



KPMG Tax ESG services

Environmental, social, and governance (ESG) strategies can help companies drive economic vibrancy and deliver long-term value through effective engagement with all stakeholders—generating trust and competitive advantage. Tax is emerging as a critical element of a company’s ESG journey.

Sustainability is a firm's ability to exist continuously, meeting the needs of today without compromising the world of tomorrow. Tax can play an important role in helping to create sustainable value that aligns with the company's overall ESG vision. Moreover, tax touches all of the United Nations Sustainable Development Goals and has huge potential to impact how communities thrive and prosper.

It is imperative that tax departments work closely with the business to get a full understanding of how the organization is changing, who is driving the changes, where they are being driven from, and how they are changing the concept of value creation from the perspective of all stakeholders—from customers to investors, employees and local communities.

Sustainable tax practices create value:



Building trust through appropriate transparency



Achieving sustainability goals through credits and incentives



Mitigating risk through an appropriate and adequate governance framework



Enhancing supply chain and enriching value chain



Gaining access to timely and accurate tax data to enable and support business decisions

Tax is both a driver and a measure of sustainability:

Tax as a driver

Taxes are often used as a tool to influence decision-making. There are tax implications with all business decisions, such as how a company approaches transfer pricing, trade and customs, and supply chain operations. Tax and nontax incentives and benefits exist to encourage companies to make sustainable decisions and participate in sustainable tax planning.

Tax as a measure

The taxes a company pays, and how they communicate their tax strategy, is a metric used to determine the sustainability of an organization. Increasingly, companies are being more transparent about their tax affairs—to demonstrate how their approach to tax is advancing their ESG commitments, to gain public confidence that they are paying their “fair share” of tax, and to achieve both these objectives.



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Credits and incentives

A holistic credits and incentives review (for international, federal, state, and local opportunities) includes reviewing the current process for claiming tax credits and incentives and designing a tech-enabled process to identify, implement, and prioritize credits and incentives that is coordinated with the company’s strategic goals. Credits and incentives may bolster and even “pay for” a company’s ESG initiatives.

With uncertain economic conditions and an ever-changing business environment, it is imperative companies consider all global, U.S. federal, and U.S. state credits and incentives.

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Economic and social impact studies

A properly designed and executed economic impact analysis can generate objective and reliable results. KPMG economic and statistical professionals are trained in applying methodologies to evaluate the economic and social impacts of investments, enabling you to make confident and strategic planning decisions based on a solid foundation of evidence-based analysis and documentation.

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Locational services, including Qualified Opportunity Zones (QOZ)

Identifying the appropriate location for your investment is essential for its success. KPMG professionals can assist with QOZ location and site analysis, consult in the optimal structure for your investment, assist in determining whether the assets satisfy the QOZ requirements, monitor continuing qualifications of QOZ and QOZB status, and identify available and potential local subsidies.

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Renewable energy services

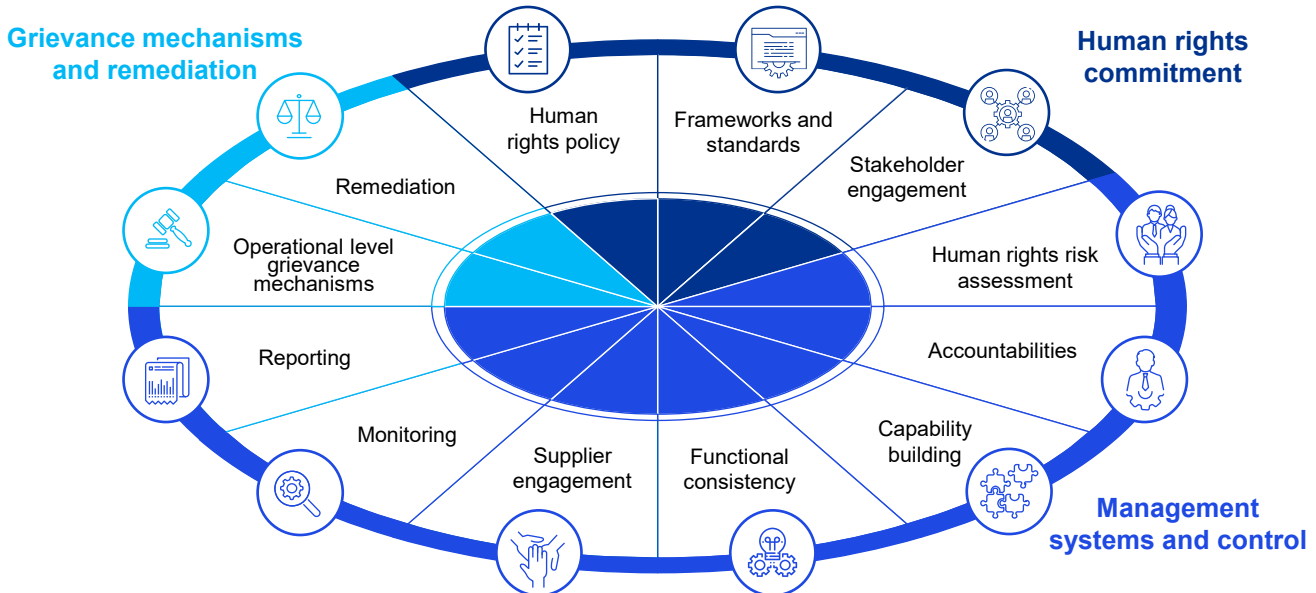
As clients navigate their transition to renewable energy sources, our innovative and integrated portfolio of services helps you successfully achieve this transition. KPMG professionals advise clients on the broad range of tax issues facing all participants in the industry—from the tax implications of costs incurred before the development to the sale of existing projects, eligibility for credits and incentives, and complex tax and financial reporting implications of ongoing projects.

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Trade & Customs

Our KPMG Trade & Customs team leverages experience and automation technology to further enhance a company's anti-forced labor program and human rights commitments. Members of our team regularly merge the world of trade and customs with human rights by leveraging data-driven and automated solutions to devise sustainable business solutions. We have worked on engagements concerning forced labor risk assessments, staff development, and anti-forced labor program enhancements. With growing regulatory challenges surrounding the environment, the Trade & Customs group also supports clients by assisting with green deal carbon border adjustments, critical mineral reviews based on country of origin, and proposed battery passport regulations.



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Tax transparency

The way multinational corporations approach their tax filings and tax transparency in general has been radically altered by ESG reporting. ESG-conscious stakeholders are pushing businesses to adopt voluntary tax transparency measures like publishing their worldwide tax strategy, approach to corporate tax governance, and even the amount of taxes paid by jurisdiction in order to demonstrate that they are paying their "fair share" of tax and practicing "tax good governance." KPMG employs a tech-enabled approach that helps ensure our clients develop a data-informed approach to their unique tax strategy, tax governance, and tax transparency. Our team assists with public country-by-country reporting, aids in developing a global tax strategy document, and performs a KPMG Tax ESG Maturity Assessment.



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Value chain management and sustainable supply chain

The supply chain brings to life the ethical and sustainable vision of a business. Supply chains and procurement are only as resilient as their weakest link. The KPMG Value Chain Management suite of services-connected offerings and digitally enabled solutions can help assess your supply chain, identify risks in your supply chain (e.g., transfer pricing and indirect tax issues), embed required governance, and responsibly capture the value created with your ESG efforts (e.g., where the IP is located), etc.

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Contact us-taxesghub@kpmg.com for support on your tax ESG journey.

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