# Deloitte.

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.
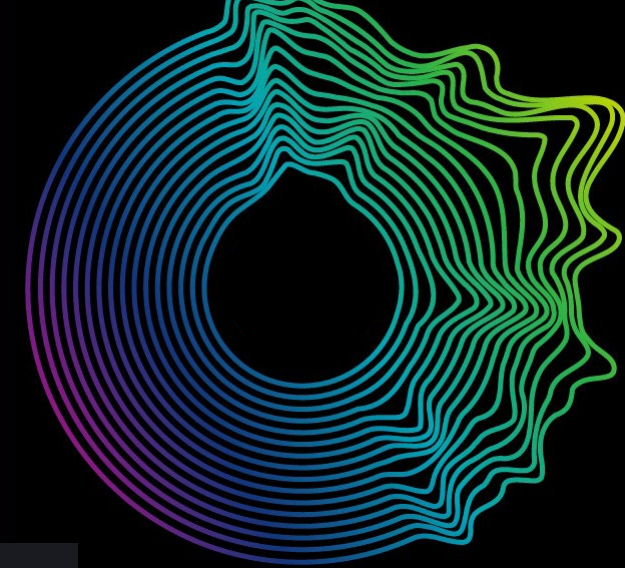
5 insights you should know

- 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

Connect with us

Brad Ford
Deloitte Tax LLP
braford@deloitte.com

Ben Barudin
Deloitte Tax LLP
bbarudin@deloitte.com

Mindy McGlaughlin
Deloitte Tax LLP
mmcglaughlin@deloitte.com

Nick Vitanza
Deloitte Tax LLP
nvitanza@deloitte.com

Scott Hice
Deloitte Tax LLP
shice@deloitte.com