



20th Annual International Tax Quantitative and Reporting Conference

Come back to a new future forward

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Welcome

Technology compliance update



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CPE Eligibility

We will launch at least 3 polls per CPE credit; participants must attend the full session and participants must answer at least 3 polls per CPE credit to receive full credit.



Agenda

- 1 | EY Pillar Two and Global Anti-Base Erosion Minimum Tax (GloBE) technology solution overview
- 2 | EY GloBE Engine demonstration and features walkthrough
- 3 | EY Catalyst US Tax Compliance enabler overview
- 4 | EY Catalyst demonstration and features walkthrough

Objectives

- 1 | Review with general Pillar Two compliance obligations of multinational enterprise (MNE) groups, and outline the EY approach to Pillar Two compliance technology solutions
- 2 | Examine the features and applications of the EY GloBE Engine Pillar Two solution
- 3 | Compare the advantages of deep knowledge discovery and evaluation for US international tax compliance, and the EY approach to the Catalyst US Tax Compliance enabler tool
- 4 | Discuss the features and applications of the EY Catalyst US Tax Compliance analyzer

Presenters



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01

EY Pillar Two and Global Anti-Base Erosion Minimum Tax (GloBE) technology solution overview

GloBE Information Return (GIR) and other filing requirements

GIR

General section - 1	Jurisdictional sections - 2 & 3	
<ul style="list-style-type: none">General informationFiling constituent entity (CE)Corporate structureHigh-level overview of the application of the GloBE Rules in every jurisdiction	Safe harbors and exclusions that apply	Detailed GloBE and qualified domestic minimum top-up tax (QDMTT) computations (<i>Effective tax rate (ETR), top-up tax (TuT) and TuT allocation</i>)
Available to all jurisdictions	Available to jurisdictions with taxing rights and the filing entity	

Local country reporting

1. Registrations and notifications
2. Statutory provision and tax footnote
3. Estimated TuT payments
4. QDMTT
 - No transitional CbCR safeharbor (TSH) applies = full reporting
 - TSH applies = simplified zero-liability reporting
5. GIR
 1. Intermediate parent entity (IPE) location - primary filing
 2. GIR (or similar) - other locations

Polling No. 1

At what stage of Pillar Two compliance readiness is your company?

- A. Compliance solution chosen; implementation completed
- B. Compliance solution chosen; implementation underway
- C. Reviewed compliance solutions, haven't made a choice yet *or* internal or bespoke solution underway
- D. Compliance solution?

Pillar Two compliance requirements

Notifications and registration	<ul style="list-style-type: none">▪ In scope▪ Appointing CE; change of CE▪ Filing location of GIR
TuT estimated payments	<ul style="list-style-type: none">▪ Timing and mechanism to be determined
QDMTT	<ul style="list-style-type: none">▪ GloBE calculation for non-TSH locations▪ Nil QDMTT for TSH locations
GIR	<ul style="list-style-type: none">▪ IPE location(s)▪ GloBE Information Return (or similar) - no information exchange/requested
Tax return filing	<ul style="list-style-type: none">▪ TuT payment▪ Potentially additional data points beyond the GIR for purposes of preparing the return
Notices	<ul style="list-style-type: none">▪ Further information to verify the accuracy of the, if applicable, QDMTT or Undertaxed Profits Rule (UTPR) computations

Pillar Two - Compliance operating model considerations

	1. Collect Sources, elements, gaps	2. Calculate Analysis, exception reporting	3. Report Prepare, review, file
Central	<ul style="list-style-type: none"> Planning and approach Technology and automation Collection of structured and unstructured data 	<ul style="list-style-type: none"> Automated using calculation engine underpinned by specific local GloBE rules Exception reporting reviewed centrally Automated preparation of standard proforma reports 	<ul style="list-style-type: none"> Central preparation of local forms, TuT and notifications (where possible) Central submission (where possible)
Local	<ul style="list-style-type: none"> Local statutory financial data Additional data points beyond the GIR for purposes of the preparation of the tax return Information to verify the accuracy of local GloBE computations 	<ul style="list-style-type: none"> Local input as required Support country-specific elections, additions and timing differences when translated into the domestic legislation 	<ul style="list-style-type: none"> Local preparation of form where local language and/or localization required Local review of calculations and filing Local submission where local portal or inclusion on income tax return required

