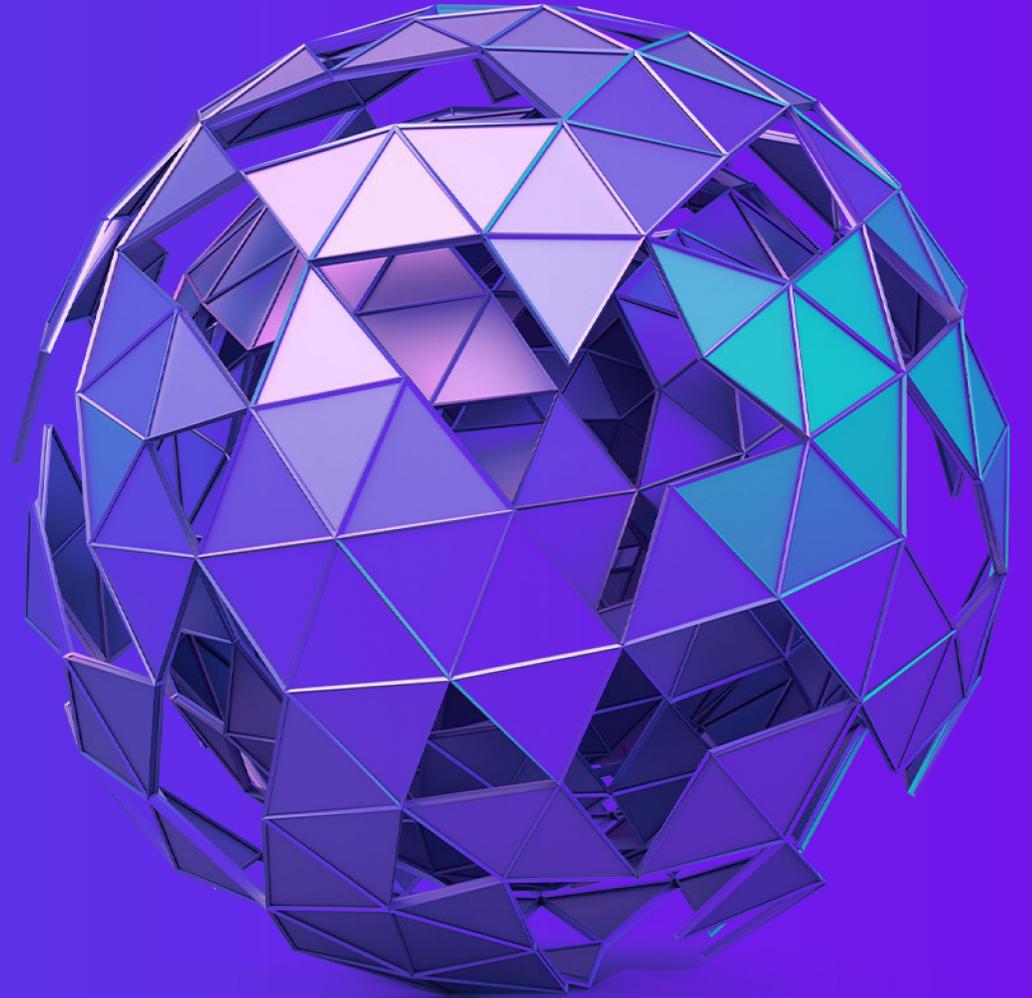




Pillar Two compliance — navigating the complexity



2025



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Introduction

Many jurisdictions around the world are moving forward with enacting legislation that implements the Pillar Two global anti-base erosion rules proposed by the Organization for Economic Co-operation and Development (OECD). The key objective of the Pillar Two rules is to impose a global minimum tax of 15 percent that helps prevent multinational companies from escaping taxation by shifting profits to low-tax jurisdictions.

Under the new Pillar Two minimum tax regime, companies now face new complex tax reporting requirements. Many multinational enterprises (MNEs) impacted by Pillar Two have already started preparing for these new reporting requirements. Summarized below are additional details regarding the frequency, complexity, and due dates for various forms and returns related to Pillar Two compliance. KPMG is well-positioned to help companies meet these complex filing requirements. The KPMG delivery model for Pillar Two compliance consists of various technology solutions and a global network of Tax professionals who are up to speed on leading practices and approaches for evolving Pillar Two compliance requirements.

