



## Pillar Two - A legal point of view

*Pillar Two is not just tax but an entire business transformation. What should the legal counsels take into consideration?*

### Introduction

As of January 1, 2024 many countries have implemented Pillar Two legislation. Multinationals are facing a number of challenges following the implementation of Pillar Two legislation, while implementing requires to adapt to and comply with new and complex rules. The global minimum tax is intended to ensure that multinationals pay their fair share of taxes, regardless of where they operate.

Pillar Two is not just a tax matter; it has also impact on various legal aspects. To comply with Pillar Two data and reporting requirements, organizations must coordinate end-to-end tax, finance, IT, and legal inputs. This includes having access to the right data, at the right level of detail, evaluating existing technology, generating calculations, preparing and training resources, and managing stakeholder expectations. It will also require to assess whether your organization with the new Pillar Two

legislation is still in alignment with your business model and strategy and fit for the future or will require for example corporate, finance and/or IP restructurings. What should the legal counsels take into consideration?

### Legal aspects

There are several items from a legal perspective to take into consideration.

### Data Assessment

Pillar Two will require legal teams to prepare for taking the ownership of data that is crucial for compliance and reporting purposes, especially with regard to the transfer of data to tax authorities. Therefore, it is important to methodically assess the quality and availability of necessary data, identifying gaps, and developing remediation plans. It is important to collect and keep track of the corporate compliance and maintenance and the data that is connected thereto.

### Corporate Restructuring

Multinationals should determine whether changes to the legal entities, financing and operating structures may be needed as a result of the Pillar Two legislation.

If the movement of entities incorporated in jurisdictions where a multinational has no substance is required, or there is a need to relocate, transfer or migrate holding or other entities within the group, it is suggested to start with the design of the restructuring and preparation of a roadmap to implementation including all different workstreams that should be involved such as tax, legal, IT and finance.

Deloitte Legal could not only advice on the entire design and roadmap to implementation, together in our multidisciplinary teams, but could also prepare and execute the entire legal implementation of any such required restructuring measures.

### Finance restructurings and (finance) systems enhancements

Tax, legal and finance teams have to partner to build Pillar Two considerations into existing systems or upcoming finance transformations. Deloitte Legal could not only assist with the roadmap for the finance transformation from a Legal perspective but also with the implementation of the global refinancing transactions (including cash pool considerations) following this

finance transformation. We could also assist with the Legal analysis of existing financing structures to determine steps to unwind or refinance them legally, as well as assist with the global implementation and execution of such unwinds of re-financings.

### Intellectual Property

Pillar Two could lead multinationals to consider consolidating intellectual property in particular jurisdictions and/or moving intellectual property globally.

Our team of IP experts are well suited to provide end-to-end services to guide multinationals in this IP restructuring around the globe.

“Assess whether your organization is still in alignment with your business model and strategy and fit for the future or requires any type of restructurings.”

### Contracting

Where there is a large-scale contract remediation, transfer or general re-papering exercise to be undertaken, Deloitte Legal has a global, tech-enabled offering to assist with this work.

### Supply Chain

Supply chains, or prior contracting hubs, may need to be altered as a result of Pillar Two. In addition to the contracting support (above), Deloitte Legal can assist with smaller scale supply chain contracts, including distribution, services, R&D, procurement etc. agreements.

### Mergers & acquisitions

Pillar Two could negatively impact the organization's investment strategy in the situation that an acquisition pushes the organization's turnover above the EUR 750 million threshold bringing the organization in scope of the Pillar Two requirements. Pillar Two should be part of the acquisition due diligence to make sure the organization is aware of what needs to happen when they meet the EUR 750 million threshold after the acquisition.

### How Deloitte could help?

With multidisciplinary teams including our Deloitte's Legal experts we assess which changes are required and design a roadmap to implementation. After the design of this roadmap Deloitte Legal experts within our multidisciplinary team will guide the multinationals and its organization through the implementation phase, from preparation of legal documentation by our Deloitte Legal experts around the globe (75+ countries) up to execution and legal implementation of any such required restructuring measures (e.g. change of entity-type, cross-border migrations or mergers, liquidations, IP or business transfers, finance transformations).

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