



Pillar Two: A Business Case for Tax Transformation

Presentation for Manufacturers Alliance



Meet Your Presenter



Kathryn Abate

Senior Product Manager, Longview

Who is insightsoftware?

We enable the Office of the CFO to connect to and make sense of their enterprise data in real time so they can proactively drive greater financial intelligence across their organization, which is how best-in-class finance teams operate.

 **Longview Tax**
from insightsoftware

 **Longview Transfer Pricing**
from insightsoftware

\$500M+



Revenue

500,000+



Users

32,000+



Customers

1,300+



Partners

2,400+



Team Members

150+



Countries Served

Agenda

1

Status of BEPS 2.0

2

Impact of Pillar Two on Transfer Pricing and Tax Reporting and Forecasting

3

The Need for Overall Tax Transformation

4

Why Build A Business Case Now?

5

Questions

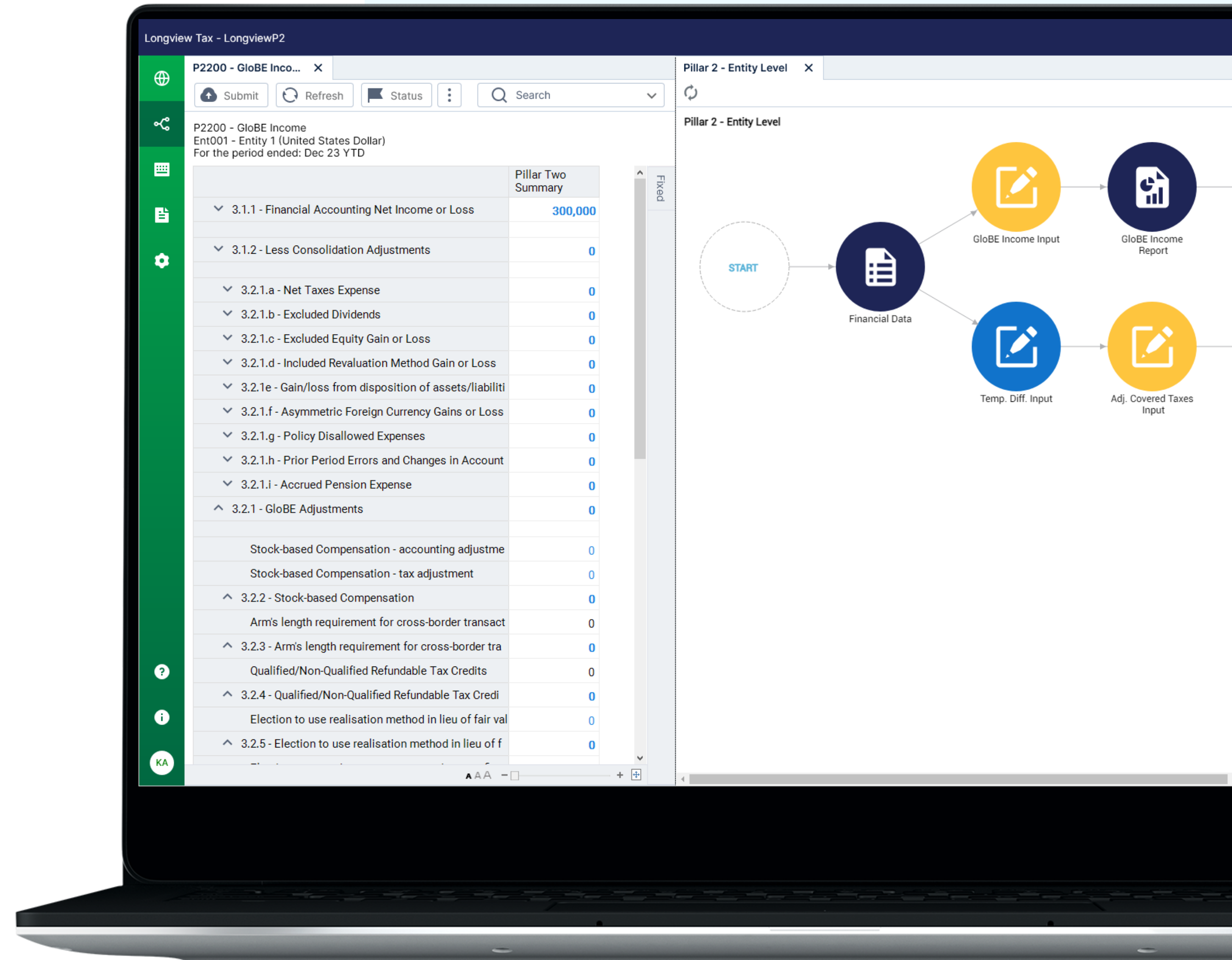
A background image showing a business meeting. In the foreground, a hand holds a white stylus over a tablet displaying a bar chart and a pie chart. Another tablet with a line graph is visible in the mid-ground. In the background, a person in a suit is writing on a document. The scene is lit with warm, golden light from the top right.

BEPS 2.0 Update

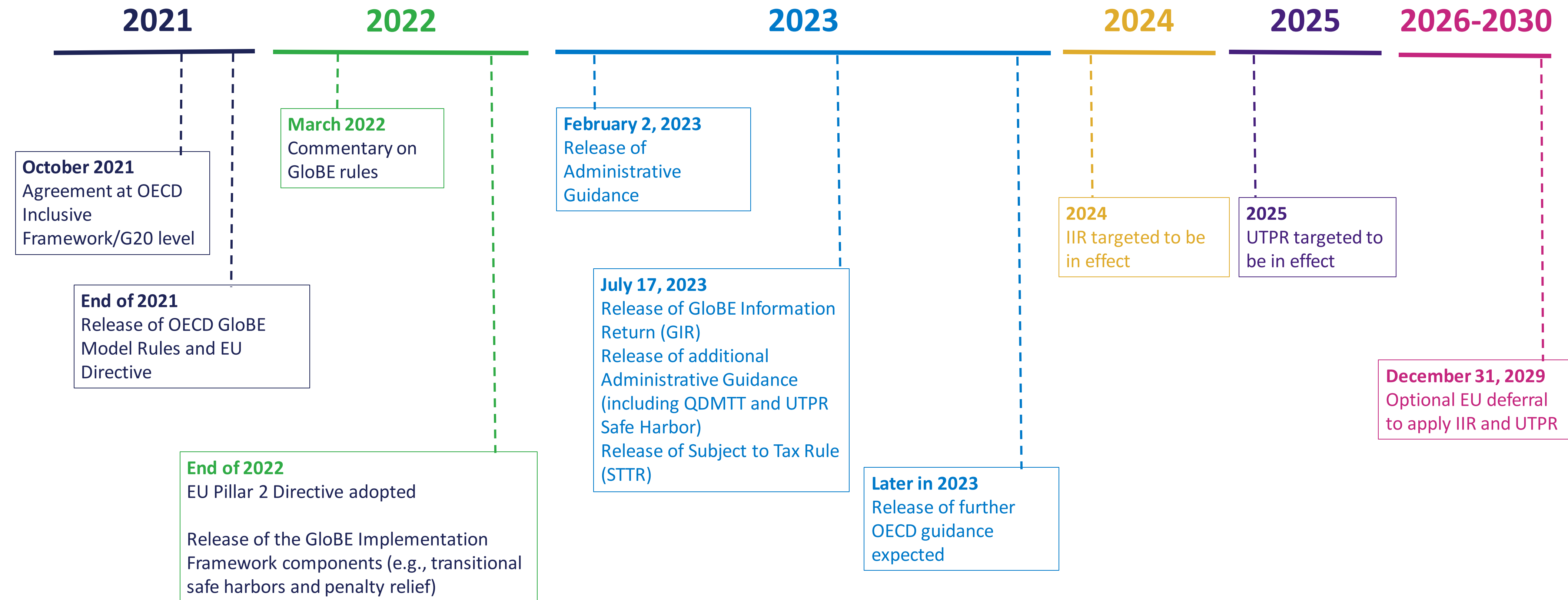
BEPS Pillar Two

What is it?

