

BEPS 2.0: Addressing Organizational Impact of Global Tax Reform

The following are questions for boards and management teams to consider in executing a risk mitigation strategy to address the organizational impact related to global tax reform under the Organisation for Economic Co-operation and Development's Pillar Two rules enacting a global minimum taxation.

HAVE WE PERFORMED AN IMPACT/FEASIBILITY ASSESSMENT?



- ▶ Have we considered **all entities** by location and legal ownership structure?
- ▶ Have we done a **scenario analysis** to determine whether to take advantage of various elections, including safe harbors?
- ▶ Do we anticipate an increase in **effective tax rate** (ETR) or cash tax increases?

WHERE WILL PERTINENT INFORMATION COME FROM AND HOW WILL IT BE ACCOUNTED FOR?



- ▶ Do we have existing, capable accounting systems and **means for identifying** and capturing tax information on a jurisdictional basis or are significant enhancements needed?
- ▶ Do we have the appropriate **cross-functional resources** needed for compliance and reporting? What are our automation capabilities?
- ▶ Does our **current control environment** support new jurisdictional rules, forecasting and complex compliance computations?
- ▶ What **internal/external resources** may be required? Should outsourcing be considered?
- ▶ Have we built out a **roadmap** on how to get to where we need to be for effectiveness in 2024?

WHAT OUTPUTS SHOULD WE BE CONCERNED WITH?



- ▶ Are we **monitoring the consultation processes** within jurisdictions on a global basis with respect to disclosure requirements?
- ▶ Are we prepared for required **country-by-country** jurisdictional reporting?

HOW DO WE REDUCE FUTURE COMPLIANCE AND ETR COSTS?



- ▶ Is there restructuring and **entity rationalization** that may need to be performed?

HOW ARE WE THINKING ABOUT OVERALL BUSINESS STRATEGY, ERM AND RELATED COMPLEXITY OF TAX CONSEQUENCES?



- ▶ Have we considered the **material impacts** and how does this impact our decision-making going forward?
 - E.g., M&A and disposition activity will require **new analysis** on Pillar Two tax effects.
 - E.g., Accounting for **tax credits** will differ by jurisdiction (for example, the new US Inflation Reduction Act) and analysis will need to be performed to determine whether such credits may actually cause an organization to lose credit benefits.

These reflect a sampling of some key areas of focus for multinational organizations to consider as part of their overall tax and risk compliance strategies.

For more insights and information, refer to [BDO's International Tax Services](#).