



BEPS 2.0 – Assessing the impact on your organization

Scenario planning: Responding to new BEPS proposals
KPMG BEPS 2.0 Model – built on KPMG Digital Gateway

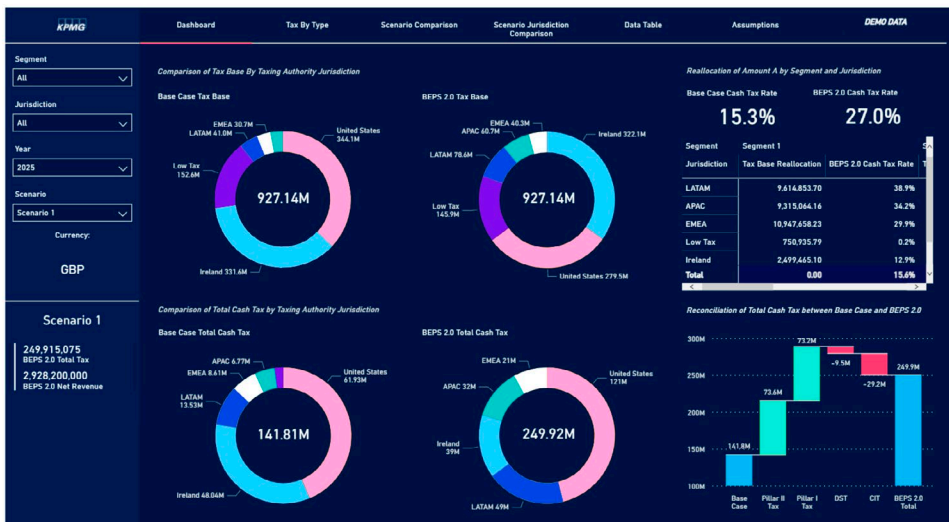
The Organisation for Economic Co-operation and Development’s (OECD) “BEPS 2.0” initiative with the OECD/G20 Inclusive Framework agreement for a global solution will change the international tax landscape. Whether the agreement is implemented in a coordinated global fashion or on a more piecemeal basis, the substance of the agreed reforms are certain to present themselves in domestic legislation around the world. Thus, it is critical to understand how BEPS 2.0 will affect your organization – both its profit reallocation proposals (known as Pillar One) and its global minimum tax measures (known as Pillar Two).

The outcome of these efforts could present you with a new set of pressures, including new demands for internal resources, the need to revamp tax policies, and additional investment requirements for new technology to handle new and greater compliance obligations. KPMG Tax professionals, working with other professionals from KPMG, can help clients understand, communicate, and evaluate appropriate actions in light of the BEPS 2.0 initiative. They can assist you in analyzing how the proposals may affect your organization and give you the insights you need to communicate with senior executives, audit committees, and other stakeholders using the KPMG BEPS 2.0 Model, a proprietary modeling tool built on KPMG Digital Gateway.

Getting started – Rapid assessment

One of the key ways to determining your organization’s approach is understanding the potential impact of the proposals. The KPMG BEPS 2.0 Model is a rapid assessment tool that enables you to assess quickly the likely impact and the degree of focus you need to respond effectively to the challenges the BEPS proposals may bring. The rapid assessment can be completed with as little as one hour of your time (subject to available information, such as country-by-county reports or publicly published information).

The KPMG BEPS 2.0 Model includes high-impact visualizations, such as the ones that follow, which compare by taxing authority jurisdiction your base case tax base and total tax to the potential BEPS 2.0 case. These visualizations are delivered via [KPMG Digital Gateway](#), a single platform solution that gives you access to the full suite of KPMG tax technologies you use.