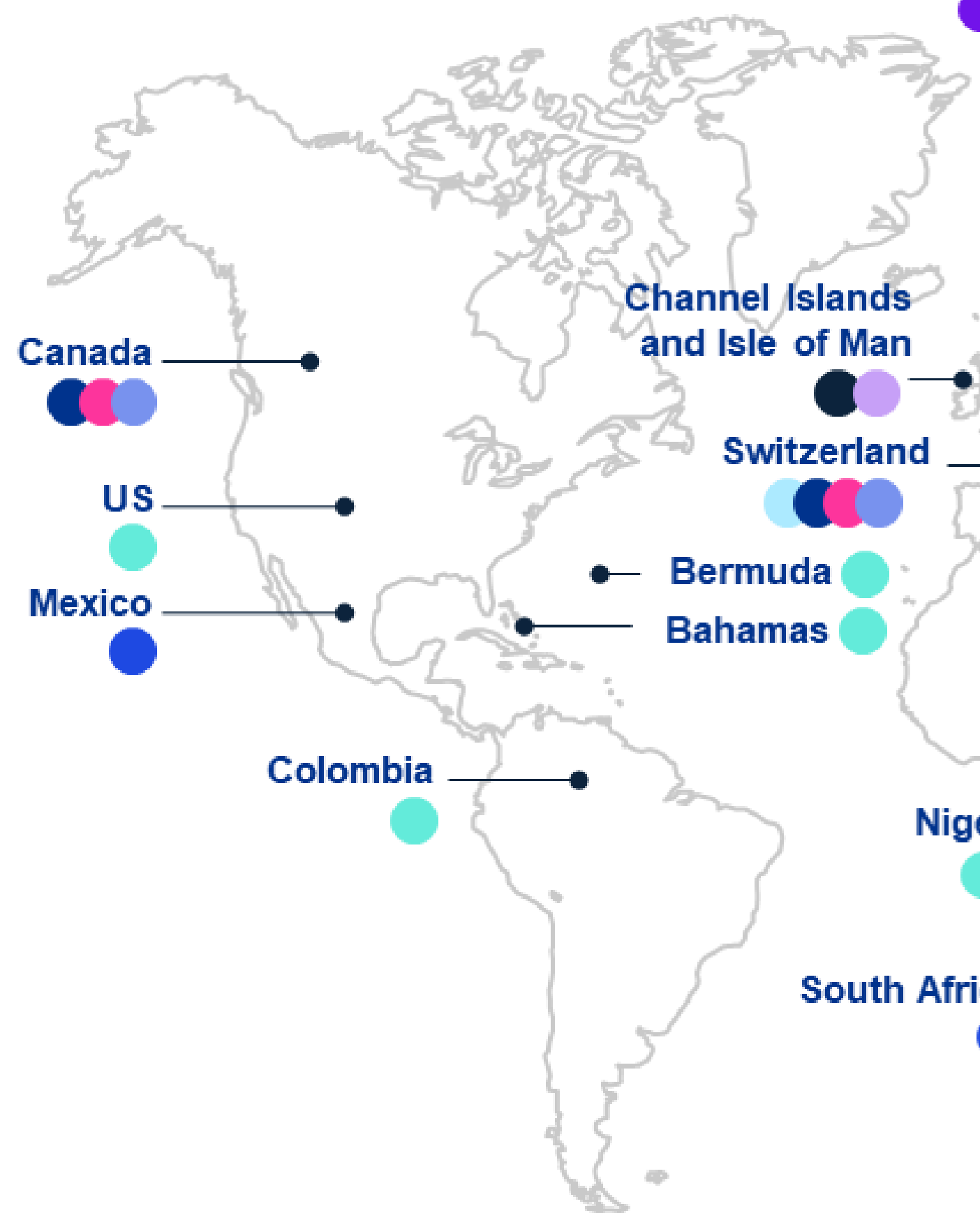
- How does this affect my company?
- What do I need to do?



Pillar Two Timeline



Recent Global Announcements



Recent Articles

September 2023

- 18 Sep - Ireland: Amendments to patent box regime in response to Pillar Two implementation
- 18 Sep - Italy: Draft law implementing Pillar Two global minimum tax
- 18 Sep - Sweden: Draft law implementing Pillar Two global minimum tax
- 15 Sep - Netherlands: Memorandum to parliament in response to report regarding bill implementing Pillar Two

August 2023

- 31 Aug - New Zealand: Bill to implement digital services tax
- 30 Aug - Portugal: Public country-by-country reporting legislation approved
- 29 Aug - Finland: Public consultation on implementation of Pillar Two global minimum tax rules
- 29 Aug - Netherlands: Draft legislation implementing public country-by-country reporting

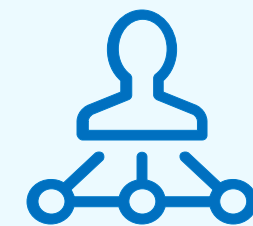
Pillar Two Basics: The Activities and Challenges for MNEs

The Pillar 2 framework impacts large MNE Groups by forcing the following activities and challenges upon them



Data Exercise

- Identify & map relevant data points
- Identify data owners within organization
- ... in parallel with effort to understand how the rules will impact the MNE group



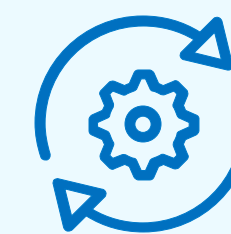
Calculation and Modelling

- Analyse transitional SH's
- Calculate Jurisdictional Top-up Taxes
- Review jurisdictional clustering and cases of mandatory de-consolidation
- Model scenarios & analyse
- Consider local QDMTT's



