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 2017 U.S. tax reform law, commonly called the Tax Cuts and Jobs Act (or TCJA), 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 includes 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.

KPMG's check-up process
Our approach includes the following steps:

- Identify the areas where tax reform rules may affect your tax compliance strategy and systems
- Evaluate the calculations needed to help satisfy new filing requirements
- Identify the data needed to perform these calculations (both from 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 helping your company meet its compliance needs
- 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 potential tax issues that fall into several categories.

Identifying and substantiating business deductions: Additional data gathering and reporting requirements must be met to claim business interest, net operating loss, travel and entertainment, and executive compensation deductions as well as accelerated depreciation.

Base erosion anti-abuse tax (BEAT) calculations: The BEAT is a new, highly complex additional tax that may be imposed when certain deductible payments, such as interest, royalties, payments for services, and management fees are made to foreign affiliates. The BEAT may also come into play when depreciable or amortizable property is acquired from foreign affiliates.

Foreign-derived intangible income (FDII) deductions: Under the new FDII rules, a deduction (and therefore a reduction in tax) may be available when goods or services are provided to foreign customers. Non-obvious flows that qualify for FDII may exist and should be identified.

Global intangible low-taxed income (GILTI) calculations: The subpart F rules of prior law were expanded so that additional income (GILTI) must be included by certain U.S. shareholders of controlled foreign corporations. The U.S. tax liability on these amounts may be higher than expected due to the interaction of foreign tax credit rules and the allocation of expenses such as interest.

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).

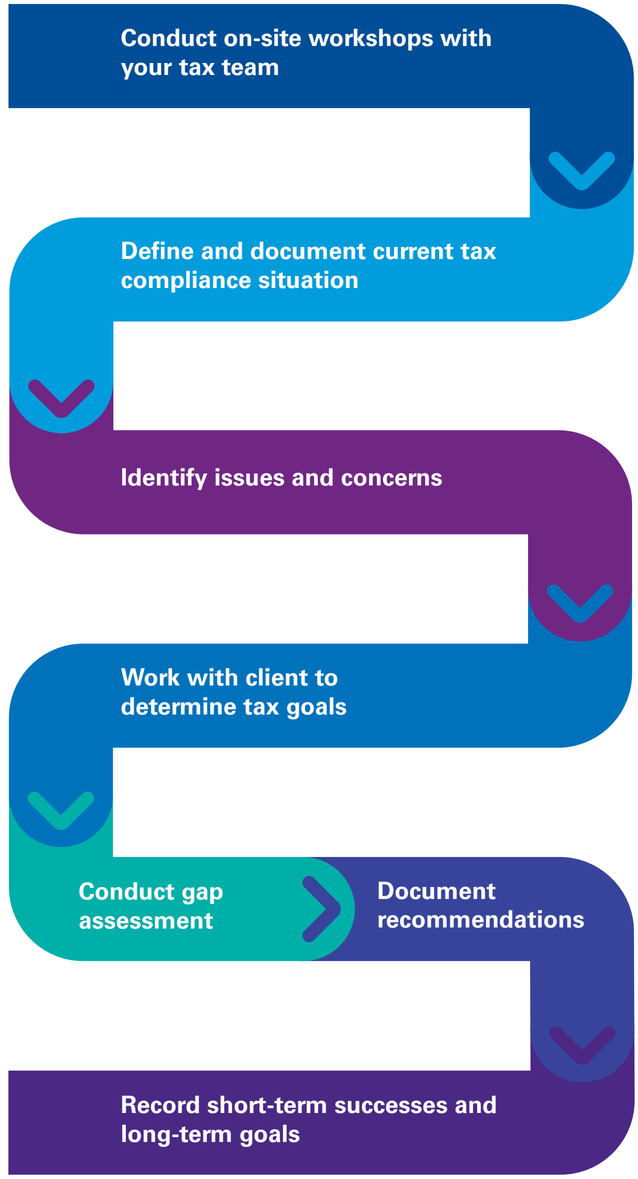
How KPMG can help you

KPMG professionals work with clients to find efficient approaches to address TCJA provisions. We also help our clients perform transaction analysis and modeling that reflect the new limits on interest expense deductions, net operating losses, and executive compensation, as well as the new depreciation rules.

Then, we conduct a gap analysis and due diligence planning so that our clients that have foreign entities, conduct business internationally, or receive income generated outside of the United States can comply with the TCJA's international tax provisions.

We supplement our health check approach with industry-leading technology and innovation capabilities, which include intelligent automation and software platforms that have been updated to account for tax reform's additional reporting requirements. KPMG's international tax reform analyzer (ITRA) 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.

KPMG tax reform health check-up process



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:

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