**Preparing for BEPS 2.0 Pillar Two Compliance**

**Meta Description:** Discover how to simplify BEPS 2.0 compliance with safe harbor rules and technological solutions. Learn how to tackle global tax challenges successfully.

The OECD/G20 BEPS 2.0 Pillar Two initiative is rewriting the rules for global tax compliance. If your company earns more than €750 million in annual revenue, you’ll soon need to comply with the new 15% global minimum tax rate. It is a game-changer for businesses operating internationally.

Countries like Japan, South Korea, Australia, and New Zealand have already introduced Pillar Two rules and others like Singapore and Hong Kong are catching up.

But how will this impact your business? And how can you adapt without disrupting your day-to-day operations?

**What BEPS 2.0 Pillar Two Means for Your Business**

Pillar Two ensures that large companies pay a fair share of taxes, no matter where they are located. For companies that fall within its scope, this means filing a detailed GloBE Information Return (GIR). This isn’t like the existing Country-by-Country Reporting (CbCR)—it’s much more demanding. With over 200 data points required, it’s no small task.

While the safe harbor rules offer a temporary reprieve, full compliance is on the horizon. The clock is ticking, and the time to act is now.

**Safe Harbor Rules: A Helping Hand**

The transitional safe harbor rules offer some breathing space. They let businesses use their existing CbCR processes to meet early compliance requirements.

But don’t get too comfortable because this relief won’t last forever. Melvin Song, Head of Group Tax at CapitaLand Investment Limited, puts it simply: Safe harbor rules buy time, but you’ll need that time to build the systems, processes, and strategies to handle the real challenges of Pillar Two compliance.

**Why Technology Is Your Best Ally**

Let’s face it: trying to manage all of this manually is not viable. Because of the sheer volume of data and complexity involved, automation has become a need rather than a luxury.

The key to simplifying Pillar Two compliance lies in building an integrated IT solution. Your systems for finance, accounting, and tax reporting need to work together seamlessly. It is not just a tax problem but a company-wide effort. Teams from finance, IT, legal, and even HR need to collaborate to make it happen.

**A Simple Plan to Tackle BEPS 2.0 Compliance**

Preparing for Pillar Two compliance might seem overwhelming. However, breaking it down into clear steps makes it easier:

**1. Discovery Phase:**

Begin by figuring out where your data is, what’s missing, and who’s responsible for it. This involves engaging teams from across your organization to ensure all bases are covered.

**2. Design Phase:**

Plan how your compliance system will operate. Can you adapt what you already have, or do you need anything new? Decide whether to tackle this in-house or seek outside assistance.

**3. Implementation Phase:**

Roll out your solution, test it, and train your team to use it. This process takes time, and most businesses take 6–9 months. So, don’t wait to get started.

**Why XML Matters for Pillar Two and CbCR Compliance**

XML plays a crucial role in simplifying compliance for both CbCR and Pillar Two filings. Its flexibility and ability to handle complicated data structures make it ideal for automating the reporting process. XML allows businesses to combine data from several systems, verify accuracy, and reduce manual errors. This streamlined technique is especially useful for managing Pillar Two’s complex data requirements.

**Finding Opportunity in Compliance**

Complying with BEPS 2.0 Pillar Two can be tough, but it is also a chance to enhance your company’s operations. The data gathered for compliance can serve multiple purposes, like improving governance, supporting sustainability reporting, and aiding in strategic decision-making.

As tax compliance gets traction in the C-suite, your tax team has an opportunity to demonstrate its value and play a more active role in driving your company’s strategy.

**The Time to Act Is Now**

Preparing for BEPS 2.0 Pillar Two isn’t just about ticking boxes—it’s about future-proofing your business. Using the right technology, creating a clear plan, and working closely with your teams can turn compliance into an opportunity to stay ahead.

Don’t wait for deadlines to sneak up. Start preparing now to handle these changes with confidence. Follow the DataTracks blog for the latest updates and insights to stay one step ahead.



