BEPS 2.0: Addressing the Organizational Impact of Global Tax Reform

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

DO WE UNDERSTAND OUR REPORTING REQUIREMENTS?

- Do we understand the Pillar Two report requirements for each jurisdiction?
- Have we considered all entities by location and legal ownership structure?
- Have we identified and implemented tools and templates to assist with the required reporting and compliance?
- Do we understand the data requirements for the required reporting and compliance?

HAVE WE CREATED AND COLLABORATED AS A CROSS-FUNCTIONAL TEAM?

- Have we created a cross-functional team to assist in the Pillar Two evaluation and reporting process?
- Do we have team members from beyond tax being consulted on the required data? Who has been identified from accounting, treasury, internal technology, financial planning and analysis, strategy, and legal to assist the process?
- Do we anticipate any risks or limitations in the existing technology and process? If so, how are we mitigating such risks or limitations?
- Should a professional service advisor be consulted to evaluate and validate the existing plan?

HOW ARE WE MONITORING AND EVALUATING THE EVOLVING BUSINESS AND LEGISLATIVE LANDSCAPE?

- Are we monitoring the legislative and reporting processes within jurisdictions on a global basis with respect to disclosures and reporting requirements?
- Who internally is responsible for the monitoring process?
- Who will be responsible for potential follow-up tax audit activities and controversies? Do we understand the data requirements for the required reporting and compliance?

ARE WE CONSIDERING THE IMPACTS TO OVERALL BUSINESS STRATEGY AND ENTERPRISE RISK MANAGEMENT?

- Have we considered and evaluated the material impacts and how does this impact our organizational decision-making going forward?
  - E.g., Global tariffs, M&A and disposition activity will require new analysis on Pillar Two tax effects.
  - E.g., Accounting for tax credits will differ by jurisdiction and analysis should be performed do 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.

Click here for more on BEPS 2.0 ▶