Operating model – Key questions

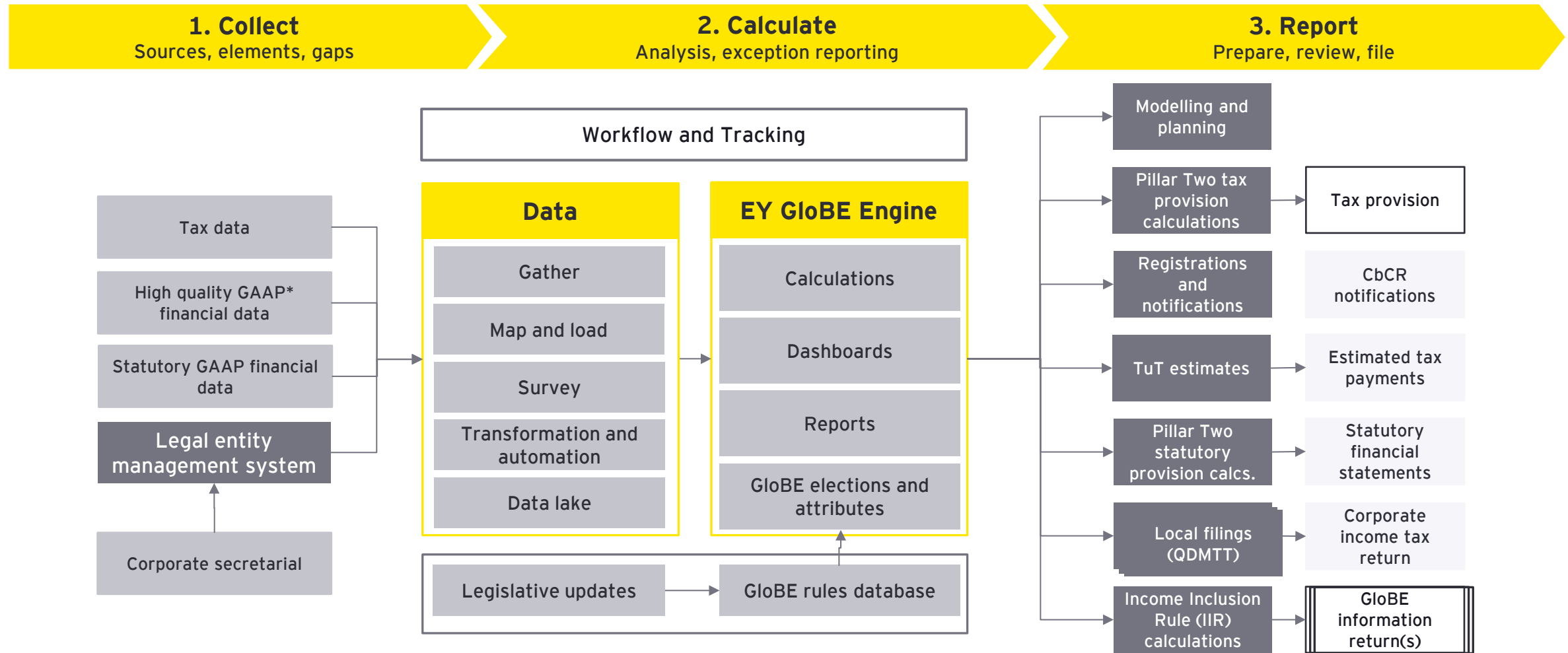
Data	<ul style="list-style-type: none">▪ Investment in automation and/or data lake?▪ Where is data sourced?▪ Service provider support for data collect?
Calculation	<ul style="list-style-type: none">▪ How much of the technical analysis will be outsourced – will service provider prepare, review or advise?
Technology	<ul style="list-style-type: none">▪ Software as a Service (SaaS), internal build or managed services – rules database or EY GloBE Engine for the calculations?
Local filings	<ul style="list-style-type: none">▪ Does service provider manage all Pillar Two filings or engage each country individually?
Legislative developments	<ul style="list-style-type: none">▪ Process for tracking legislative developments
Budget	<ul style="list-style-type: none">▪ Budget and additional resources required to comply

Polling No. 2

How confident do you feel about executing on Pillar Two notifications, registrations and GIR filings?

