Pillar 2 compliance roadmap – What data is required for compliance?

Transcript

00:00:07:00 - 00:00:27:08

MONIQUE PISTERS:

Welcome to part four of our seven step approach for the Pillar 2 process compliance about data gathering. Collecting data is an important step in the work process of Pillar 2. Only with complete data you can proceed to the next step - calculation and documentation.

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The data from the first three steps make it possible to determine whether an entity falls within the scope or under the exemptions and safe harbors of Pillar 2. Once the entity falls within the scope of Pillar 2, the various calculations need to be made. And to do so, all relevant data should be available. However, many of the data points may not be readily available in current systems required under Pillar 2. And furthermore, the data is likely to exist across various different source systems. For example, ERP, consolidation systems, tax provision and compliance systems, but also HR and sales systems. And it is often owned by different stakeholders in an organization.

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Hence, the collection and combining of all relevant data could be very challenging. So good coordination between different teams is required to collect all relevant data for the process. Both the accounting teams, the tax teams and your organization must contribute to provide the key data. In its calculations, Pillar 2 makes extensive use of commercial financial statements in addition to tax figures. So close collaboration with the accountant is required. And this process is not only about domestic coordination, but also about cross-border coordination. Because Pillar 2 applies to multinational groups and policies can of course differ from jurisdiction to jurisdiction, and it is therefore essential that teams from different jurisdictions update each other and are aware of important exemptions related to a specific jurisdiction.

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Collecting all relevant data would probably be one of the most challenging parts of the application of Pillar 2 for many organizations. And as such, we advise you to start thinking about the data model within your organization sooner rather than later.

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MONIQUE PISTERS:

Hopefully this video helped you to understand the importance of step four of our roadmap, concerning the data gathering. In the next video, we will zoom in on calculation and documentation. As always, if you have any questions, feel free to contact me or one of my colleagues.