Businesses are facing a myriad of challenges arising from COVID-19 and its impact on the workplace, markets, and the global economy. They are navigating the uncertainties driven by varying predictions for the outlook on the health crisis, global geopolitical developments (such as declining oil prices), and the potential government responses to these challenges.

At the same time, they are grappling with understanding the implications of measures already enacted, such as the CARES Act, to assess eligibility and identify opportunities for relief.

In the tax arena, COVID-19-related tax relief and stimulus measures interact with other tax policy developments, such as the ongoing implementation of the sweeping 2017 tax reforms, global multilateral and unilateral tax reforms being implemented in the wake of phase 1 of the OECD’s base erosion and profit shifting initiative, and the OECD’s current project on the digital economy and a global minimum tax.

Top of mind challenges facing businesses in today’s environment

COVID-19 has led to a range of challenges for business. While the nature of and extent of challenges faced by businesses will vary, based on our conversations with clients and our understanding of industry and market trends, some common themes have emerged that implicate tax considerations and drive the need for tax planning across the areas outlined. Moreover, we recognize that companies share not just one, but many of these challenges, and that a holistic approach is needed to address them effectively.

— Supply chain disruption and related impacts – Businesses have been forced to rethink and address their supply chain and other business processes.

— Debt restructuring – Many companies are highly leveraged and may need to modify debt (either in or outside bankruptcy).

— Liquidity, cash access, and working capital – Many companies need to improve cash flow and satisfy liquidity and capital needs.
— **Loss planning** – A decline in the value of assets that may accompany any general economic decline presents both challenges and opportunities for U.S. and foreign groups with U.S. operations.

— **Issues arising from changes to business operations** – Companies need to manage issues of a new work environment, including employees working from home, employer and employee side benefits, in-country permanent establishment/state nexus, loan staff, and others.

— **Technology-enabled and adviser-informed modeling** – Without modeling, even the most experienced tax practitioners can become mired in complexity when evaluating the tax impact interactions of new tax rules (including previously enacted tax reforms and new relief and stimulus measures), the changes in financial results and forecasts, and implications for planning alternatives.

— **Tax function target operating model** – Tax departments are facing unprecedented changes, with employees working remotely, more reliance on loan staff, and ever-increasing dependence on technology—all of which drive the need to determine the most effective tax function operating model.

**KPMG is ready to help**

In today’s disrupted environment, we recognize that we are all in this together. And KPMG is dedicated to working with businesses to help solve COVID-19-related challenges and support customers, employees, and communities.

With KPMG, you will find a deep bench of highly experienced professionals as well as a client-centric approach to tax services that positions us to help you navigate this complexity, stay resilient, act to address immediate issues, and see around corners to effectively plan to operate in a post-crisis new reality. As trusted advisers, we combine our extensive technical knowledge with a thorough understanding of your unique business circumstances to advise you on options and support your decision-making across the areas where help is needed now.

Our talent in local offices works closely with our Washington National Tax practice to assist clients with the full range of needed tax services—from multidisciplinary tax planning to compliance to tax technology tools. We also understand that COVID-19-related tax questions have permutations beyond tax and beyond the United States. That’s why KPMG Tax works closely with our Audit and Advisory teams, and with professionals from KPMG International member firms around the world. Our firm’s focus on connectivity enables us to bring broad perspective and meaningful insight to your issues.

Contact us

For more information about our services, click here to have someone contact you or click here to contact one of our Tax leaders.

To learn more, visit the COVID-19 Tax insights page.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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