- A. Very confident. We've integrated Pillar Two into our existing global compliance workflow and are ready to go.
- B. Somewhat confident. We've started the process, and we have our arms around our filing obligations and a process to execute.
- C. Not very confident. We are still working out our process and how to implement and integrate Pillar Two compliance functions.
- D. Not confident

Pillar Two - End-to-end solution



EY GloBE connected technology suite: integrated, automated and transparent

Data ingestion, management and cleansing

- EY GloBE Engine system and data architecture is designed to be **agnostic to format**, facilitating seamless integration with various systems, data sources. The system is also capable of **importing and exporting reports** in a standardized format for use with other US tax tools.
- Flexibility enables **customized calculations** based on specific data points, while also providing mechanisms to monitor the completeness and accuracy of the data inputs.
- Calculation logic in accordance with the Organisation of Economic Co-operation and Development (OECD) and local law is maintained in the **EY GloBE Rules Database**.

Reporting and compliance

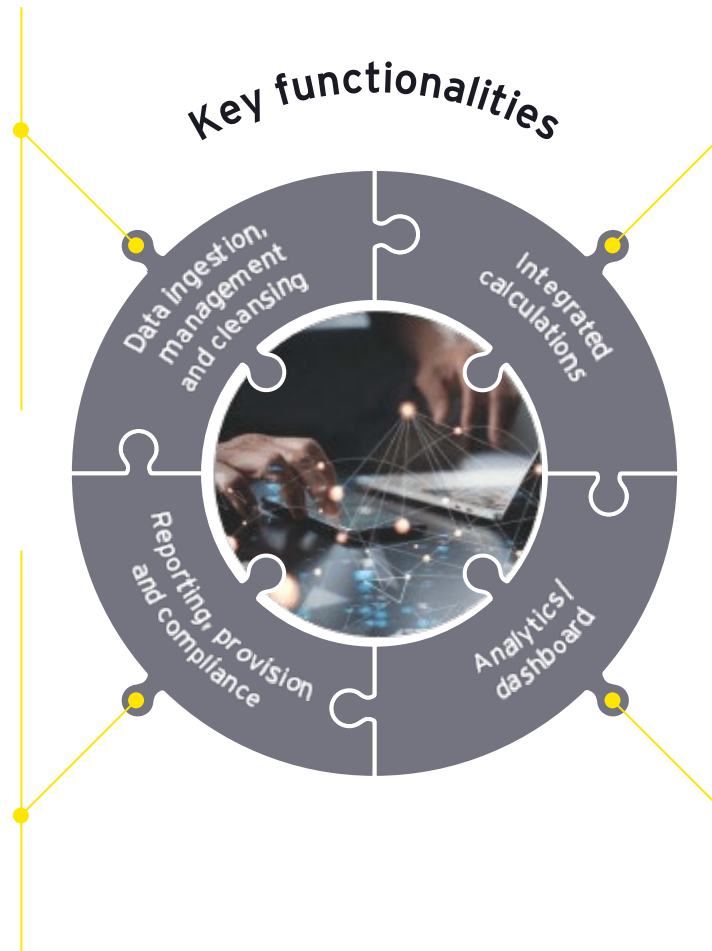
- EY GloBE Engine **prepares calculations** for both quarterly and annual provision calculations.
- EY GloBE Engine **prepares GIR** in XML format.
- Additionally, it **furnishes data required for local tax returns**, facilitating smooth integration with tax compliance requirements.

Integrated calculations

- EY GloBE Engine **performs computations for TSH, QDMTT, IIR and UTPR calculations** to discern any supplementary tax liabilities and their respective responsible parties.
- **Calculations are in line with local law available** for all major outbound and through-bound jurisdictions with an IIR and/or "QDMTT safe harbor" jurisdictions.
- Furthermore, it **facilitates modeling and forecasting activities**, including the analysis of scenarios pertaining to structural modifications and diverse legislative frameworks.

Analytics and dashboard

- EY GloBE Engine incorporates dashboards designed to **pinpoint certain tax jurisdictions and entities subject to additional tax obligations**, while also indicating transitional safe harbor coverage.
- Moreover, it **emphasizes financial reporting insights** tailored for stakeholders' comprehension and decision-making processes.
- Additionally, it **generates operational reports** that monitor responsibilities and track progress related to data collection efforts.



