



Tax Dispute Resolution Services

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Worried about a looming federal or state income tax expense? Facing potential double taxation from an adjustment in the United States, or a foreign jurisdiction? Concerned about an audit of your employment, sales and use, or excise taxes? Struggling with withholding tax issues or wondering how you will ensure compliance with FATCA? Focused on country-by- country reporting and the many new issues raised by the OECD's BEPS project? Received a substantial tax, interest, or penalty assessment?

If so, you need a full-service provider with a broad network and extensive experience to help.

That's KPMG.



Are you prepared for a federal, state, or local income tax examination?

The rising pressure on various tax authorities to generate revenue has resulted in a growing number of tax examinations of all types, as well as increased audit activity across all taxing jurisdictions.

KPMG LLP's (KPMG) Tax Dispute Resolution (TDR) Services network helps companies prevent, prepare for, and/or respond to challenges by the various tax authorities. The TDR network is a national team of professionals from all areas of Tax who assist clients in identifying, managing, and mitigating potential tax risks and exposures. Our goal is to work with you to prevent disputes before they arise and to successfully resolve those matters that ultimately are subject to challenge by the taxing authorities.

The increasingly aggressive approach by the federal, state, local, and foreign revenue authorities is resulting in larger adjustments with increased penalty potential. Because of this, a company needs a team of advisers who can understand the issues, develop appropriate strategies, and work with you and the revenue authority to help resolve your specific matter. Together, we can conduct a thorough review of your situation and position to fully understand the nature of the issue, analyze all relevant information, and work closely with you to help determine the most suitable approach to a successful resolution.

Wide range of services to meet your needs

Resolving tax issues requires extensive knowledge and understanding of the procedures and requirements applied by the Internal Revenue Service (IRS), the state taxing authorities, and—at times—the foreign taxing authorities. Our services include, but are not limited to:

Prefiling/pre-examination assistance:

- Performing an analysis of potential tax examination risks
- Reviewing and/or assisting in preparing “audit-ready” documentation
- Obtaining prefiling rulings or other determinations and agreements with the applicable tax authorities (e.g., Prefiling Agreements, Advance Pricing Agreements, Voluntary Disclosure Agreements, or Industry Issue Resolution)
- Preparing and/or assisting with tax return disclosures (e.g., Form 1120 Sch. UTP, Form 8275, or Form 8886)
- Assisting with information reporting and tax withholding requirements (e.g., Foreign Account Tax Compliance Act [FATCA] or independent contractor issues).

Examination assistance:

- Providing options for approaching audits that may involve multiple jurisdictions and varying types of taxes
- Representing or assisting with traditional tax examinations
- Responding to formal Information Document Requests and other requests for information
- Consulting and assisting with special case examinations (e.g., the Compliance Assurance Program) and issue resolution procedures (e.g., Fast Track settlement)
- Representing or assisting with Competent Authority procedures

Postexamination assistance/Alternative Dispute Resolution:

- Representing or assisting with traditional appeal processes, or with postappeals mediation/arbitration procedures
- Mitigating potential penalty and interest assessments
- Reporting federal adjustments to state and local authorities
- Providing tax litigation support (but not including representation in a judicial proceeding)

Wide-ranging, multidisciplinary services

Our services encompass professionals from the following tax areas:

- Complex Interest Services
- Economic and Valuation Services
- Employment Tax/Independent Contractor Review Services
- Excise Tax
- Federal Tax Controversy Services
- International Tax
- Global Mobility Services
- State and Local Tax Controversy Services
- Accounting Methods and Credit Services
- Tax-exempt Organizations
- Tax Information Reporting and Withholding Services
- Trade and Customs Services
- Transfer Pricing Dispute Resolution Services
- Washington National Tax – Practice, Procedures and Administration.

When to consider Fast Track

One of the most common problems in dealing with the IRS is the time that it takes to resolve cases. Not only is this a continual drain upon the resources of the taxpayer, but there may also be substantive financial statement uncertainties, particularly if the issue is one that continues into the years following the initial examination. Taxpayers looking for an option that offers the possibility of a quick resolution to a difficult issue may want to consider Fast Track settlement.

