



# Post tax reform compliance health check-up

**Keep your tax compliance function healthy and up to date**



A KPMG tax compliance check-up can help keep your tax compliance system healthy, up-to-date and able to meet tax reform and regulatory requirements.

The recently enacted U.S. tax reform law [H.R. 1] made many far reaching changes that have a significant impact on businesses in terms of data gathering, reporting requirements and tax return filings. The tax law included several new compliance and reporting rules that particularly affect companies with cross border operations, or that engage in financial transactions with foreign entities.

A KPMG health check-up can help ensure that your organization is meeting post tax reform compliance requirements.

## The KPMG check-up process

Our approach includes the following steps:



Identify the areas where tax reform rules may impact your tax compliance strategy and systems



Evaluate the calculations needed to help satisfy new filing requirements



Identify the data needed to perform these calculations (from both internal sources and from external sources, such as joint venture partners, portfolio companies and investments)



Assess which KPMG personnel and technical resources (technology, D&A software) are best suited for your company's situation



Perform a gap analysis to help determine your company's current compliance status and make recommendations where remediation may be required



Follow up to ensure that your company is—and remains—in compliance in the post-reform era.

## A check-up can help address these potential tax issues

New reporting requirements and potential compliance issues fall into several categories, including:

**Identifying business deductions:** Additional data gathering and reporting requirements must be met to claim business interest, net operating loss (NOL), travel and entertainment, and executive compensation deductions, and accelerated depreciation.

## Base erosion anti-abuse tax (BEAT) calculations:

The BEAT is a tax on certain deductible payments made to foreign affiliates, such as interest, royalties, payments for services, and management fees. The BEAT may also come into play when depreciable or amortizable property is acquired from foreign affiliates.

## Deductions from foreign-derived intangible income (FDII):

Deductions against certain income derived from financial transactions with foreign individuals or entities may be available.

## Global intangible low-taxed income (GILTI) calculations:

Certain U.S. shareholders of controlled foreign corporations (CFC) must include GILTI in taxable income. But this amount may be offset by certain interest expenses.

**State and local taxes:** The tax reform law has varying impact upon state and local tax calculations and return filings (e.g., whether states follow the federal 100 percent bonus depreciation rules).

## How KPMG can help you

We work with our clients to find efficient approaches to address provisions of the tax reform law, including the new carried interest rules. We also help them perform transaction analysis and modeling that reflect the new limits on interest expense deductions, NOL, and executive compensation, as well as the new depreciation rules.

Then we conduct a gap analysis and due diligence planning so that our clients with foreign entities, who conduct business internationally, or receive income generated outside of the U.S. can comply with the new law's international tax provisions.

We supplement our health check approach with industry-leading technology and innovation capabilities, which include intelligent automation and artificial intelligence software platforms that have been updated to account for tax reform's additional reporting requirements. Our International Tax Reform Analyzer factors in the potential impact that key international tax reform provisions will have on a client, and allows us to model and prioritize various planning scenarios.

## Connect with us

Contact us and see how you can benefit from our compliance tax experience, global bench strength, technological innovation, and customized client care. Visit our [web site](#) for more information or contact one of the individuals listed below if you're interested in scheduling on onsite tax reform health check-up:

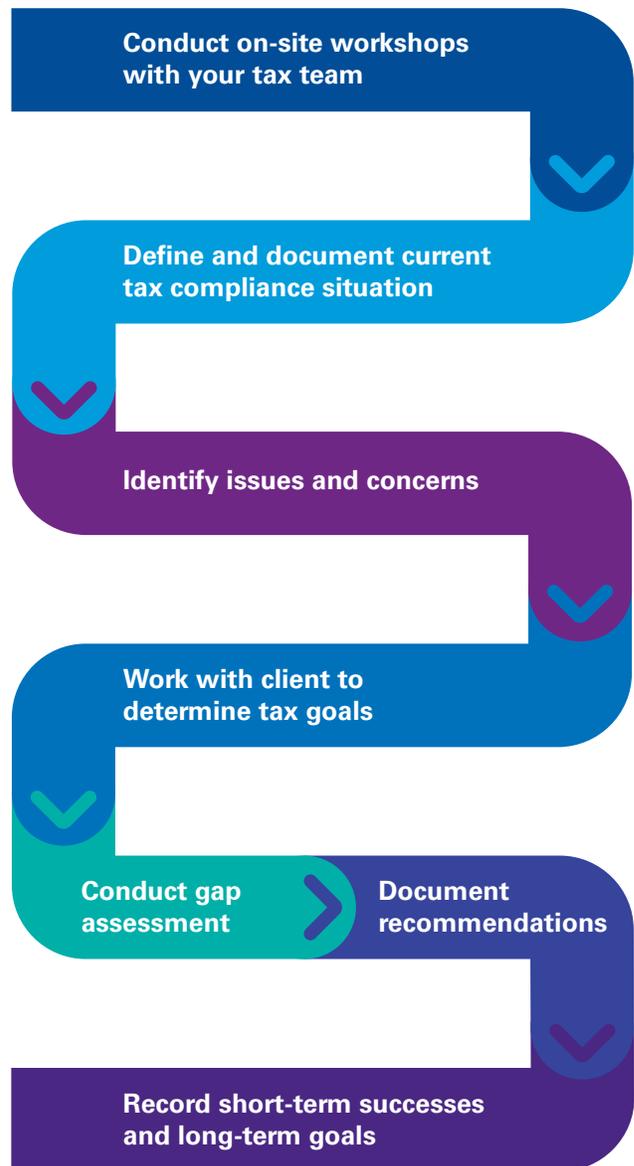
**French Taylor**  
**Partner, Tax**  
**Business Tax Services –**  
**National Service Line Leader**  
**T:** 214-840-4148  
**E:** frenchtaylor@kpmg.com

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## KPMG tax reform health check-up process



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