Allocation of Top-up Taxes & Charging Across Group

- QDMTT's
- IIR
- UTPR
- Manage tax payments & refunds



Accrual and Reporting

- Forecast & Budgets
- Financial Consolidation
- Statutory Accounting

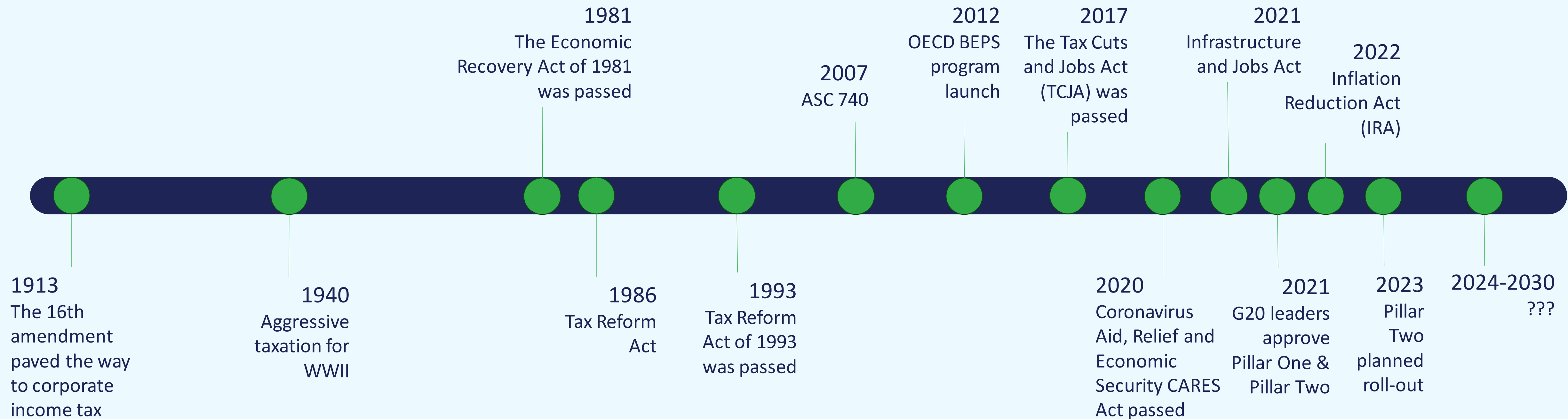


Return Filing

- QDMTT returns
- GloBE Information Return

Evolution of Tax Reporting Requirements

Major milestones in tax law that added burden to tax departments.



Why secure a Pillar Two solution now?

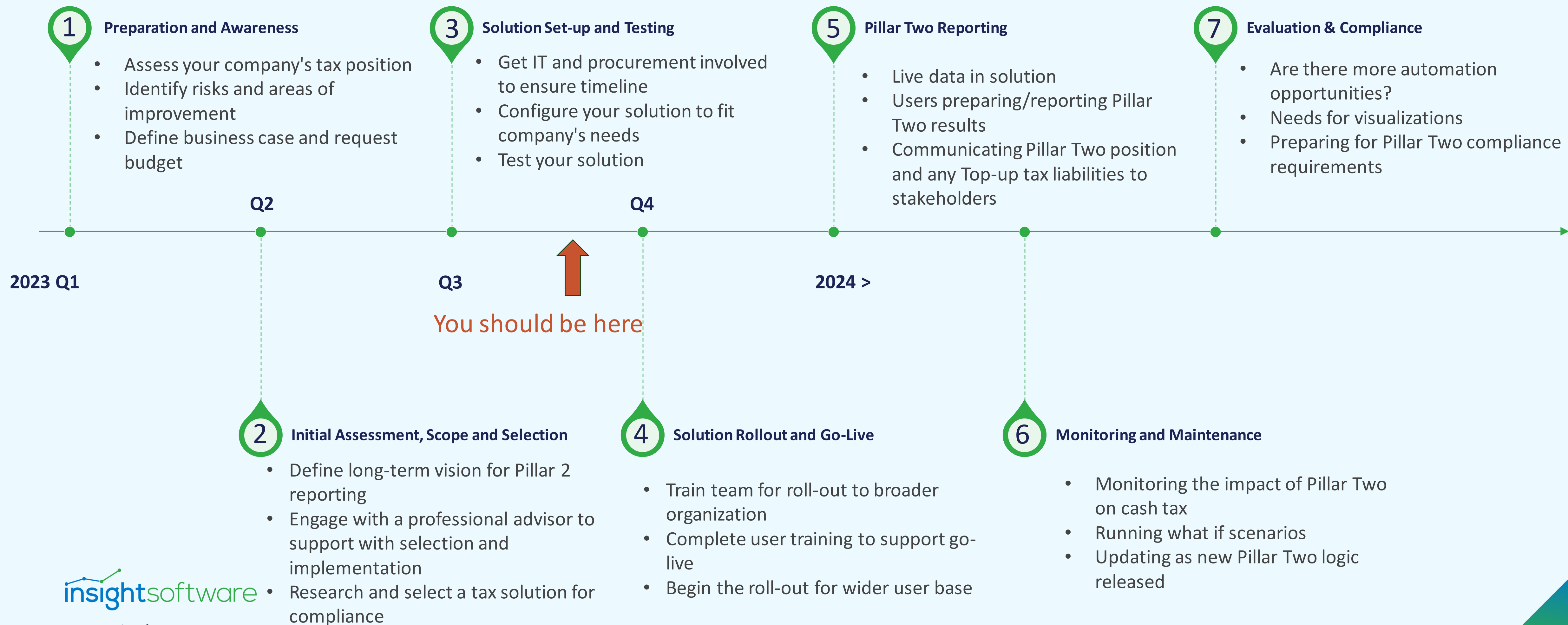
A foundation for confident and efficient tax reporting and compliance

- 1 Historical data readily available
- 2 Compliance from day one
- 3 Better manage increased workloads
- 4 Anticipate impacts and take proactive actions

Polling question:

How do you feel about the upcoming Pillar Two requirements?

Where are you in your Pillar Two Journey?