02

EY GloBE Engine demonstration and features walkthrough

03

EY Catalyst US Tax Compliance enabler overview

EY Catalyst Tax Return Review*

The 2017 Tax Cuts and Jobs Act (TCJA) has led to more complex and voluminous US corporate income tax returns that are challenging, and time consuming to analyze and review. EY Catalyst help enable a more efficient and higher quality tax return review to support both the tax compliance process and the evaluation of alternatives.

How can EY Catalyst help?

- Presents tax return data in a columnar report and data dashboard visual formats
- Prepares questions about your return to validate accuracy
- Incorporates analytics to give relativity data points
- Offers two-year flux analysis, highlighting year-over-year changes
- Drive tax compliance review and tax analysis faster

Spreadsheet-based report



Data dashboard visuals



Primary use cases:

- Tax compliance review – quality and speed
- Tax due diligence – insight acceleration
- Tax controversy review – mimic a mock audit
- Tax analysis session – debrief and insights acceleration

Value:

- Condenses data across hundreds of pages and forms to a streamlined, digestible format
- Identifies areas of potential risk to allow for more concentrated, value-add review
- Enables simultaneous review of multiple schedules across multiple entities
- Data visualizations to depict trends and create a more interactive journey

Increase the quality and speed of tax return review to help identify additional tax insights!

* This technology is leveraged by EY's Engagement users only to advance the delivery of services to clients EY is exploring a "Client Subscription Edition" to provide this technology directly to clients, though no release date has been set.

Use cases*

A

Pre-filing quality check

- Enhance the quality of your corporate tax return with our tax return reviewer tools.
- Diagnose the material Forms 5471 and 8858.
- Use our proprietary analytics to gain insights into global intangible low-taxed income (GILTI), foreign-derived intangible income (FDII), foreign tax credit (FTC), Section 163(j) interest expense limitation, base-erosion anti-abuse Tax (BEAT), and more.
- Confirm reasonableness of tax impacts, including sourcing and characterization of income and expense allocations.

B

Insights and risk identification

- Leverage for more impactful post-compliance debriefs.
- Leverage to support insights sessions to provide the EY National Tax Department (NTD), global tax desk network, and your tax account team with data analytics to identify valuable insights and considerations.
- Leverage in connection with tax risk assessments, mock audits, tax due diligence, etc.

* EY currently deploys this technology as part of its tax return reviewer tool within existing or new service engagements. The results form the basis for EY's quality check review comments under Opportunity A or insights session under Opportunity B. EY is exploring a "Client Subscription Edition" to provide this technology directly to clients, though no release date has been set.

Polling No. 3

How much knowledge discovery does your company perform with respect to US and global compliance filings, e.g., to assist in current state assessment, quality review, future planning?

- A. We regularly have in-depth post-filing review meetings internally and with service providers and always integrate what we discover into next year's tax compliance and planning.
- B. We regularly engage in specific discussions on identified issues in order to address known quality issues or to validate and/or support planning opportunities.
- C. Compliance knowledge discovery is entirely ad hoc and handled independently by internal professionals or outside service providers when specifically requested.
- D. We do not regularly engage in knowledge discovery or in-depth quality reviews of our compliance filings outside of actual tax controversy.

Tax Return Reviewer tools library** – Winter 2025



TR DD

Form 1120*

With this spreadsheet-based report, user can compare up to three tax returns on a year-to-year basis or between files from the same year.

With built-in analytics, perform a detailed analysis of the data, allowing for a deeper exploration of information based on entities, schedules, or specific line items.

When to use: This report should be used when Form 1120 initial drafting is complete.



TR DD

GILTI CFC Analyzer*

With this spreadsheet-based report, users can understand the building blocks of the GILTI calculation at the level of a controlled foreign corporation (CFC).

Tested income, qualified business asset investment (QBAI), specified interest, Subpart F income, and taxes are broken down and analyzed by legal entity in a columnar format to make for a quicker review.

Cross-references with Form 5471, Schedules I-1 and Q, Form 1118, Schedule D, and Form 8992 also help to make sure missed reconciliations are easily identified.

When to use: This report should be used when Forms 5471, 8992, and 1118s initial drafting are complete.

* Year-over-year (y-o-y) comparison available

**This technology is leveraged by EY's Engagement users only to advance the delivery of services to clients



TR DD

Forms 5471, 5472, 8858 Reviewer

With this spreadsheet-based report, obtain built-in questions and cross-references that surface potential issues that should be investigated.

