International Tax-Exempt Services

Development and Exempt Organizations
Who we are and how we can help

Our International Tax-Exempt Services (ITES) practice was built in response to the needs of our not-for-profit clients, including academic and healthcare institutions that demonstrated an increasing interest in globalization.

To meet these needs, KPMG LLP (KPMG) aligned subject matter professionals from various U.S. practices, including:

- Employment Tax Services
- Global Payroll Services
- Development & Exempt Organizations (DEO)
- Global Mobility Services
- Transfer Pricing
- Global Compliance Management Services
- International Corporate Services

The ITES practice brings extensive global and regional knowledge to bear in support of our clients’ international operations. We offer global industry leading practices and hands-on local experience underpinned by proprietary technologies and well-established methodologies and processes.
We believe that our integrated service approach under the ITES umbrella can play a critical and supportive part in assisting you with your international strategies and compliance needs.

<table>
<thead>
<tr>
<th>Where risks are identified, KPMG’s ITES team and network of subject matter professionals are available to help you address challenges related to cross-border activity including:</th>
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<tbody>
<tr>
<td>New country entry</td>
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<tr>
<td>Due diligence of potential partner/joint venture organizations</td>
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<tr>
<td>Sector specific regulations</td>
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<tr>
<td>Business travel tracking (expatriate and temporary)</td>
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<td>Immigration</td>
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<td>Banking and financial controls</td>
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<td>Political and cultural awareness</td>
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<tr>
<td>Data privacy</td>
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<tr>
<td>Internal controls</td>
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<tr>
<td>Import/Export regulations and obligations</td>
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<tr>
<td>Foreign Corrupt Practices Act training and compliance</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Compensation and benefits</td>
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<tr>
<td>Nonresident alien taxation</td>
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<tr>
<td>Grant and program support</td>
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</table>
A comprehensive offering

We have helped prominent U.S. not-for-profits transform their approach to global tax and risk management strategies and compliance. We can help you transform yours.

We offer a scalable, phased approach to risk identification, mitigation, and management to respect our clients’ budgetary and resource limitations. For example, KPMG’s International Tax-Exempt Services Organizer (ITESO) is a cost-effective way to help clients identify risk areas of focus and prioritize the risks in multiple jurisdictions relative to one another, allowing them to address the greatest risks first (see the following section for more details on ITESO).

**ITES: One international tax adviser**

**Compliance and Ongoing Support**
- Global compliance management and related consulting
- International human resources
- Discussions and negotiation with taxing and other regulatory authorities
- Global compliance calendar

**Governance Support**
- Design internal controls and infrastructure
- Enterprise-wide global expansion strategy
- Grant/project facilitation
- Risk management and protecting global reputation
- Policies development

**Existing Activities**
- Gap analysis
- Partner due diligence
- ITESO Risk Analysis
- Invoicing and withholding requirements
- Vendor analysis
- Maximize benefits and incentives

**New Country Entry**
- Analysis on compliance and regulatory obligations
- Immigration requirements
- Transactions and reorganizations
- Exit strategy
- Financial projections and verification
A tailored approach

We understand your concerns are broader than tax compliance alone.

There may be room for improvement as well as a desire for change. We are aware of the challenges you face as a U.S. nonprofit entity with far-reaching global operations. We understand the principal areas requiring careful attention are not just ongoing tax compliance but also include managing reputational risk, understanding the gaps in current procedures, new country entry and exit considerations, and more. KPMG has tailored its ITES engagements to these and other exposure areas proactively.

A plan to address your specific issues will be tailored based on a current-state assessment, strategy for growth, and level of risk tolerance.
Project oversight and management

We understand the importance of developing a strong partnership with a trusted adviser who can provide clear, consistent, and timely advice on regulatory, tax, operational, and organizational issues affecting activities in the United States and overseas.

You can be confident KPMG’s previous experience and tested methodologies will offer you peace of mind. In addition, we have the overwhelming support of our broader KPMG International network of firms, which provides for an engagement structure that aligns with your structure so that the right people are working for you at every level in every location.