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Pillar Two compliance overview

Pillar Two compliance involves various forms and filings, with different frequencies and due dates. Understanding the specific requirements for each jurisdiction is crucial for compliance.

Form/Return	Frequency	Number of filings	Due date	Complexity
Registration Form	One time (unless there is a structural change)	Once per jurisdiction that has implemented Pillar Two	Varies by jurisdiction	Medium/Low
Global Anti-Base Erosion (GloBE) Information Return	Annual	One per jurisdiction (elective central filing may be available)	18 months after close of first fiscal year and 15 months after close of each fiscal year thereafter	Complex, but simplified if eligible for Transitional Safe Harbor
Local tax forms concerning the Qualified Domestic Minimum Top-up Tax (QDMTT), Qualifying Income Inclusion Rule (QIIR), and Undertaxed Profit Rule	Annual	To be determined, and in some jurisdictions filing may only be required where a top up tax exposure exists	To be determined, many jurisdictions have aligned with the filing deadline of the GIR for local returns and payments but some require earlier filing	To be determined, likely similar to GloBE Information Return requirements
Notification of Filing	Annual	Filed annually per jurisdiction in lieu of GloBE Information Return if part of a central filing jurisdiction's treaty network	To be determined, but likely with local GloBE filing requirements	Simple (but may not be uniform given local nuances)



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Pillar Two compliance focus areas

Navigating Pillar Two compliance requires a thorough approach that encompasses various key considerations. Key compliance and reporting considerations include:



Determining where to file

Multinational companies need to assess their tax obligations in different jurisdictions and ensure compliance with local regulations.



Reviewing transfer pricing policies

It is crucial to review and align transfer pricing policies with Pillar Two requirements to avoid potential tax risks.



Compliance and reporting maintenance

The Pillar Two framework, in conjunction with local country enactment, significantly increases the compliance burden on multinational companies. A centralized process supported by local/regional resources will need to be established to ensure the timely filing of all returns and notices.



Country-by-country reporting

MNEs must comply with country-by-country reporting obligations to provide transparency and ensure compliance with Pillar Two regulations.

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KPMG approach to Pillar Two compliance



Balanced global delivery model

KPMG leverages a balanced delivery model that combines global reach, delivery centers and our local network of member firms to provide tailored solutions for Pillar Two compliance.



Technology enabled

KPMG leverages our investment in the KPMG Digital Gateway platform and our single global Pillar Two engine KPMG BEPS2.0 Automation Technology (KBAT) to bring efficiency and visibility to Pillar Two compliance.



Managed service solution

From wide-ranging managed service to co-sourcing and more bespoke models, KPMG has the flexibility to meet clients evolving requirements in year one and beyond.



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Proposed approach: Pillar Two compliance



Data gathering and upload

Identifying the right data, and efficiently managing that data, is critical in building a sustainable Pillar Two compliance process. Because every company's systems, data, and filing requirements are different, KPMG can work collaboratively with clients to best leverage available systems and reporting capabilities. KPMG Digital Gateway and KPMG BEPS 2.0 Automation Technology (KBAT) has a multitude of ways to easily populate data, from automated system connectors to standardized templates. The goal is to create an efficient, automated data gathering and upload process that helps to ensure accuracy and minimizes effort. As most organizations will be using KBAT multiple times a year, thoughtful data process design has multiplied value.



Tax reporting data

KPMG can help provide the data relevant for tax reporting on time, as required and in a predefined format for efficient use by the company.



Filing of registration and notification forms

KPMG can help prepare the Pillar Two registration and notification forms.



Calculation

Based on the data provided, KPMG can help carry out an analysis as to which entities must be included in the calculation. We will further calculate the GloBE Income/Loss and Effective Tax Rate (ETR) of the group and the allocation of top-up tax, applying the charging mechanisms. For this phase, we use KPMG's BEPS 2.0 Automation Technology (KBAT), which is being constantly updated to reflect local implementation specifics. As a deliverable, we will provide the tax reporting data to the company as well as potential postings and schedules of payments to be made.



GloBE Information data

Similar to the data for tax reporting KPMG can help provide the data relevant for the GloBE Information Return as well as the calculation of the QDMTT and QIIR.