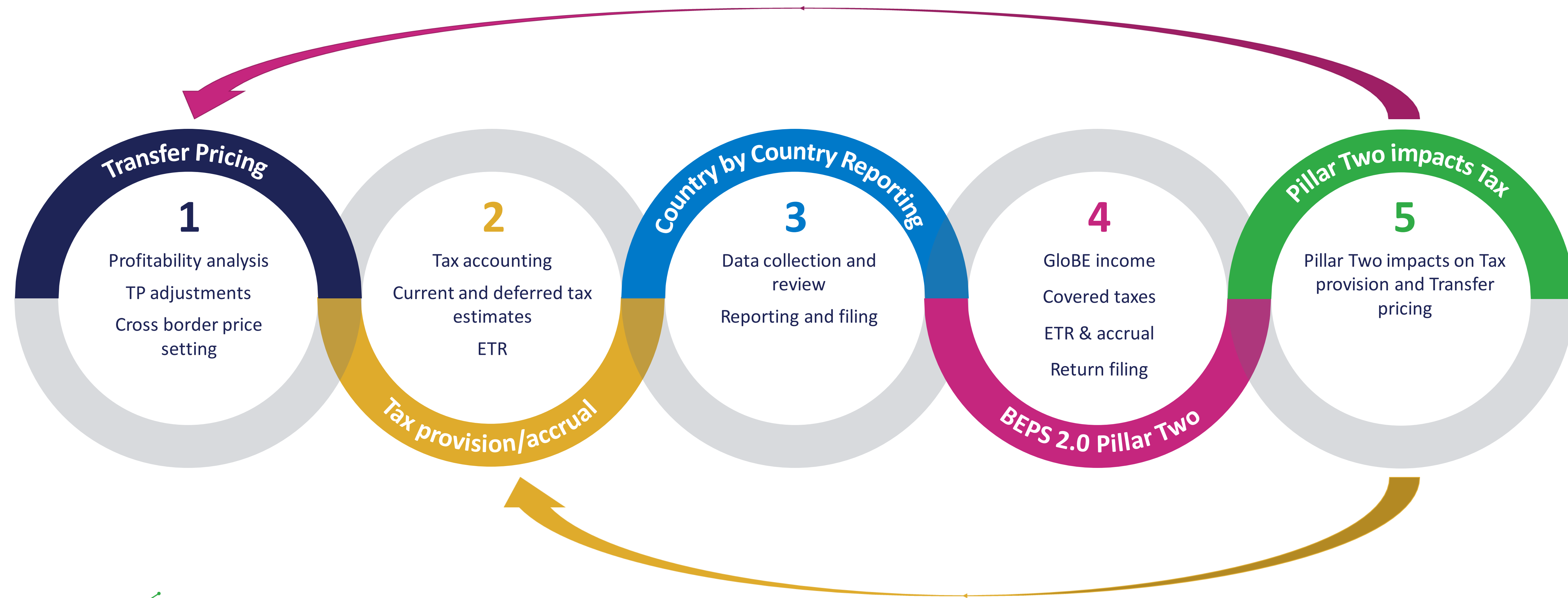


The background image shows a person's hands working on a laptop. A tablet is placed on the desk, displaying various charts and graphs, including a bar chart and a pie chart. The scene is lit with warm, golden light, suggesting a sunset or sunrise. A blue and green gradient overlay covers the top half of the image, where the title text is located.

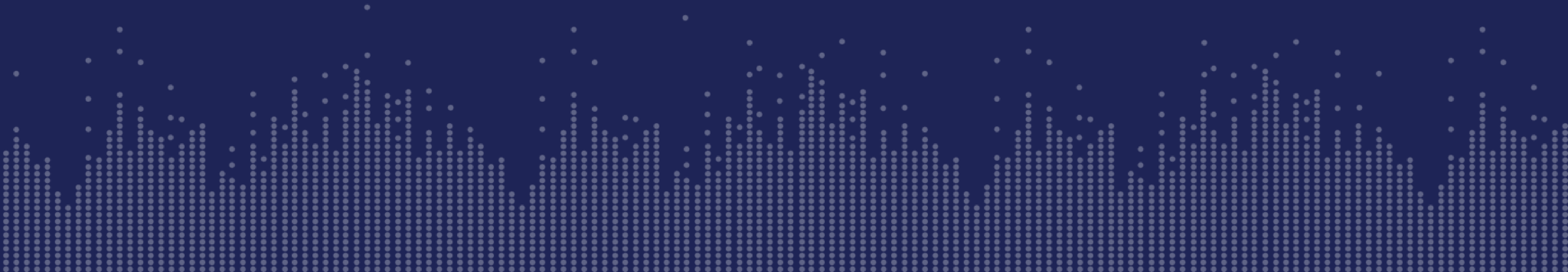
Pillar Two Impact on Strategic Transfer Pricing and Tax Reporting and Forecasting

Single Solution Efficiencies for Tax and Transfer Pricing

Align actual and forecast data for tax accounting, reporting, and transfer pricing



Demonstration





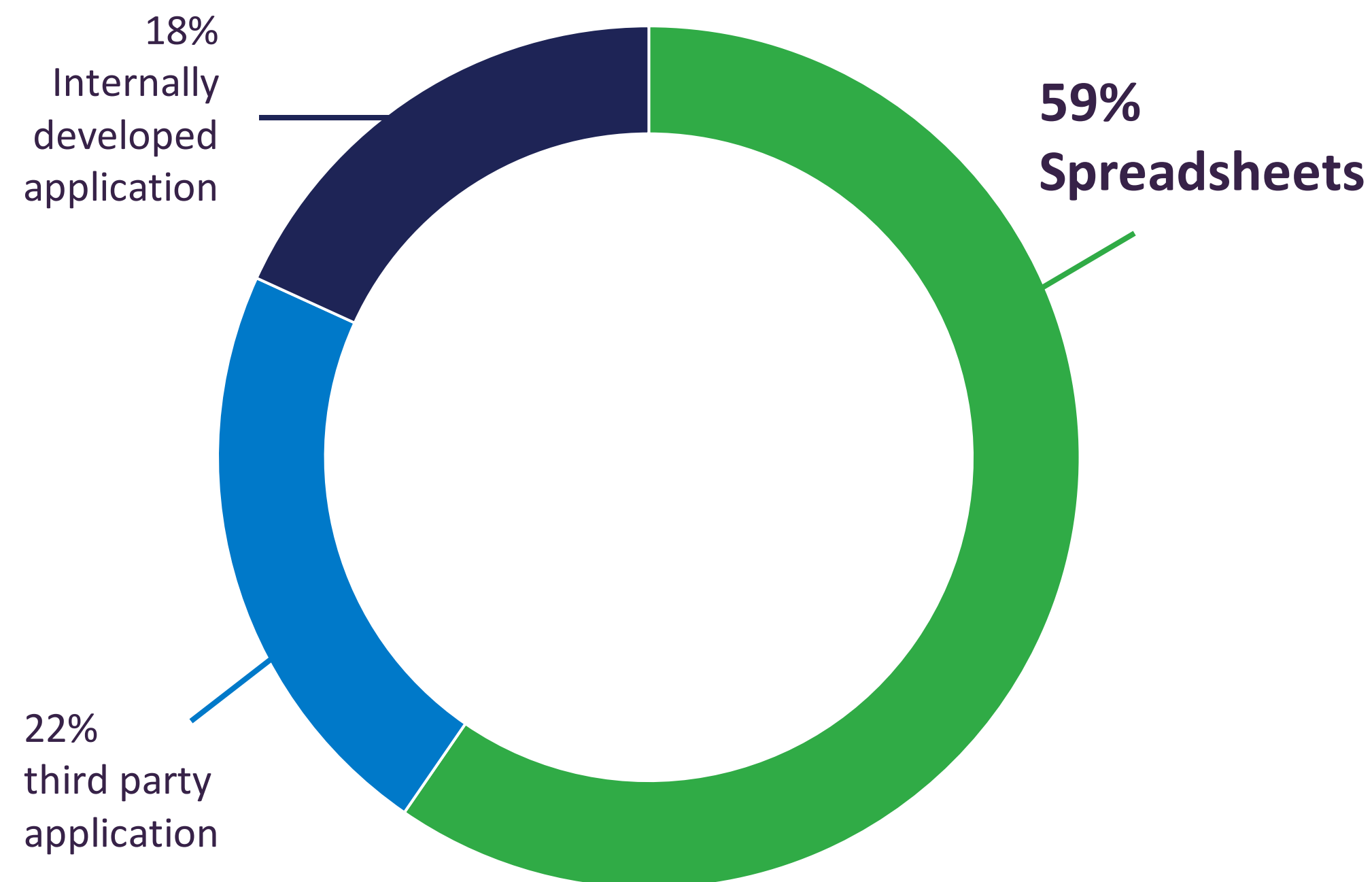
Single solution for Transfer Pricing and Tax



Tax Transformation



What are Tax teams using to manage their taxes?

