KPMG

Tax value creation for private equity

Enabling portfolio companies to identify tangible opportunities

With evolving tax rules and enhanced investment pressures, optimizing tax opportunities has emerged as a key value creation opportunity for Private Equity (PE) portfolio companies. By taking a holistic, opportunity-focused approach across direct and indirect taxes, organizations can enhance cash flow, EBITDA, and margin performance. KPMG's tax value creation offering helps portfolio companies identify, quantify, and prioritize high-impact opportunities that support value creation.

Market trends are increasing the importance of tax value creation

Investment environment

Longer hold periods, slower exits, and lower multiples are increasing the focus on value creation across portfolio assets

Regulatory landscape

New tax laws, such as OB3, are changing the tax landscape, creating both opportunity and risk.

Cross-border activity

Increased onshoring activity and trade-related actions are introducing a range of tax implications

The KPMG approach helps quickly identify tax opportunities that can unlock value

Our holistic tax diagnostic focuses on cashflow, EBITDA, margin, cost savings benefit, and risk mitigation.

01 **Explore**

Gather preliminary info

- Federal and state tax returns
- Financial statements
- Corporate structure
- Provision
- Trial balance/GL
- Indirect filing listing

Week 1

02 **Analyze**

Conduct opportunity scan

- Cross-disciplinary SME team review
- Preliminary benefit quantification
- Confidence assessment

Week 2

03 **Identify**

Solidify key opportunities

Customized report to facilitate cost-benefit analysis, including:

- Opportunity
- Potential benefit ($$)
- Cost, time, and effort to implement

Week 3

04 **Mobilize**

Prioritize and execute plan

- Review report with company
- Validate opportunities
- Assess ROI
- Identify short-, mid-, and long-term wins
- Begin execution

Week 4

Our proprietary tools and accelerators are designed to support efficiency, insight, and value

Holistic approach

Opportunity-driven review spanning all areas of tax

- Federal and state tax credits
- Indirect and direct tax overpayments and refunds
- Methods and structure optimization

Value-centric

Focusing on tangible, quantifiable opportunities

- Designed to support cash flow, EBITDA, and margin performance
- Identify and optimize tax credits and attributes
- Not intended to disrupt or find fault

Low investment

Collaborative, non-disruptive approach

- KPMG investment model aligned to execution and value realization
- Typically requires 2 hours or less of company time

Tech-enabled insight

GenAI and digital tools supporting faster decisions

- Generative AI agents to accelerate insight discovery
- Dashboards to enhance visibility across tax data
- Digital Gateway analytics surfacing opportunities

We have enabled measurable outcomes across tax value pools

$5B+ in aggregate benefits for KPMG supported PE portfolio engagements, spanning direct and indirect tax:

Credits	$5B+	Sales & use tax	$200M+
Trade & customs + others	$1B+	R&D and Section 174	$100M+
Legal entity optimization	$700M+	Intl. tax & transfer pricing	$100M+
Interest limitation 163(j)	$200M+	State tax	$75M+

Why KPMG

Industry depth

Professionals who know PE and what it takes for portfolio companies to be successful in various industries

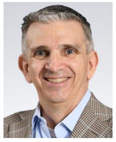
End-to-end solutions

Innovative approaches that support value-focused decision-making across the spectrum of operational, strategic, and financial levers of a business

Truly integrated team

Efficient, cohesive execution that enables better, faster outcomes

Contact us



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