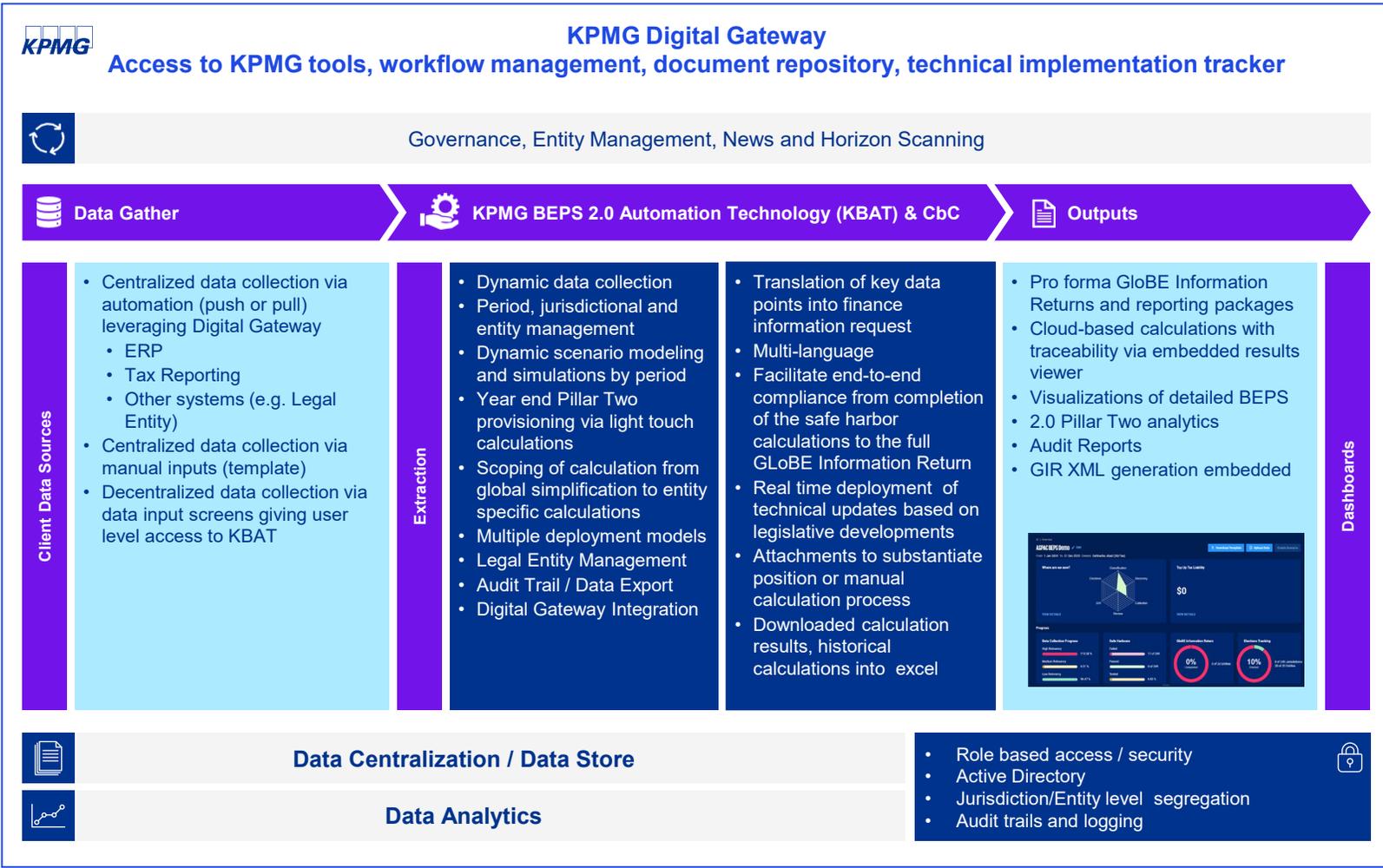


Filing of GloBE Information Return/local returns

Based on the calculation in the previous phase, KPMG will prepare the GloBE Information Return required at Ultimate Parent Entity (UPE) level. We would also prepare the supporting information/data for QDMTT filings at each country and provide it to our local teams for processing and filing.

