

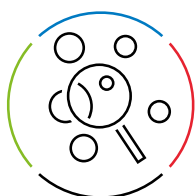
CCH Integrator BEPS Pillar Two



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%.

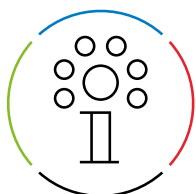
- ➔ To determine if top up tax is required, MNCs need to do two interrelated direct tax calculations (each having slightly different rules) for each subsidiary before consolidating figures and determining the final tax payable
- ➔ This introduces an additional compliance obligation on MNCs to report on their GLoBE income



**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**

CCH Integrator

Workbooks

Data

Reports

Dashboards

Entities

Workbooks

> BEPS Pillar 2 AGG - 31 Dec 2023

> Update Schedules

> Workpapers - Global

> BEPS Pillar 2 - Top-up Tax Allocation

Expand Rows

Collapse Rows

Hide Empty Rows

Worksheet Auto Calculation

	Reference	Current Year
EXCESS PROFITS AND TOP-UP TAX CALCULATION		
<div> <div>GLB.1 Income</div> <div>GLB.1 Income as calculated</div> <div>Manual upload</div> <div>Exclude losses</div> <div>Adjustments</div> <div>Substance-Based Income Exclusion</div> <div>Eligible payroll costs</div> <div>Carrying value of eligible tangible assets</div> </div>	<div>GLB.1</div> <div></div> <div></div> <div>GLB.L</div> <div>GLB.ADJ</div> <div></div> <div></div> <div></div>	<div>3,192,900</div> <div>3,192,900</div> <div></div> <div></div> <div>2,000</div> <div></div> <div>3,000</div> <div></div>
<div> <div>TOTAL EXCESS PROFITS</div> <div>2020 BEPS Pillar 2 - 31 Dec 2023</div> <div>2021 BEPS Pillar 2 - 31 Dec 2023</div> <div>2022 BEPS Pillar 2 - 31 Dec 2023</div> </div>	<div>GR.TOT</div> <div></div> <div></div> <div></div>	<div>3,192,900</div> <div>15,150</div> <div>1,500,000</div> <div>1,500,000</div>

Reports

Dashboards

Entities

Administration

Schedules

> Workpapers - Global

> BEPS Pillar 2 - Top-up Tax Allocation

Collapse Rows

Hide Empty Rows

Worksheet Auto Calculation

	Reference	Current Year
ALLOCATION - AT JURISDICTION LEVEL		
Income for allocation to each Constituent Entity	ALLOCI	0
Attributable to other ownership interests	OOVRI	0

AS PERCENTAGE

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

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



ANDY HUNG
Segment Director
CCH Integrator, Wolters Kluwer





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.

GloBE returns and filing is continuing development and is under consultation with the OECD and domestic tax authorities. The information and indicative workflows displayed throughout this document are based on current information available (March 2023) and is subject to change. These are based on Wolters Kluwer CCH Integrator team experience and expectations as to how the BEPS Pillar Two rules will be implemented under the implementation framework and in domestic legislation. CCH Integrator will meet the reporting and filing requirements in all core and strategic regions.