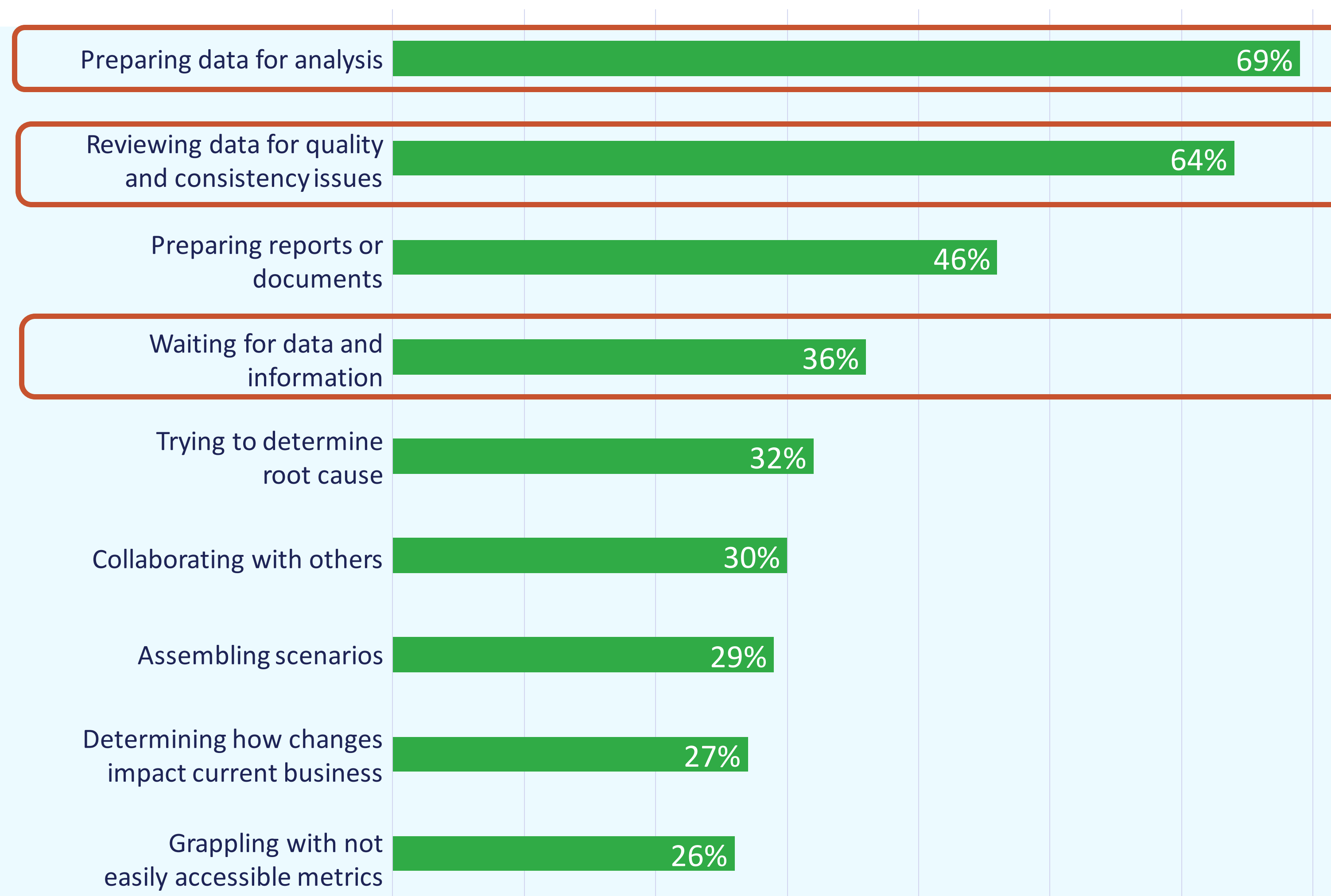


On average, 88% of Excel spreadsheets have 1% or more errors in their formulas*

* PANKO, Raymond R. What We Know About Spreadsheet Errors.

No Time for Strategic Value Add Activities

Majority of time spent preparing data



Common Pillar Two Challenges

All industries

- Struggling with **large data volumes** from many sources
- **No additional resources** available
- No in-house solution for Pillar Two (cannot rely on Excel)
- Need to **reduce manual entry** and use automation
- Need to include Pillar Two reporting in regular monthly/quarterly reporting
- Need better **visibility / transparency** of low tax jurisdictions
- Need to **model/forecast** Pillar Two outcomes
- Need to understand **cash tax impact** of Pillar Two

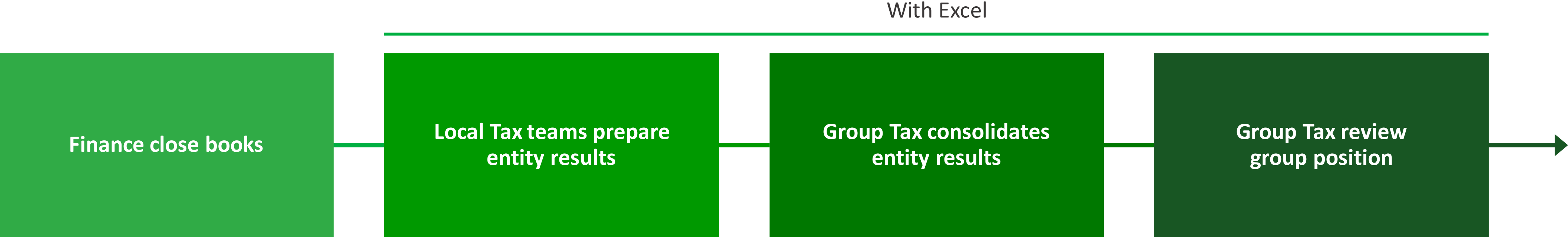
Specifically for Manufacturers

- Increased demands to **report on** cross-border situations and transactions:
 - master and local files in transfer pricing, CbCR, controlled foreign company reporting under EU Anti-Tax Avoidance Directives
 - global intangible low-taxed income in the US
 - the Mandatory Disclosure Regime in the EU
- International taxes of **supply chains** now come with a lot of considerations that weren't there before (**IIR / UTPR**)
- Added complexity of **deploying different transfer pricing approaches** to supply chains with safe harbor rules
- Implications for future Tax law changes to **R&D investment**

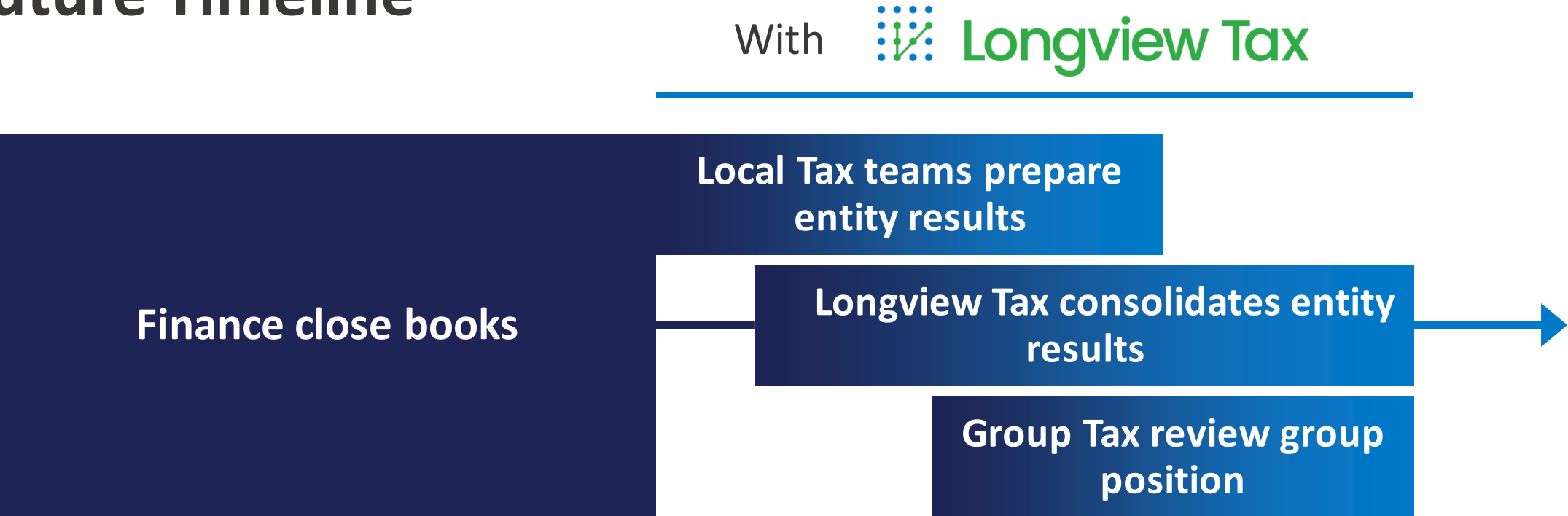
What was good enough until now,
will not be good enough for the future.

