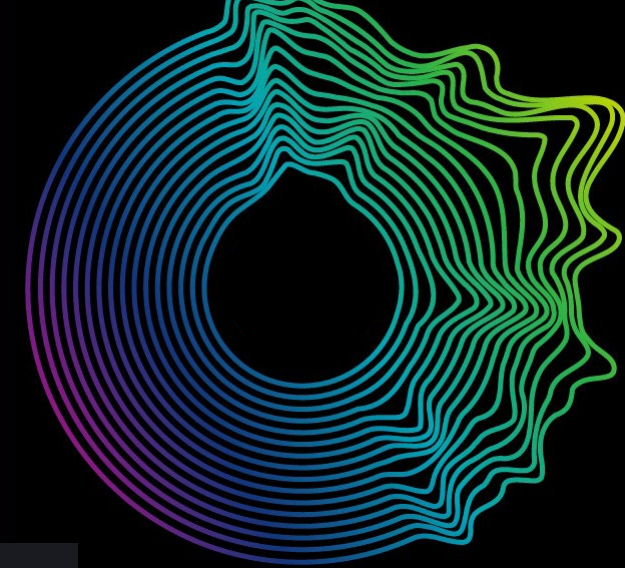




5x5 series: Insights and actions

Pillar Two - Tax Technology Data, Systems, and Process

Tax technology systems and processes should work together to automate and digitize the end-to-end compliance and provision lifecycle. To address evolving internal and external requirements related to Pillar Two compliance, it is critical to have a tax technology architecture that can survive, adapt, and thrive using the latest technologies.



5 insights you should know

- Pillar Two imposes new calculation and reporting obligations that may require businesses to implement appropriate systems and processes to identify, gather and process the required data.
- Real-time reporting and highly complex rulesets may create significant challenges with data collection, storage, and transformation. Many taxpayers are not currently set up to calculate and meet reporting requirements.
- There are 100+ core data point types to collect. Many organizations hold only a fraction of this data now. A data diagnostic and baseline modeling may be useful to identify impact points and can feed a process roadmap to address regulatory requirements globally.
- Don't forget about the return – safe harbor, level of complexity of quarterly provisions, and materiality can distract from the complexity of the return itself.
- Global tax reform continues to evolve and may create reporting challenges for taxpayers. It's important to consider a flexible and integrated approach with Finance and IT as there could be gains in efficiency and data quality across systems.

5 actions to take now

- 1 **Modeling.** Model safe harbor and potential top-up tax liabilities under various scenarios, including potential law changes.
- 2 **Data Diagnostic.** Assess the quality and availability of necessary data, identify gaps, and develop remediation plans.
- 3 **Process Diagnostic.** Conduct an analysis of existing Pillar Two capabilities against leading practices to identify potential gaps in current data or processes and related opportunities for improvement.
- 4 **Tax Provision Roadmap.** New or enhanced technology and processes may be needed to meet provision/compliance requirements. Develop a roadmap to address these issues.
- 5 **Pillar Two Compliance Software.** Consider software options in the marketplace, including Deloitte's Pillar Two Agent and tax software vendors, to determine an efficient way to complete and file GIR forms and QDMTT notifications

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