Tax Systems

10 things to look for in a Pillar Two software solution

You will find this document useful if you're looking to use software to de-risk, simplify, and optimise your global Pillar Two compliance and reporting. The right solution will not only ensure you are can calculate and comply with confidence, but also help you save costs, reduce risk, and increase control. OECD Pillar Two model rules and references are complicated, so you should choose a software provider with a proven track record of delivering complex, direct tax compliance calculations.

The challenges posed by Pillar Two

Data
Understanding the data requirements and addressing any gaps

Systems
Existing systems not able to handle Pillar Two needs

Process
Operationalising the Pillar Two reporting process

Up-to-date
Keeping up to date with rules and tracking local adoption of QDMTT, IIR and UTPR

Prepared
Being ready for greater tax authority scrutiny

10 things to look for in a Pillar Two software solution

1. Jurisdiction implementation tracker

Whichever Pillar Two software you choose should of course ensure accurate top-up tax calculations. However, there are solutions available that provide jurisdiction implementation trackers which will show you if QDMTT, IIR, or UTPR are in force, so you know which rules are being applied.

Find out if the jurisdiction implementation tracker is being kept up to date by the software provider – so you don't have to constantly monitor for changes, which will save you valuable time.

2. Always up-to-date with OECD model rules

Accurate calculations are key – Pillar Two is a complex global tax and you need certainty in the numbers. Look for software that supports all core calculations in accordance with OECD model rules and references. Importantly, make sure that your software supplier commits to keeping the solution up-to-date with changing Pillar Two rules, ensuing accuracy and compliance not just for now, but also in the future.

Some basic solutions may only have calculations that are correct at a certain point in time if they are not kept up-to-date regularly, if at all.

Similarly, if you are reliant on in-house Excel files, be aware that these spreadsheets are prone to errors - formulas can break or be overridden, and they quickly become outdated when Pillar Two rules change. If you have Excels built by advisors, the cost to maintain these over time may become prohibitive.

3. Dashboard to monitor tax positions & deadlines

A centralised and comprehensive view of your Pillar Two data will make it easier for you to identify any potential inaccuracies or inconsistencies before the information is made available to the market or tax authorities. It enhances control and visibility over data status and supports effective risk management.

4. Automation to save time and create operational efficiencies

Automating the offsets and allocations process with calculations that can't be overridden, not only saves time but further de-risks your compliance and gives you clarity on the impact in each jurisdiction and constituent entity. It also minimises the risk of errors.

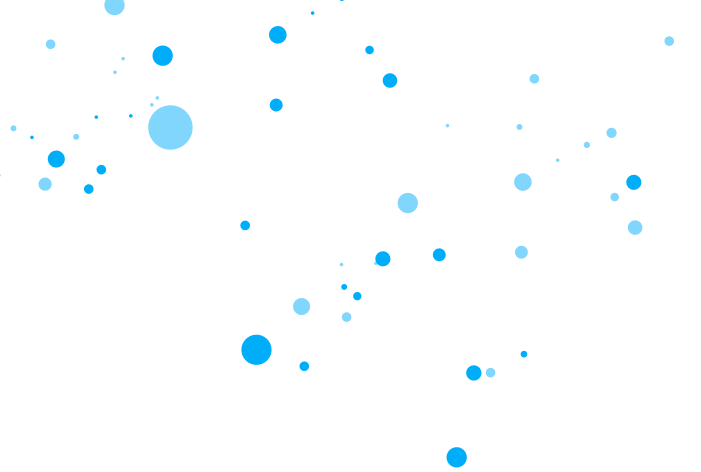### 5. Flexible data upload functionality

Pillar Two calculations and reporting requires huge amounts of data from numerous sources. Choose a software solution that supports easy data gathering from both centralised systems and geographically dispersed teams.

Allowing data to be easily uploaded from Excel reduces the risk of transposition errors. Data import using APIs enables a seamless integration with existing systems, minimising the risk of errors and maximising operational efficiency.

6. GIR & local returns

Look for a Pillar Two solution that automates the production of the GloBE Information Return (GIR) production, as well as support for local returns. Pillar Two requires compliance on a global and a local jurisdiction level.

7. Integration with other tax solutions such as CbCR and provisioning

Pillar Two, CbCR and provisioning are interrelated processes. So it makes sense to look for a Pillar Two solution that seamlessly integrates with both of these applications.

Modular platforms for international tax compliance enable this exact functionality, giving users the benefit of being able to upload information once and re-use it as a single source of truth for their tax compliance data. This ensures consistency and accuracy across the tax reporting cycle, and strengthens tax control frameworks.

8. Tax data & operational insights reporting

Software that uses innovative technology can help uncover insights which support data-driven decision making.

Using generative AI enables users to easily interrogate the tax data, helping them uncover insights, for example, GloBE income by country, location of biggest adjustments, where you pay more tax, higher earnings before tax (EBT) by ju-risdiction etc. All using natural language. Querying data in this way is much more efficient and frees up tax teams' time to do more value-add activities.

9. Supports collaboration across all your teams

Pillar Two compliance and reporting will require collaboration across teams and borders, and that means harnessing the power of cloud technology. SaaS solutions can enable effortless collaboration with advisors and colleagues regardless of their location; connecting them through a single inter-face, using the same data, with access depending on assigned roles. This supports you during plan-ning, set-up, dry-run analysis and filing phases.

10. In-house experts to support you

Even the most intuitive software should have support that's second to none.

We all know that Pillar Two is complicated, so it's important that you have in-house experts on hand when you need them. You need to be able to talk to a team that understands the challenges that you are facing, that have in-depth and up-to-date knowledge of Pillar Two tax technical content.

A Pillar Two software solution can help you to work smarter and faster, without compromising on compliance.

Our Pillar2 software delivers everything you need to de-risk, simplify and optimise your Pillar Two compliance and reporting – giving you clear control and insight into your data.

If you would like to discuss how Pillar2 can support your current compliance process, please get in touch, we'd love to speak to you.

Let's talk