Find More Time for Tax Analysis

Current Timeline



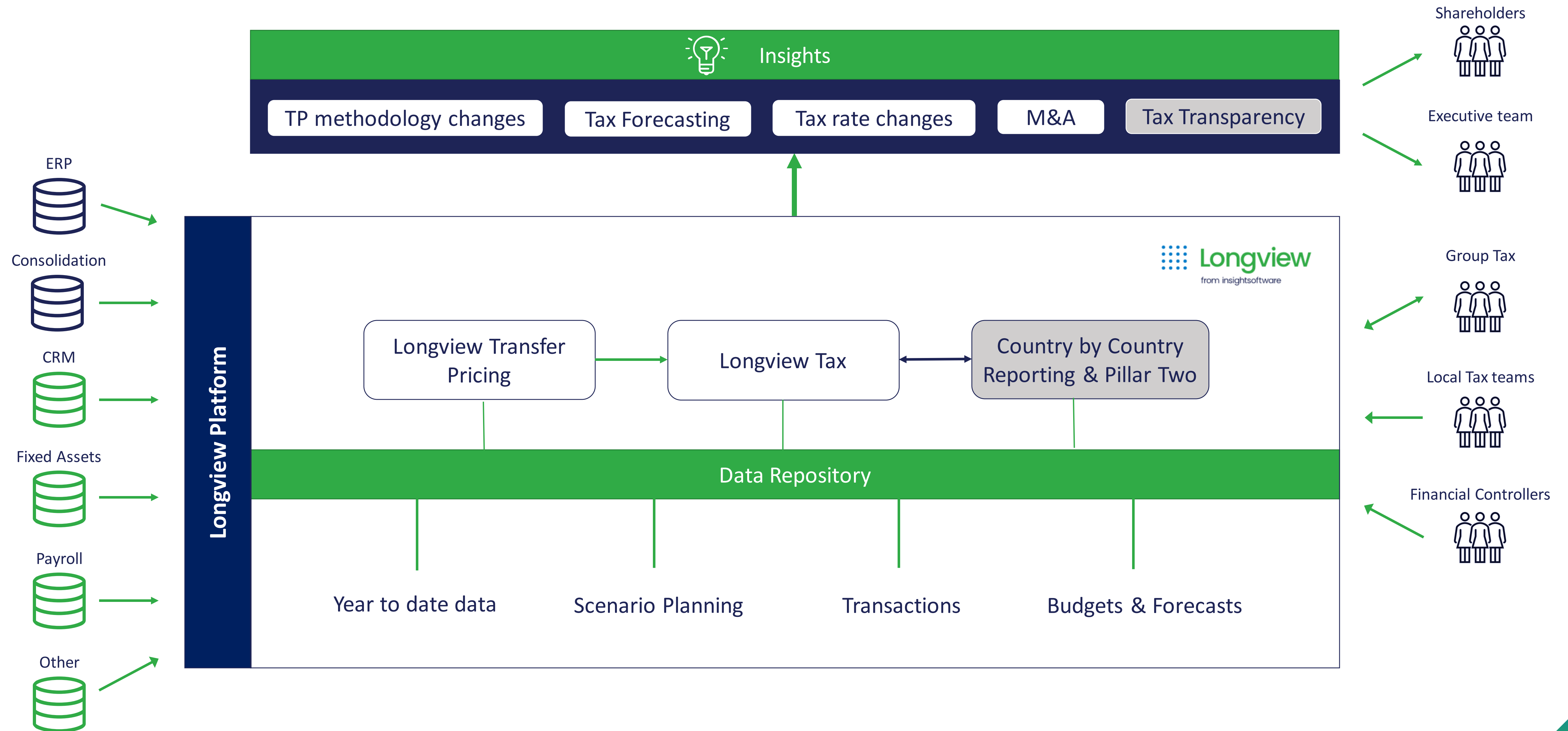
Future Timeline



**Cut your
Tax Close
time in half!**

“Ventana Research strongly recommends tax departments have a third-party dedicated application or platform designed to meet the tax reporting and transparency requirements of MNCs.

