KPMG surveyed 1,500 respondents in the life sciences industry in April 2020 to gather insight on some of the key tax issues this industry is facing as a result of COVID-19. Following are the results.

### How do you best describe the current state of your tax department as a result of the COVID-19 pandemic?

- 47%: No significant concerns, business as usual, except for working remotely
- 25%: Concerned about meeting tax compliance obligations due to resource constraints
- 18%: Concerned about access to technological tools needed to meet reporting and compliance obligations
- 10%: Concerned about accessing technology needed for tax compliance

### What aspect of the COVID-19 disruption is expected to have the biggest impact on your company’s operations?

- 56%: R&D resources diverted or unable to progress projects in the laboratories
- 11%: Slowing of clinical trials
- 23%: Supply chain disruption in sourcing raw materials or API
- 10%: Cash flow and liquidity

### What impact do you expect COVID-19 to have on your transfer pricing?

- 35%: No changes in transfer pricing policies anticipated
- 31%: Some changes may be needed; however, it is too early to tell
- 26%: Plan to make changes or have already started making changes
- 9%: Have not thought about it yet

### How significantly does digital technology and data analytics contribute to your current supply chain function?

- 35%: I’m not sure
- 31%: Somewhat
- 26%: Significant
- 9%: Very material
During the second quarter of 2020, I expect that my organization will be:

- An acquirer of intellectual property and R&D pipeline assets: 25%
- A seller of assets to generate cash reserves: 10%
- Stagnant in an effort to preserve cash: 9%
- I’m not sure: 56%

How long is your company anticipating it will take to return to a more normalized state?

- > than 12 months: 16%
- 12 months: 24%
- 6 months: 43%
- 3 months: 17%


These represent just a handful of some of the issues being considered by tax departments as a result of the current environment. With Life Sciences companies at the forefront of helping the world emerge into a new reality, more opportunities and challenges are arising. For a discussion of the latest trends impacting the Life Sciences industry, contact any of our team members below or your local KPMG contact.

For more information, access the replay to the KPMG COVID-19 Disruption in Life Sciences: Tax, Trade and Value Chain Implications webcast here, or please contact any of our webcast speakers shown below.

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