KPMG technology approach for Pillar Two compliance

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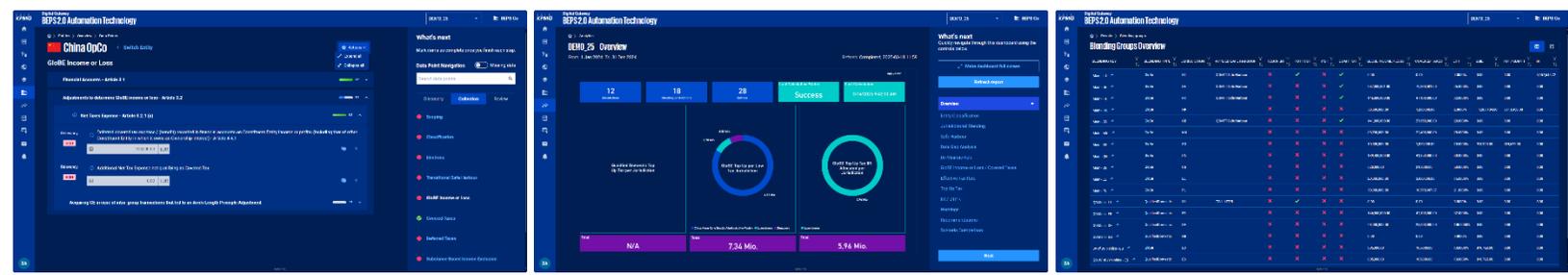


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Modeling for the continuously evolving global tax landscape related to Pillar Two reforms

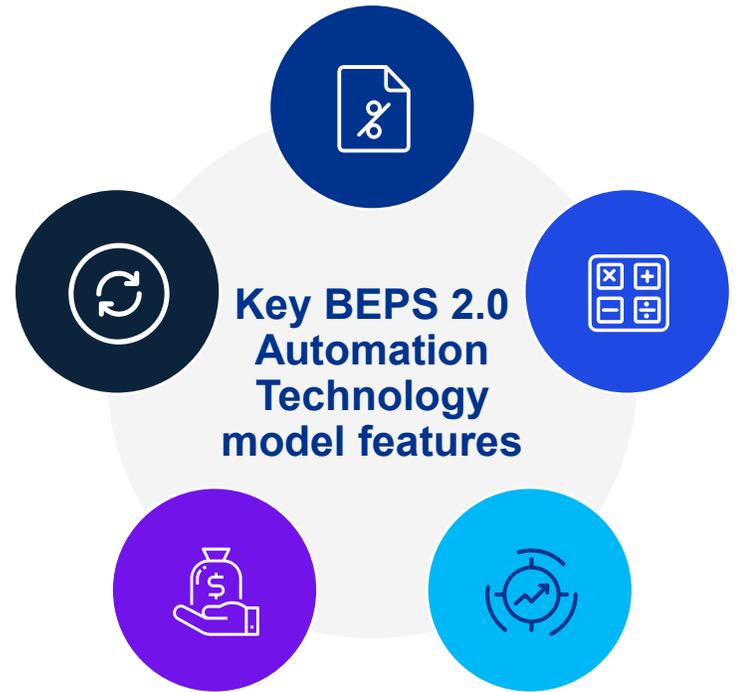
KPMG BEPS 2.0 Automation Technology is a scalable and transparent solution built on the KPMG Digital Gateway platform. The solution supports the Pillar Two process from the collection of data through to the production of the relevant Pillar Two GloBE Information Returns and local reporting packages. Quickly assess the likely impact of Pillar Two and the degree of focus you need to respond effectively to the challenges BEPS may bring.

This proprietary tool allows for both high-level and detailed modeling of BEPS 2.0 Pillar Two provisions, including safe harbor calculations. Maintained by KPMG with input by a global team of professionals from the KPMG global organization of independent firms, the tool provides your team with the ability to model the latest tax technical updates, legislative changes, and regulatory guidance to support planning, provision, and compliance requirements.



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Key BEPS 2.0 Automation Technology model features



Powerful modelling capabilities handle tax provision, tax compliance, and tax planning

Scalability can accommodate both “back-of-the-envelope” and in-depth calculations

Extensive scenario planning ability facilitates alignment of tax planning with business goals and objectives

High-impact visualizations enable easy comparison of planning opportunities and cost-benefit analyses for discussion with stakeholders

Regular updates factor in new OECD guidance and legislative change from tax authorities implementing Pillar Two across the globe

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KPMG BEPS 2.0 Automation Technology potential benefits

KPMG BEPS 2.0 Automation Technology is part of the KPMG global tax modeling suite. It is a cloud based tool designed to help evaluate, monitor, compile, track, calculate, analyze, report, and comply with Pillar Two obligations, through integration with the KPMG Digital Gateway platform.