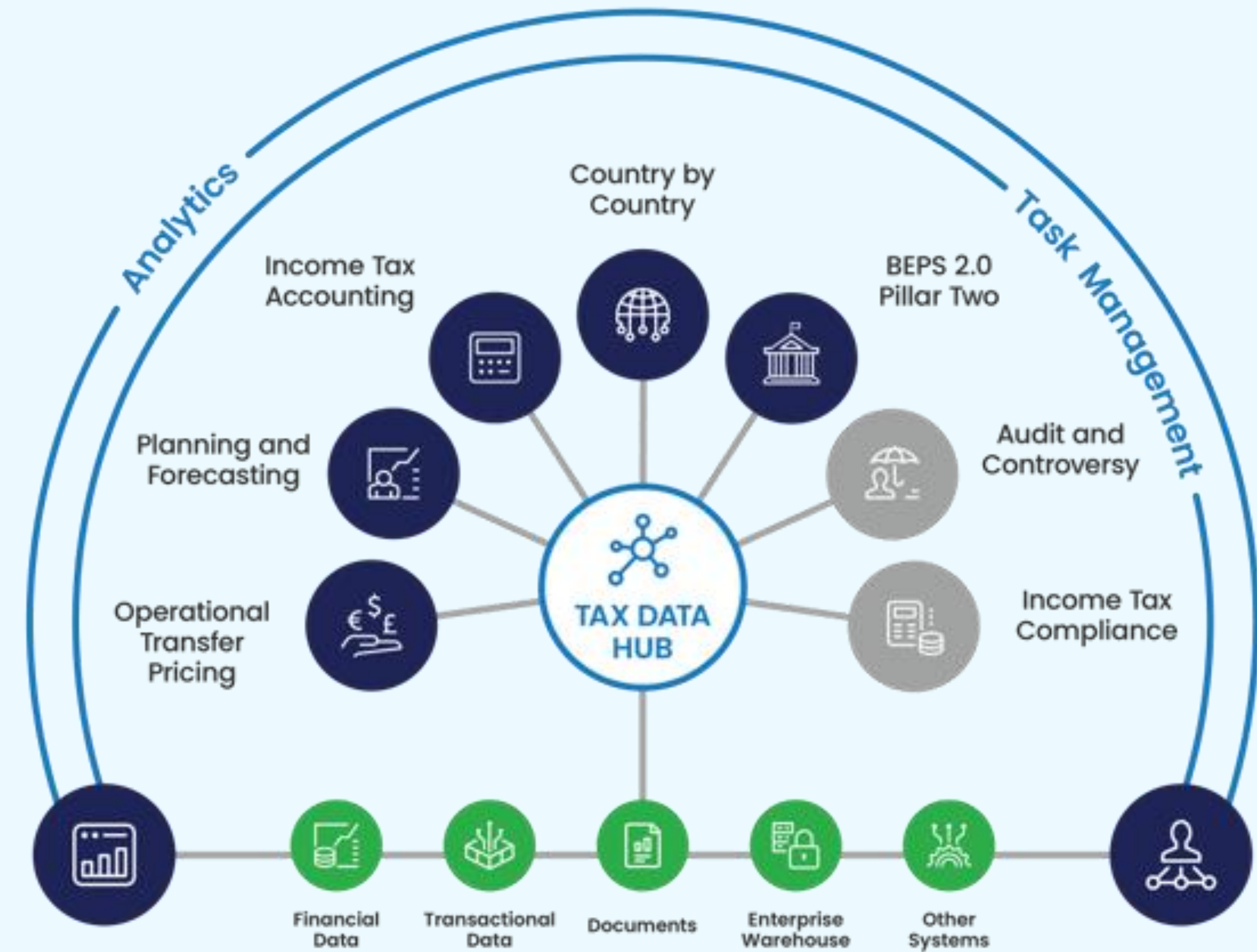
Pillar Two Framework an Extension of Tax Infrastructure



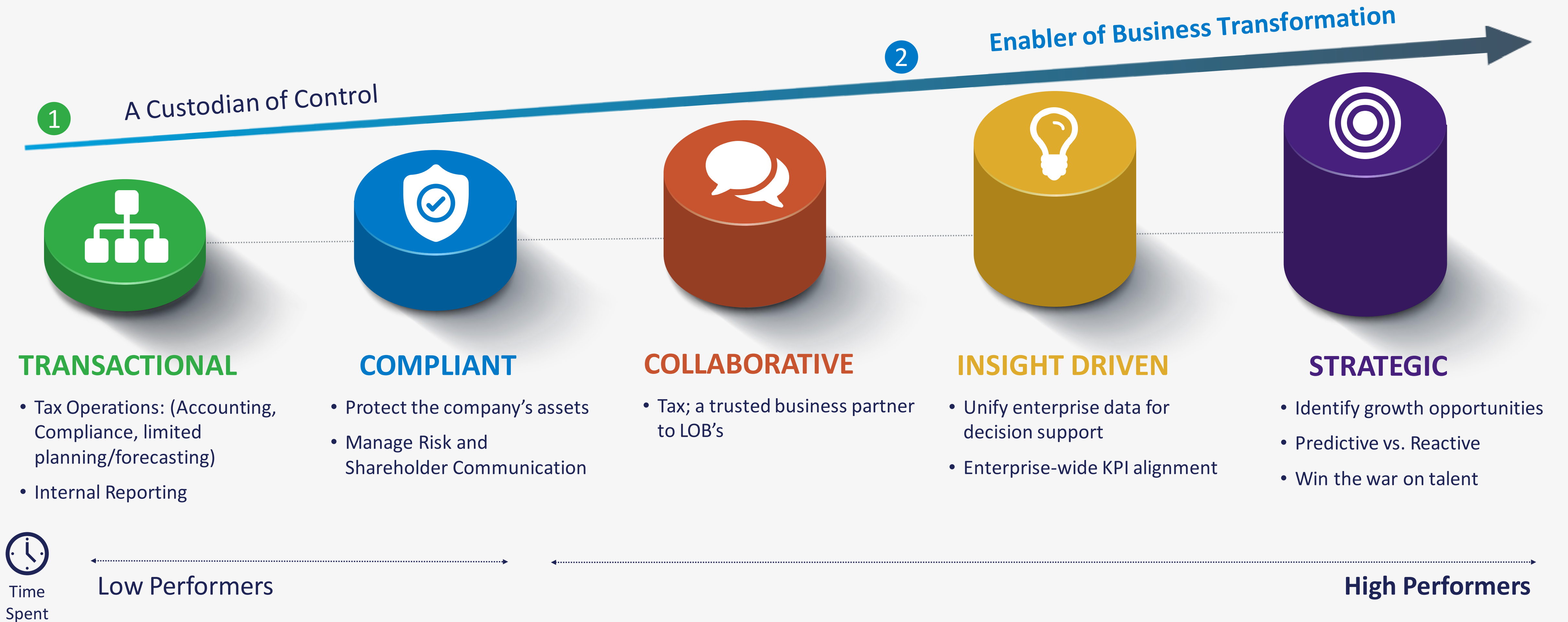
Longview Tax

The approach

- Data integrations & automations
- Single source of truth
- Real-time calculations
- Audit trail
- Variance and reporting analysis
- Scenario analysis
- Managing Pillar Two calculations & compliance



Tax As a Strategic Partner



Polling question

How do you plan to tackle Pillar Two from a technology perspective?

What are leading manufacturers doing?

Creating an environment and the infrastructure for strategic thinking.



**Shifted data collection/
analysis ratio from 85:15
to 30:70.**

Reduced data input
and eliminated 1000
excel workbooks globally.



**Automated and harmonized
finance and tax systems across
100+ jurisdictions.**

Shortened close time by 2 days
and improved accuracy. Paper
binders reduced by 50%.



**Consolidated its tax data into a
single source of truth.**

Automating 70% of the
tax position items has resulted
in 25-50% more time to spend
on strategic activities.

What our customers are saying

VANDERLANDE

“We found a lot of value in the automation because of our tight reporting timelines. At the end of the process the disclosure notes are fully automated, resulting in a more controlled outcome because of the validation checks that are built into Longview Tax. **Ultimately, we aim for a holistic approach to our tax processes, with one source for multiple users.**”

Sebastiaan Stoffelen
Tax Assurance Specialist



“**Longview has been essential for us in the face of BEPS Pillar Two.** The software allows us access to essential data for global tax compliance requirements while automating US GAAP to GloBE adjustments from our finance consolidating tool. We can track Globe ETRs by jurisdiction, create a second set of tax books under GLOBE rules, and maintain data for safe harbor calculations. We can also maintain the required deferred taxes using a 15% rate. **This tool makes the obstacles of Pillar Two compliance much easier to manage.**”

Ron Angelillo
VP Tax

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Building A Business Case

Build a business case for investment

with Tax in the driver's seat



Identify the business problem and why it needs to be solved now.
(Frame your proposal by aligning software capabilities to issues your organization is currently facing.)



Consider how it will impact the wider organization's needs.
(reduce technical reliance on IT, remove barriers for non-technical users, promote a more collaborative tax process.)



