CCH Integrator
BEPS Pillar Two

There are significant data collection requirements on the horizon and tax teams need to understand if their current systems can accommodate these.

BEPS Pillar Two levels the playing field on minimum tax, by establishing a global minimum tax obligation through a variety of mechanisms, which allows jurisdictions to impose tax on Multinational Corporations (MNCs) where their global effective tax rate falls below 15%.

➜ To determine if top up tax is required, MNCs need to do two interrelated direct tax calculations (each having slightly different rules) for each subsidiary before consolidating figures and determining the final tax payable

➜ This introduces an additional compliance obligation on MNCs to report on their GLoBE income

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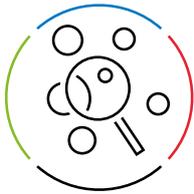
Complex regulatory regime

Significant data compilation requirements
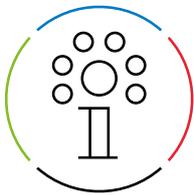
Rules continuing to evolve

Current systems may be unaccommodating to new requirements

What is your strategy for collecting data?

As tax teams gear up for Pillar Two, strategic evaluation and planning is required to identify current data sources to ensure compliance.

Complying with new, complex rules spanning multiple jurisdictions, calculations, and associated filing requirements will place an enormous burden on already stretched tax teams. The challenge will be to identify current data sources and ensure accurate compliance calculations.

There will be the transitional Safe Harbour rules to consider, plus many other issues to be managed. However, "subject to change" is not an excuse for not doing anything. MNCs need a strategy for collecting data (some top down, some bottom up), for calculating the tax, and for managing the inevitable added complexities as the group corporate structure changes or more countries enact legislation.

More future tax obligations beyond Pillar Two

Tax teams will need to embed Pillar Two calculations quickly because other tax obligations will need attention soon: DAC 7 (the EU Directive on tax transparency rules for digital platforms), and in the UK, Making Tax Digital, to name some. Tax is part of a corporate's environmental, social and governance (ESG) strategy, and we expect more tax obligations to come.
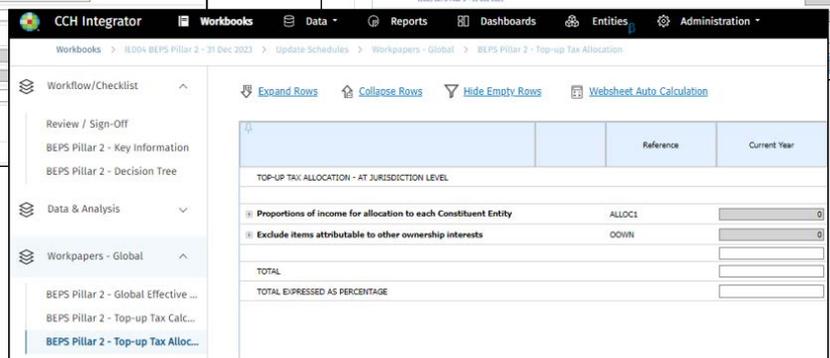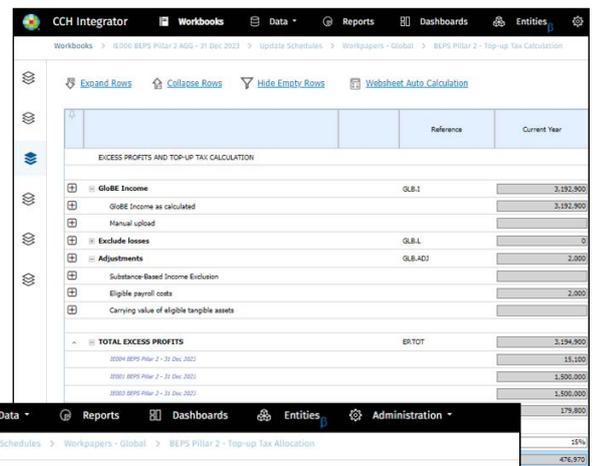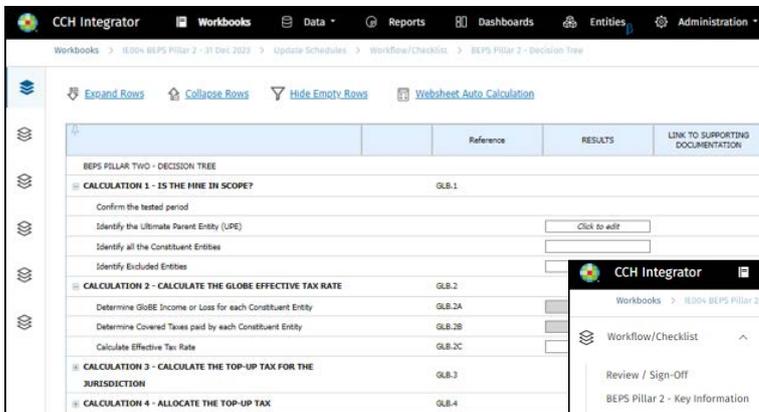
Templated schedules and calculations to guide users and reviewers through the calculation and return preparation process

The CCH Integrator Pillar Two solution will follow the OECD rules and allow for compliance with the local domestic regime.

The solution is built on the CCH Integrator unified tax platform functionality.

→ CCH Integrator configurable design ethos means we can accommodate rapid change of direct tax calculations of individual MNC global group structures while ensuring standalone jurisdictional reporting and global calculations can exist alongside each other

→ Leverage CCH Integrator Country by Country Reporting and global tax provision modules for the key data and reporting needs of Pillar Two

→ CCH Integrator centrally stores all tax and financial data (both historical and current) in a manner that facilitates calculations for Pillar Two

→ Automated/streamlined data collection from multiple sources, including upload and web-based questionnaires, leverage mapping functionality to create consistent results

→ Guided workflow/checklist to identify and manage constituent entities

→ Templated calculations to determine GloBE Income or Loss for entities / PEs and allow for Pillar Two adjustments, providing transparency and audit trail

→ Templated schedules to identify and align tax attributions on country basis to compute GloBE ETR and Top Up Tax, with in-built data validation and analysis

→ CCH Integrator Analytics can be utilised to provide analytics oversight for the global calculations of MNEs

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ANDY HUNG
Segment Director
CCH Integrator, Wolters Kluwer

START

Identify source data requirements and source systems. Auto-populate from CCH Integrator Tax Provision and CbCR.

Collect and affirm data using CCH Integrator webforms, questionnaires and workpapers

Automated adjustments and workpapers to modify tax calculations pursuant to the Pillar Two rules and local requirements

Review Safe Harbour, ETR and Top Up Tax calculations through online calculation workpapers and analytics

Generate GloBE Return, disclosure requirements for domestic Corporate Income Tax Return and journal adjustments to tax balances

FINISH

> Our tax specialists are speaking with businesses to discuss the implications of the new rules and how our global tax provisioning software can address these.

ABOUT WOLTERS KLUWER – TAX & ACCOUNTING

Wolters Kluwer fuels global commerce by enabling tax and accounting professionals and businesses of all sizes to drive productivity, navigate change, and deliver better outcomes. With workflows optimised by technology and guided by deep domain expertise, we help organisations grow, manage, and protect their businesses and their client's businesses.

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