Our approach is highly responsive, user-friendly, hands-on, upbeat, and will encourage frequent communication. Our engagement team members drive our service delivery with the goal of creating long-term relationships.

ITES methodologies provide:
— A single point of accountability
— Mechanisms to understand specific needs
— Continual 360-degree feedback on the status of projects
— Access to U.S. and local value-add services
— Process to identify and address potential gaps
— High-quality answers and solutions

We define success in one way: our ability to help you succeed.

As important as the services we deliver is the style in which we deliver them.
Our project philosophy provides an integrated centralized management structure to suit your needs at both local and global levels. KPMG has assembled an experienced team for you that will understand your operations, structure, and governance.

**Your team’s structure**

- **You**
- **Single point of contact**
  - Critical scheduling
  - Deployment
  - Any other logistical issues associated with complex engagements
- **Local country service team**
  - Serving as local contacts and advisors to you
  - Identifying value-add opportunities
  - Providing thorough knowledge of local tax laws
  - Helping to ensure effective assistance with planning and compliance
  - Resolving any local-related issues that may materialize
- **Subject matter professionals**
  - Managing specialized subject matter guidance in areas such as direct and indirect tax, transfer pricing, payroll, global mobility, grantmaking, and others
  - Assisting with technical aspects in respect of various procedural requirements and leading practices including guidelines and filings
  - Identifying potential planning, cost savings, and efficiency opportunities for you
- **KPMG US core project management team**
  - Leading the creation and transition of the engagement
  - Implementing all services
  - Coordinating of day-to-day activities
  - Communicating any issue resolution
  - Centralized invoicing
  - Reporting
  - Providing assistance and contextual information related to your unique needs
## Benefits of centralized management

- Ease and efficiency of overall engagement management
- Increased responsiveness to the needs of in-country personnel around the world
- Clear chain of command for issue resolution
- Regular conference calls led by the core services team to follow up on the worldwide status of KPMG services
- Reduced administrative and corporate governance burden
- Close supervision of the status of consulting and compliance services
- Consistent application of policies and procedures on a global basis
- Consistent development, implementation, and measurement of service goals and performance standards
- Prioritization of work to increase responsiveness and allow adequate client budget management
- Ability to leverage past experiences of the KPMG team on similar projects
- Immediate access to KPMG’s ITES national and international network
Our global reach and knowledge

Our global presence of KPMG member firms

The ITES practice is supported by an established network of more than 155 KPMG member firms throughout the world who can provide local guidance in the context of each client’s unique mission, culture, and strategy.
KPMG’s International Tax Exempt Services Organizer (ITESO)

First step toward identifying, mitigating, and managing risk

After years of working with clients, hearing the challenges, and understanding our clients’ exposure to risk, KPMG’s ITES team developed the ITESO to help gather information on our client’s international activity and evaluate potential risk exposure based on a set of qualitative and quantitative measures. ITESO provides a phased, scalable approach to risk assessment and remediation.

<table>
<thead>
<tr>
<th>Country</th>
<th>Qual. Risk</th>
<th>Quant. Risk</th>
<th>Corruption</th>
<th>Tax Treaties</th>
<th>Other Indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>22</td>
<td>44</td>
<td>4.4</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Spain</td>
<td>51</td>
<td>102</td>
<td>7.8</td>
<td>10</td>
<td>3.3</td>
</tr>
<tr>
<td>China</td>
<td>32</td>
<td>36</td>
<td>6.4</td>
<td>0</td>
<td>6.2</td>
</tr>
<tr>
<td>KSA</td>
<td>34</td>
<td>29</td>
<td>6.6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>India</td>
<td>80</td>
<td>83</td>
<td>6.7</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Brazil</td>
<td>44</td>
<td>117</td>
<td>6.3</td>
<td>10</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Responses are analyzed based on quantitative and qualitative measures.

Qualitative Risk vs. Quantitative Risk

KPMG’s recommendations are based on comprehensive data analysis and country-to-country comparisons that are presented to our clients in an easy-to-understand format.
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