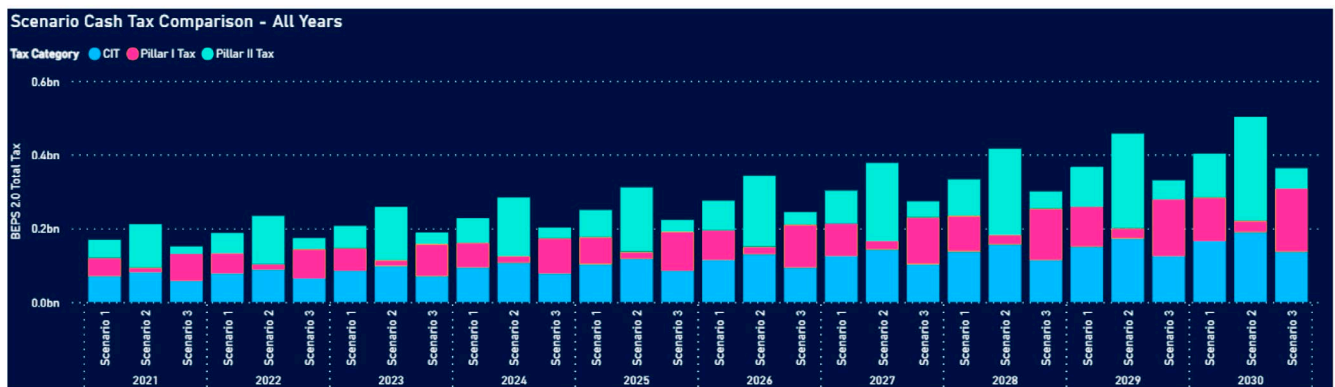


Note: This is for demonstration purposes only.

Multi-year and multi-scenario comparisons

The KPMG BEPS 2.0 Model is especially powerful, as it allows you to extend modeling insights with multi-year

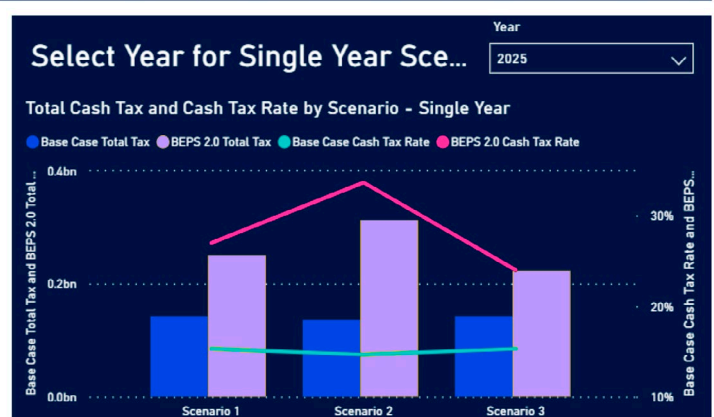
(up to 10 years) and multiple jurisdiction (up to four) scenario visualizations.



Reallocation of Amount A by Segment and Jurisdiction

Base Case Cash Tax Rate: 15.3% BEPS 2.0 Cash Tax Rate: 27.0%

Segment	Segment 1	
Jurisdiction	Tax Base Reallocation	BEPS 2.0 Cash Tax Rate
APAC	9,315,064.16	34.2%
EMEA	10,947,658.23	29.9%
Low Tax	750,935.79	0.2%
Ireland	2,499,465.10	12.9%
United States	-33,127,976.99	15.5%
Total	0.00	15.6%



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KPMG BEPS 2.0 Model in practice

Evaluates cash tax and effective tax rate

The model calculates the multi-year cash tax and effective tax rate impacts of both pillars, considering various possible combinations of different proposals.

Includes toggle functionality

A toggle dashboard allows flexible modeling based on different tax rules, allocation keys, and other parameters of the constantly evolving proposals.

Is a scalable solution for both rapid assessment and in-depth modeling

The model is scalable with available time and data and is able to deliver both high-level and detailed results.

Provides summaries of quantitative results

Detailed quantitative results assist in understanding the effects of the proposals on business operations at all levels.

Provides summary reports and visualizations

The model delivers online visualizations, including the ability to view and compare scenarios for multiple years and jurisdictions, accessible directly by client end users through KPMG Digital Gateway that allow tax teams to glean insights and better communicate with C-suite executives, audit committees, and other stakeholders.

Helps identify necessary restructuring work

The modeling results and analytics identify potential, proactive responses to tax changes from the proposals' new rules.

