

# Highlights from 2015 benchmark survey on indirect tax and trade compliance

## Trade compliance



### Limited performance measurement limits visibility to value added

**Just 38 percent of the trade compliance professionals taking part in our survey say their companies employ metrics to measure effectiveness**, which limits management's ability to assess the value they add. The main measures are timely and accurate submission of import and export declarations, and clearance times for imported goods, with less emphasis upon efficiency and cost savings.



### Growing trend for global leadership

**Fifty-six percent of respondents have a global head of trade compliance**, with the majority of these individuals based in the US, where regulations are most evolved. These heads appear to have good visibility over duty costs by country. The larger organizations involved in the survey typically have integrated, automated systems to support their global trade efforts, while others place more reliance on trading partners.



### Reporting lines indicate focus on regulatory governance

Across the survey, **more trade compliance teams report into finance than into any other function, although in larger businesses, they are more likely to answer to Tax**. Only 17 percent report into supply chain/logistics departments, showing a move towards reporting into centralized functions that tend to be more regulatory focused.



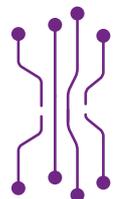
### Risk identification and assessment lacking

**A significant proportion of respondents in each region have not identified the key trade compliance risks facing their companies**, particularly in LATAM. When it comes to assuring these risks, the larger companies in the survey choose independent assurance, while the rest are still using internal self-assessment.



### A gradual move towards a centralized business model

The responses are indicative of the variety of organizational structures for trade compliance, with a combination of centralization, decentralization and use of outsourced third parties. **Centralization is expected to rise in the years to 2018, becoming the dominant model, accompanied by an increase in outsourcing**.



### Technology seen as key area for future investment

**Almost 30 percent of respondents use no automated global trade solution**, which will inevitably restrict the speed and accuracy of the function. A significant proportion also lack functionality to screen suppliers/buyers and classify products, leaving them open to errors, and susceptible to trade with forbidden parties. As with the indirect tax results, the key area for investment is data analytics, to help improve compliance and save costs.

Source: 2015 global benchmark survey on indirect tax and trade compliance, KPMG International 2015

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