, where he held various tax leadership positions, and Raytheon Company, where he was the director of Global Tax Operations.



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David is a Tax partner in the KPMG Tax Managed Services practice where he is focused on tax operations technology, process, and resource design to accelerate the growth of the KPMG Tax Managed Services business, enhance our delivery model and infrastructure, and support client-service delivery teams. David has more than 20 years of public and in-house tax experience leading global and domestic engagements for multinational companies involving operational execution and technology implementations. Prior to joining KPMG, David served as a partner in the tax managed services group of another Big Four firm and also spent 10 years at GE Capital and GE Corporate, holding various tax operations leadership roles.



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Kory is a Tax partner in the KPMG Tax Managed Services practice, focused on tax operations process, resource, and technology design. He has more than 25 years of experience in the tax operations space, with approximately 20 years in complex multinational corporate tax departments across various industries. During that time, Kory led the tax accounting team for the North American operations of one of the largest global vehicle manufacturers and was the global tax operations leader for the world's leading aircraft finance company. Since returning to public accounting, Kory has led multiple large managed service engagements, focusing on transition, transformation, and iterative improvement cycle-over-cycle.



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Leslie is a managing director in the KPMG Tax Managed Services practice, serving as the Human Capital lead for Tax Managed Services engagements. She has over 25 years of experience in tax operations, with a focus in technology and process improvements. She joined KPMG in 2020 as part of the HP Inc. co-sourcing engagement, leading a team of over 125 employees transitioning to KPMG. Leslie previously served as the chief operating officer for global tax at HP Inc., responsible for the global technology strategy and cross-functional initiatives within the tax, finance, and information technology teams. She was on the program team for the chief financial officer's High Potential Mentoring Program, dedicated to people development, team building, and executive presence.



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