



# Addressing top-of-mind technology, media, and telecom issues

Q1 2024

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# Financial reporting and auditing

A top priority for TMT audit committees and company management in 2024 will be dealing with the financial reporting, accounting, and disclosure obligations posed by the current geopolitical, macroeconomic, and risk landscape.

For example, in late December 2023, the Financial Accounting Standards Board (FASB) finalized an accounting standards update (ASU) on crypto assets. This guidance is likely to impact TMT companies that hold significant amounts of crypto assets on their balance sheets. These companies will need to carefully evaluate the impact of these final standards on their financial reporting processes and consider the potential impact on their stakeholders.

In addition, internal audit personnel should be tasked with providing critical input on all key risk and control matters. And if your organization retains external auditors, they should also be asked to investigate these areas.



## Potential actions:

- Act now to review the proposed ASU on crypto assets and assess its potential impact on your organization's financial reporting.
- Make sure internal audit is focused on all of your organization's key risk and control areas. This includes financial reporting and compliance; operational; technology; and environmental, social, and governance (ESG) risks.



## Thought leadership:

- FASB issues final ASU on crypto asset accounting
- Handbook: Climate risk in the financial statements
- Accounting for film and TV content in the age of streaming
- Regulatory Alert: PCAOB Proposed Amendments

# AI/GenAI governance

TMT companies are in the forefront of advancing and adopting artificial intelligence (AI) capabilities including generative AI (GenAI). Therefore, it is imperative that they engage a diverse and representative group of stakeholders to establish an overarching, aligned AI policy that covers critical topics such as:

- Controls to manage risks across the entire AI lifecycle
- Security and privacy issues
- A company-wide AI charter to ensure responsible use, management, and oversight of AI technologies
- An AI intake process
- Potential third-party risk, including review of contracts with third parties



## Potential actions:

- Revisit board oversight responsibilities for AI and GenAI initiatives.
- Align AI deployments and governance standards with appropriate regulatory guidelines and requirements and overall company policies.



## Thought leadership:

- Today's finance leaders: blazing the trail for GenAI transformation
- Generative AI – what impact will GenAI have on financial reporting?
- Unlocking AI Opportunities Starts with Instilling Trust in the Tech
- KPMG generative AI survey report: Technology, media, and telecom
- AI Regulation: Cross-Agency Actions
- Decoding the EU AI Act

# Pillar Two considerations

The start of 2024 marked a new era for corporate taxation as the Organisation for Economic Co-operation and Development's (OECD) Pillar Two tax regime—otherwise known as the global minimum tax—took effect (or is in the process of taking effect) in more than 50 jurisdictions. These jurisdictions include all G7 countries except the United States.

Pillar Two is a new tax regime aimed at making sure certain multinational companies pay their fair share of taxes—15 percent to be exact—in every jurisdiction in which they do business. If that minimum tax rate has not been met in a particular jurisdiction, companies will need to make up the shortfall by paying a “top-up tax.” Calculating this tax is complex and data intensive, relying on a combination of tax and accounting principles for every jurisdiction, and needs to be done even if no top-up tax is ultimately owed.

We expect that many US multinationals in the TMT space will be impacted by Pillar Two this year.



## Potential actions:

- Evaluate the risks of material misstatements resulting from Pillar Two requirements (e.g., incremental top-up tax exposure).
- Determine whether your organization is covered under one of Pillar Two's “safe harbor” provisions.
- Confirm the completeness and accuracy of the data used in the Pillar Two calculations.
- Work with your internal audit function to develop an approach for the incremental top-up tax exposure based on a risk assessment.
- Test the operational effectiveness of internal controls related to (1) the implementation of Pillar Two, and (2) its effect on financial statements, including disclosures.



## Thought leadership:

- BEPS 2.0: Pillar Two
- Pillar Two Gameplan: An executive guide for US accounting and finance professionals
- Pillar 2 impacts for CAOs



# Talent in the finance organization

Finance organizations at TMT companies face a challenging environment with regard to talent. They need to address and resolve multiple issues contemporaneously. They need to deal with the critical issue of talent shortages. They also need to employ, retrain, or otherwise find workers who can help manage digital strategies and transformation initiatives. In addition, they need people to develop robust systems and procedures to collect, analyze, and maintain high-quality climate and sustainability data to meet investor, stakeholder, and regulatory demands (both foreign and domestic).

As boards and managements monitor and help guide finance's progress in these areas, we suggest two areas of focus:

- Assembling or expanding management teams or committees charged with addressing a range of climate and other sustainability activities, and preparing for related US, state, and global disclosure rules
- Acceleration of the design and implementation of digital strategies and transformation initiatives, which present important opportunities for finance to add greater value to the business



## Potential actions:

- Ensure that finance is attracting, developing, and retaining the leadership, talent, skill sets, and bench strength to help design and execute its strategies and fulfill its existing responsibilities.
- Consider retraining/reskilling current employees or bringing in necessary talent from the outside.



## Thought leadership:

- [KPMG American worker survey: A delicate balancing act](#)
- [Deconstruct your workforce to make the most of your organization](#)

# Industry outlook reports and other insights

## Global CEO outlook for the tech industry

Read the latest insights from technology company CEOs on AI, mergers and acquisitions, and the future of work.

## Global semiconductor industry outlook for 2024

KPMG and the Global Semiconductor Alliance (GSA) released a new Global Semiconductor Outlook, highlighting executives' perspectives on major sector trends and drivers over the next year.

## Technology Sector Insights from the KPMG US CIO/Technology Survey

Explore technology leader views on emerging technology goals, adoption, scale, roadmaps and outcomes.

## TMT perspectives from the KPMG CCO survey

This report reveals the compliance and regulatory pressures, technology strategies, and workforce worries facing TMT companies, and the actions that ethics and compliance leaders can take to address them.

## M&A trends in TMT

After a decline in TMT M&A in the last two years, 2024 brings renewed optimism for deal volume. The right strategies can support integration success, employee retention, and improve M&A outcomes.

## On the 2024 audit committee agenda

Eight issues for audit committees to keep in mind as they carry out their 2024 agendas.

## Directors Quarterly

Highlights and excerpts from recent KPMG Board Leadership Center publications and interviews, as well as critical information from across KPMG specifically for audit committee members and the full board.

## Financial Reporting View

Subscribe to our Financial Reporting View newsletter for updates on accounting and financial reporting topics from KPMG.

## KPMG Economics

Monitor trends and identify potential opportunities that could impact your strategic objectives in this economic environment.

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