In Fast Track, the issue is assigned to a specially trained Appeals Mediator, who works with the government and the taxpayer to resolve the matter. The issue stays within the jurisdiction of the examination team, but by bringing in a mediator, the parties may resolve the issue outside of traditional examination constraints. Under the Fast Track guidelines, the process is limited to 120 days from start to finish, thereby allowing for an expeditious resolution.

Decision to go to Competent Authority

The U.S. Competent Authority is generally very effective in providing relief from double taxation. This process is available to taxpayers pursuant to the Tax Treaty network. According to recent IRS statistics, almost all cases brought to Competent Authority are resolved with complete, or at least partial, relief from double taxation.

In addition to providing relief from double taxation, the Competent Authority process also can be used to obtain other types of relief. For example, the process can be invoked to address withholding tax and characterization of income issues, where a taxpayer believes that the IRS or a foreign tax authority is making an adjustment that is inconsistent with the terms of the applicable treaty.

Bringing all our resources to a multinational client

A multinational client facing difficult tax compliance issues in various taxing jurisdictions, including the United States, contacted its local KPMG service professional for help. The engagement—which underscored the many complexities that can result from tax dispute matters—was wide ranging, requiring assistance and collaboration among multiple tax disciplines and member firms from several countries. Our TDR professionals were able to respond rapidly, sharing information smoothly while continuing to strive to get the best outcome for our client.

Using our multinational, multidisciplinary team, TDR professionals helped to protect the client against potentially excessive assessments of tax, interest, and penalties by:

- Analyzing and confirming the proper filing positions for corporate income tax returns
- Navigating various complex employment tax reporting issues stretching back several years
- Identifying and resolving various transfer pricing issues
- Advising on state income tax disclosures
- Providing in-depth guidance on voluntary disclosure procedures
- Representing the client’s interest directly with the IRS and various state taxing authorities
- Providing multiple scenarios on interest and penalty computations to quantify the potential benefits to be achieved as the result of several settlement alternatives being considered
- Assisting the client to achieve full compliance with its obligations while managing costs in the process.

Bringing together the resources and experience of the TDR team helped our client to address numerous outstanding tax compliance issues, contemporaneously quantify its potential exposure, and proactively manage its tax risk in light of the IRS’s increased focus on corporate transparency and expanded reporting requirements.



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Industry knowledge, global connectivity

Our TDR professionals have years of experience and have extensive knowledge in numerous key industries and sectors. Many have joined KPMG from positions with state and federal revenue authorities. Others have come to us from law firms where they provided tax dispute resolution assistance to large multinational corporate clients facing tax issues in various jurisdictions. When needed, we work with our dispute resolution professionals from our global network of member firms to assist you in dealing with issues that arise anywhere in the world. We also team with professionals from the U.S. Dispute Advisory Services practice.

How can we help you?

- We know the right questions to ask. Our highly trained professionals have years of experience working with the IRS and other tax authorities, and in private practice.
- We help you choose and develop an appropriate resolution strategy. Regardless of the situation, we can help you effectively handle your tax dispute.
- Our services can help you reduce costs and save time. By identifying potential audit issues early in the process, we can save you time and tax dollars.
- We can leverage resources from around the country and the world to assist in multijurisdictional tax controversies.
- As a full-service provider, we are with you from start to finish.

Experience counts when facing a tax dispute. KPMG can help.

International
Tax Controversy
Services

State and Local
Controversy
Services

Transfer
Pricing Dispute
Resolution
Services

Tax
Controversy
Services

Complex
Interest
Services

Employment
Tax/State
Audit Assistance

E-Data Analysis
and Document
Management
Services

Washington
National Tax-
Practice, Procedure,
and Administration

Other KPMG TDR Network Services

- Research Credit and Section 199 Defense Assistance
- Valuation Defense Assistance
- Global Tax Controversy and Dispute Resolution
- Global Mobility Services
- Post-transaction Integration Assistance
- Trade and Customs
- Tax Transparency Services

KPMG Tax Dispute Resolution (TDR) Network

Contact us

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The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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

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