Build a compelling story with proof points that shows how you will create value for the organization.
Strategic tax planning | Risk management | Compliance



Develop high-level transformation roadmap



Offer a 'no regrets' workstream that delivers benefits regardless of Pillar 2

Polling question

Do you see Pillar Two as an opportunity for tax transformation within your organisation?

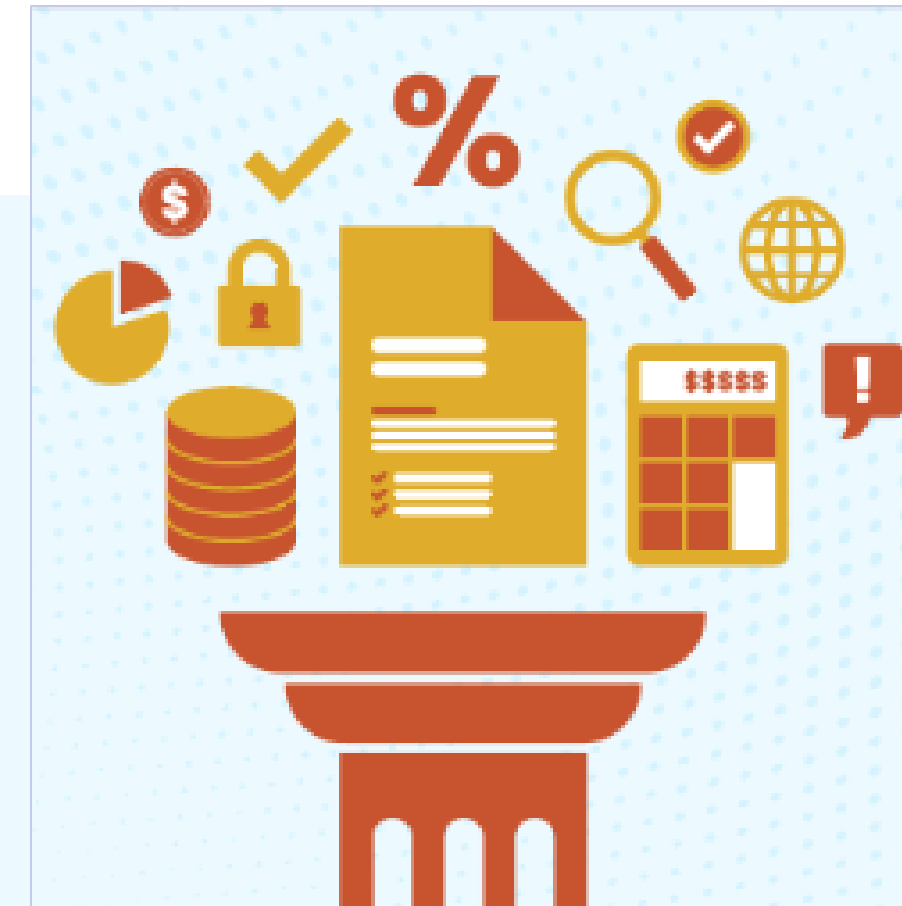
Check out our new monthly Pillar Two series



Available On-Demand Now
Safe Harbor Data Analysis
with CXO



Available On-Demand
Data Pre-processing &
Alignment for the GloBE
Calculations

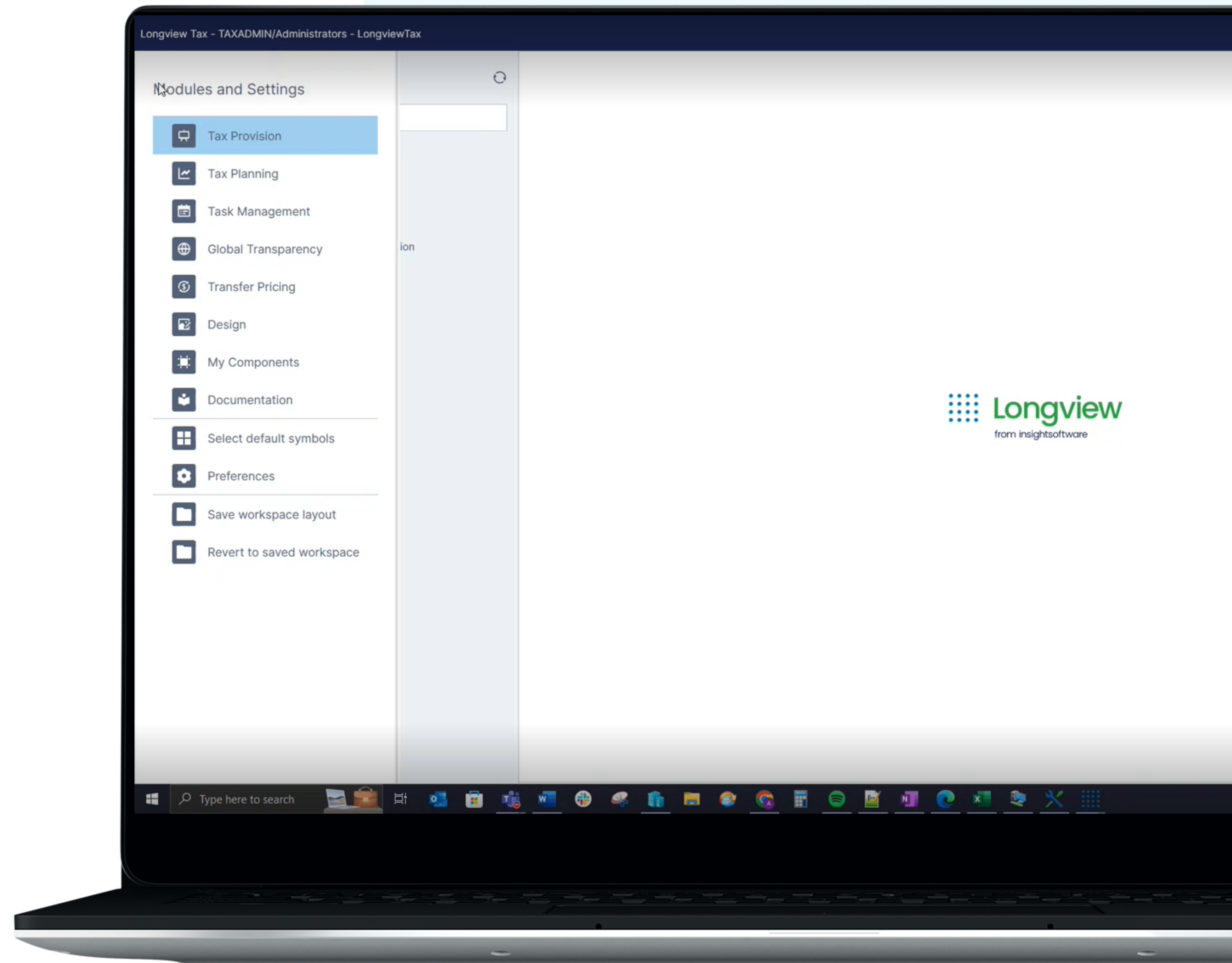


Available On-Demand
Data Allocation, GloBE
Income & Covered Taxes
Across Different Entities



October 10
The Story Behind the
Jurisdictional GloBE ETR

Questions?





<https://insightsoftware.com/longview/longview-tax/>

<https://insightsoftware.com/demo/longview-tax/beps-pillar-two/>