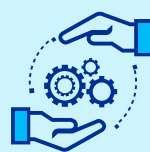
Helps inform policy advocacy

Scenario comparison capabilities identify the key components of the proposed rules that may most significantly affect your business and inform an effective strategy to respond to policymakers.

Case study

The client contacted a KPMG firm to understand the potential impact of BEPS 2.0. Two significant areas of concern were identified: (1) material deferred tax assets would become worthless; and (2) the extent of the Pillar Two impact on the existing operating model was unknown. Through scenario analyses, the company was able to identify the “tipping point” of the profit reallocation formula that would cause significant tax attributes to expire unutilized. Further, intra-group payments were identified as subject to a “top-up” tax, which could apply even if BEPS 2.0 fails as a globally coordinated measure. Such outcomes would lead to a significantly higher effective tax rate and raise questions of how to value existing deferred tax assets.

Armed with these insights, the company was able to communicate to its Board and executive teams the financial



Investing in transformation

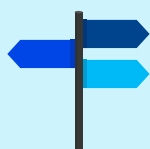
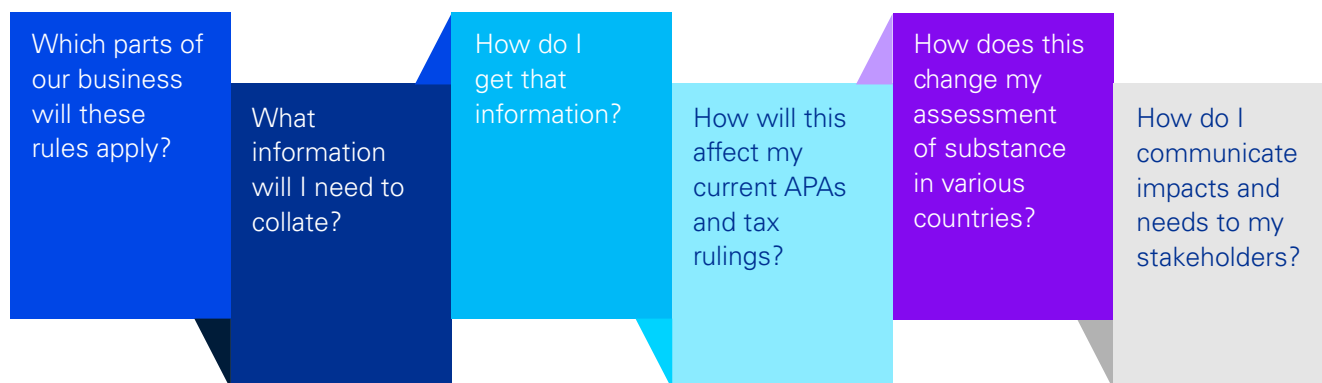
Across the KPMG global organization, US\$5 billion is being invested over five years in technology, people, and innovation to accelerate the digital transformation of KPMG firms and clients, with more than US\$ 1 billion being invested in tax and legal technology specifically through that period.

risks these proposals could entail, the likelihood of these risks materializing, and high-level insights on the necessary evolutions to their structure to be fully compliant with a future BEPS 2.0 regime.

How KPMG can help

The BEPS 2.0 Pillar One and Pillar Two proposals are complex with outcomes that are often counterintuitive and continually change as the move toward consensus

continues. KPMG professionals can help you assess the possible impacts to your organization. Examples include:



Next steps

Every organization is unique. Every tax function is too. With the help of KPMG BEPS 2.0 Model, KPMG professionals are here to support you in accomplishing its goals. Continue the conversation by contacting us for a rapid assessment today and get started quickly.

Together, let's prepare for the future of tax.

KPMG professionals understand the difficulties in anticipating and communicating the potential impacts of the OECD/Inclusive Framework proposals, as well as the many and wide-ranging possible unilateral proposals. The KPMG BEPS 2.0 Model is built on KPMG Digital Gateway, leveraging the powerful investments behind this platform to bring rapid insights to your BEPS assessments. By combining KPMG technology investments with KPMG professionals' abilities to interpret the output and make recommendations that are specific to you and your objectives, you can stay ahead of the implications of these initiatives. We can help you identify potential impacts and possible responses, develop communications plans, and help empower you to support your organization's current and future actions.

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