



At-a-glance highlights for tax leaders in the energy and natural resources sector

Global Tax Function Benchmarking Survey

KPMG International conducts an ongoing survey of tax leaders that enables benchmarks across tax function structure and resourcing, performance measurement and metrics, use of technology and data, and initiatives supporting ESG. Below are some of the highlights of the survey data by respondents in the energy and natural resources sector.

Structure and resourcing

- Most Chief Tax Officers (CTOs) or tax leaders report to:



Chief Financial Officer (CFO)

- Most common organizational design:



Type of tax based

- Expected resourcing model changes in the next 5 years:

Tax Headcount — Home Country/ Jurisdiction



67%

Increase

Contractors



58%

Stay the same

Tax Headcount — Non-Home Country/ Jurisdiction



50%

Stay the same

Use of SSCs or GBS or CoEs*

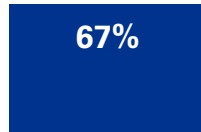


55%

Stay the same

Transformation, technology and data

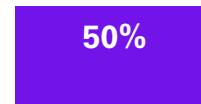
- Top 3 benefits of tax transformation/technology initiatives cited:



Reduced process cycle time or effort



Reduction of tax liabilities/identification of future tax savings



Improved potential to reduce future errors/non-compliance

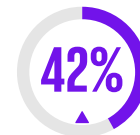
- Anticipated technology use increases in the next 5 years:



Overall leverage of enterprise finance IT systems



Tax sensitization of GL, other accounts of business forecasting system



Use of consolidation system data or a data warehouse



Most challenging data issues experienced cited are volume and usability.

ESG and the tax function

- 67% of organizations in the energy and natural resources industry have a policy that considers the ESG impacts of tax-related business decisions.

- Of those with policy that considers ESG impacts:



Half report that Tax is consulted but not really involved in company ESG strategy.

- Top 3 immediate term Tax ESG priorities include:

38% Developing/updating company's public tax strategy/policy

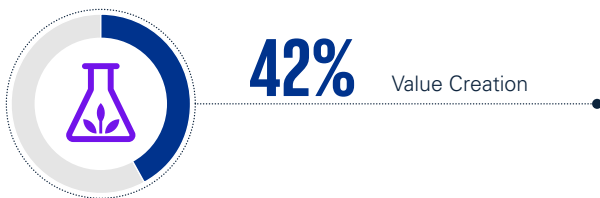
25% Publishing a tax transparency report (e.g. covering tax principles, how company manages tax risk, tax function and organization)

25% Improving company's tax governance and controls to ensure company's Tax ESG commitments are met

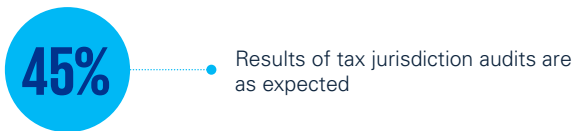
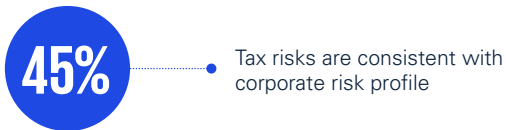
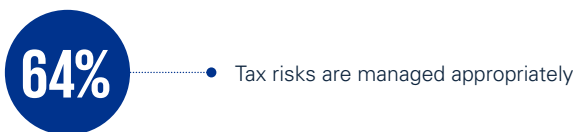
Only 8% use data and analytics tools to prepare ESG analysis.

* SCC: Shared Service Centers, GBS: Global Business Services, and COE: Centers of Excellence.

- Most tax leaders in the energy and natural resources industry describe their tax function's primary strategy as aligned to:



- Performance is often measured by the impact the tax function has on the business across a range of metrics, with these topping the list of importance:



- Top 3 desired process improvements:

Improved partnering with business or operating units



Improved use of tax data to inform business strategy and planning



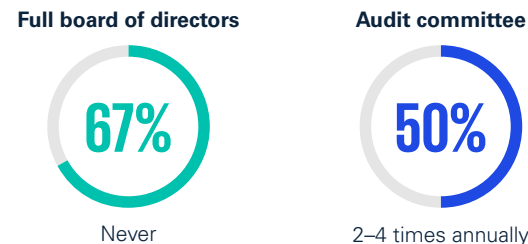
Improved communication and collaboration within and outside of the tax department



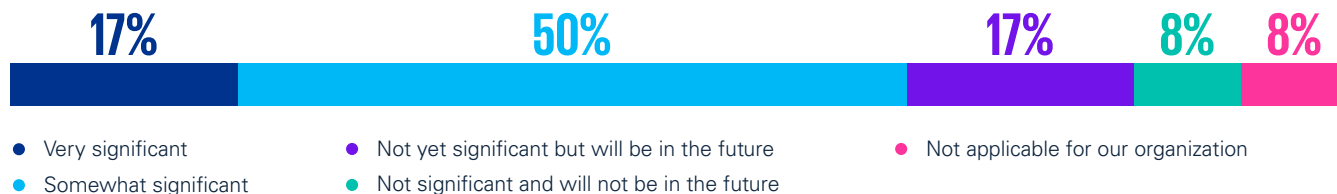
- Top disruptors to the organization in the last year:



- Frequency of CTO meetings with:



- Expected significance of BEPS Pillar 2 on the organization:



Contact



David Linke
Global Head of Tax & Legal
KPMG International



Carlo Franchina
Global Sector Leader for Tax
KPMG Australia

kpmg.com



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

© 2023 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Designed by Evalueserve.

Publication name: At-a-glance highlights for tax leaders in the energy and natural resources sector | Publication number: 138724A-G | Publication date: September 2023