<h3>Easy access</h3> <p>Clients can obtain personal desktop access to their Excel version of KPMG BEPS 2.0 Automation Technology</p> 	<h3>Summary reports and visualizations</h3> <p>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 allows tax teams to glean insights and better communicate with C-suite executives, audit committees, and other stakeholders.</p> 
<h3>Evaluate cash tax and effective tax rate</h3> <p>The model calculates multiyear cash tax and effective tax rate impacts of both pillars, considering various possible combinations of different proposals.</p> 	<h3>Identify necessary restructuring work</h3> <p>The modeling results and analytics help identify potential, proactive responses to tax changes from the proposals' new rules.</p> 
<h3>Scalable for both initial assessment and in-depth modeling</h3> <p>The model is scalable with available time and data and is able to deliver both high-level and detailed results.</p> 	<h3>Inform policy advocacy</h3> <p>Scenario comparison capabilities help identify the key components of the proposed rules that may most significantly affect your business and inform an effective approach to respond to policymakers.</p> 
<h3>Summaries of quantitative results</h3> <p>Detailed quantitative results assist in understanding the effects of the proposals on business operations at all levels.</p> 	<h3>Critical data and process gap analysis</h3> <p>With every data point needed for compliance reporting captured in the model, an accurate assessment of open data and process gaps is possible.</p> 

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Deeper insights and transparency through KPMG Digital Gateway

KBAT is built on KPMG’s wider technology platform – KPMG Digital Gateway. The platform’s core functionality supports all aspects of Pillar Two compliance, enables effective collaboration and helps ensure full visibility of processes and data. It includes features such as workflow management, documentation sharing, data extraction, questionnaires, legal entity management and access to the latest news on Pillar Two. These KPMG Digital Gateway applications are relevant not only for Pillar Two compliance but also for the efficient management of any tax-related processes.



Project and workflow management through the workflow application, providing visibility, control and real-time status across global and local (e.g. QDMTT) Pillar Two obligations.



Portal to share Pillar Two documents (e.g. GloBE and QDMTT returns) securely with your finance and tax team members, as well as KPMG teams, while maintaining clear audit trails. Access documents 24/7 and archive at any time.



Standardize data collection through data extraction and transformation capabilities, as well as the ability to collect unstructured data manually through questionnaires when necessary.



Legal Entity Management functionality supports entity classification under Pillar Two, documents ownership details, and helps ensure that entity characteristics are accurately recorded for use in calculations.



Reporting tool and dashboards via the data analytics module through visual representation of data to support the review of Pillar Two calculations, scenario planning, election management and modeling.



Single point of access to all KPMG applications, including KPMG BEPS Automation Technology and the BEPS newsfeeds to stay ahead of developments.



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Technology-enabled governance and collaboration

The global process management and collaboration functionality within KPMG Digital Gateway delivers a 360-degree view of your global compliance landscape, across teams, divisions, and borders. It is the backbone of the governance and oversight structure in place to support global managed services. It provides a company the visibility to maintain the tax calendar, monitor status, track deliverables, and access critical information for each service area in any jurisdiction at any point in time.

Gateway workflow and document management modules will facilitate and provide visibility of the wide-ranging compliance and reporting processes.



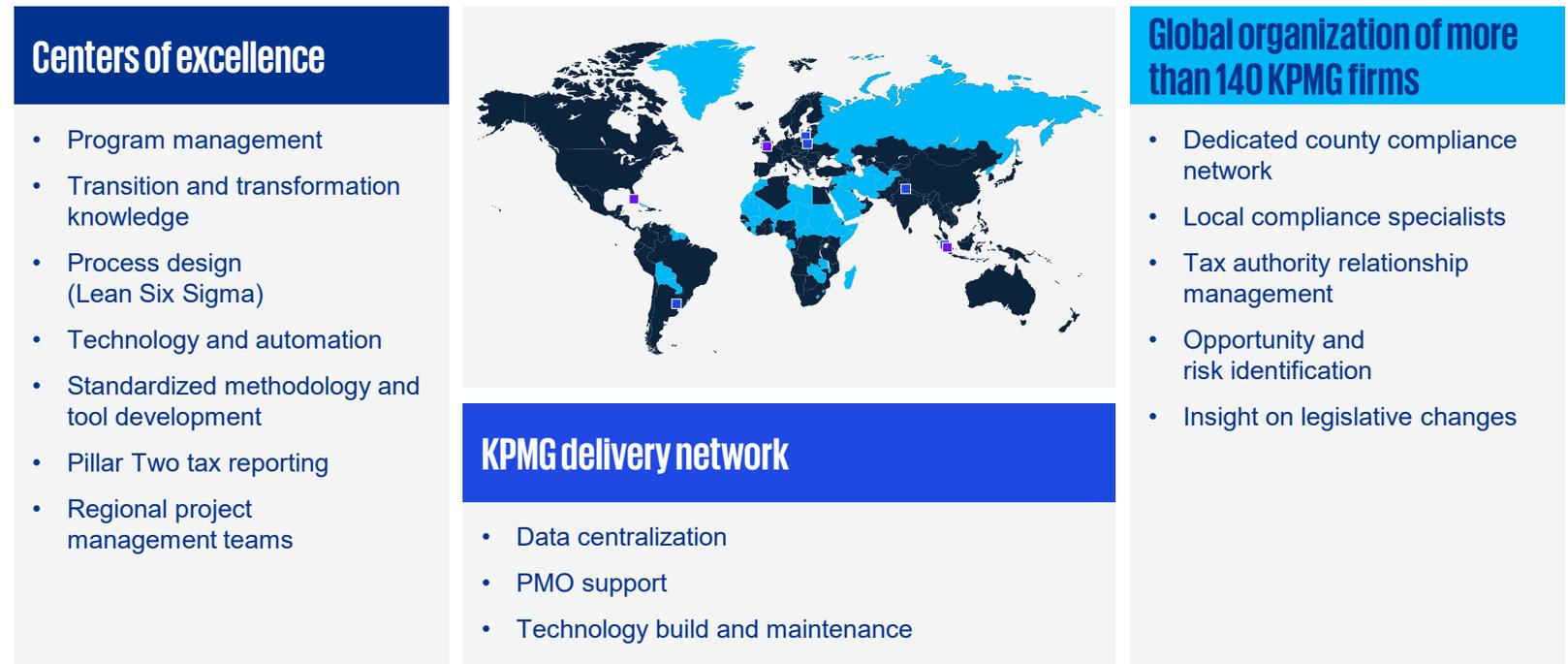
Key functionality includes	
Interactive dashboard	Real-time visibility and analytics by region, country, process, year, status, and more, providing insights into potential tax issues/opportunities and real status tracking of all deliverables offering control and visibility over reporting obligations
Flexible reporting	Exportable reporting of all data
Global workflow management	Consistent control framework to provide visibility of compliance progress and monitor compliance calendar
Centralized document collaboration	Centralized document management and collaboration through online file room structured by region, country, entity, process, period, filing
Tax notice management	Central tax notices recording, management, and reporting
Entity and structure management	Legal and organization charts visually depicting ownership, tax classification, and entity attributes
Remote access from any device	Remote 24/7 access from various technology devices
Tax news and legislative updates	Tax news flashes and legislative updates across the globe
Access to KPMG global organization	Access to KPMG industry and country level resources

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The KPMG experience and global organization of Tax specialists

The KPMG global organization of Tax specialists brings extensive experience and deep knowledge of Pillar Two compliance requirements, helping to ensure accurate and reliable compliance solutions. Our experience in Pillar Two compliance is supported by our track record of successfully assisting MNEs in meeting their tax obligations and managing tax risks.

KPMG three-tier delivery model



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Why KPMG

Pillar Two compliance is complex (no doubt about it). KPMG offers a thorough and tailored approach to assist companies with meeting their Pillar Two compliance requirements. Our balanced delivery model, managed service solution, and three-tier delivery model offer efficient and effective compliance processes. KPMG technology solutions, including the KBAT and KPMG Digital Gateway platform, provide centralized data management, real-time visibility, and audit-ready reporting. Our far-reaching KPMG global organization and extensive experience with global tax compliance makes KPMG firms well-equipped to support multinational companies in navigating the complexities of Pillar Two compliance.

Learn more

Be sure to check out our related Pillar Two compliance resources:

- [BEPS 2.0 Pillar Two](#)
- [KPMG BEPS 2.0 Automation Technology](#)



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