This report helps to flag "hot-spots" for an international tax professional reviewer to consider that they otherwise might not triangulate due to the amount of disaggregated, interdependent information within a US tax return filing.

When to use: This report should be used when Forms 8858 and/or 5471 initial drafting are complete. Draft XML can be run with "tranches" of completed forms to accelerate reviews, and there is no need to wait until all forms are finalized.



TR DD P

US FTC Analyzer*

With this spreadsheet-based report, users can understand better the build-up of your FTC utilization profile.

This report displays Pg. 1 taxable income in a columnar format segmented by source and character. Quickly identify insightful questions with our built-in y-o-y flux and margin analytics. To produce this report, we collect data points scattered throughout the US tax return and bring FTC utilization into a single frame.

When to use: This report should be used when Forms 1120, Pages 1-3, 8990, 8993, and 1118s initial drafting are complete.

Primary Uses:

TR Tax return review DD Due diligence P Tax approach development



TR DD P

GILTI US Shareholder Analyzer*

Am I paying GILTI tax because of US-level expense apportionment?

Am I paying US top-up tax because I have a low offshore rate?

How much is Sec. 904(b)(4) diluting my FTC claim?

Am I losing Sec. 250 deductions or GILTI FTCs?

This report will help us you quickly figure it out.

When to use: This report should be used when Forms 1118s initial drafting is complete.



TR DD P

FDII Analyzer*

With this spreadsheet-based report, users can understand better how the FDII deduction forms.

This report displays Pg. 1 taxable income in a columnar format segmented by Foreign-derived deduction eligible income (FDDEI) and non-FDDEI. Quickly identify insightful questions with our built-in y-o-y flux and margin analytics. To produce this report, we collect data points scattered throughout the US tax return and bring the FDII deduction into a single frame.

When to use: This report should be used when Forms 1120, Pages 1-3, 8990, 8993, and 1118s initial drafting are complete.

Visualization interface

Tax Return Reviewer tools library** – Winter 2025 (cont.)

7 

TR DD

Section 163(j) Analyzer*

This data dashboard visual gives the user a “birds-eye” view of CFC- and US-level Sec. 163(j) positions to better manage or set expectations around attribute timing and its domino effects within the offshore tested income and/or US-level taxable income posture.

When to use: This report should be used when Forms 5471 and Pages 1-3 initial drafting are complete.

10 

P

Financial Ratios

This data dashboard depicts key financial ratios at the CFC- level. Quickly see materiality in your offshore profitability, tax rates, liquidity, efficiency ratios and leverage structure.

Drive transfer pricing or capital structure insights cycle. Visualizations use bubble plot to visually render data in a 3D comparative manner.

When to use: This report should be used when Forms 8858 and/or 5471 initial drafting are complete.

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TR DD

ITTS Assessment [EY use for debrief/insights session]

This data dashboard visual creates a “birds-eye” view of the global tax posture to generate potential tax insights, understand key supply chain flows, identify where previously taxed earnings and profits (PTEP) attributes sit, and a vast array of other tax return data tables.

11 

TR DD

BEAT Analyzer*

With this spreadsheet-based report, users can easily see how the build-up and reconciliations of “BEAT” expenses per Form 5471, Schedule G and Schedule M combine into the BEAT calculation base.

When to use: This report should be used when the entire tax return draft is complete as BEAT comes last.

9 

P

5471/8858 E&P Dashboard

This data dashboard depicts Forms 5471 and 8858 gross income, deductions, net income, book-to-tax differences, and earnings and profits (E&P) in a visual format. Drill through views that provide jurisdictional, entity and detailed build-ups.

Quickly reference the information a reviewer would have to spend time to find.

When to use: This report should be used when Forms 8858 and/or 5471 initial drafting are complete.

* Year-over-year (y-o-y) comparison available

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Primary Uses:

TR Tax return review DD Due diligence P Tax approach development

Visualization interface

Polling No. 4

How useful would an internally available automated compliance knowledge discovery and assessment tool guided by artificial intelligence (AI) be for your company's ongoing tax operations and future planning?

- A. Extremely useful. It would save us time and money.
- B. Somewhat useful. It would help support our existing review and assessment processes.
- C. Not very useful. We don't know how we would apply it regularly or with confidence.
- D. Not at all useful – isn't this what we pay our external advisors for?

04

EY Catalyst* demonstration and features walkthrough

*This technology is leveraged by EY's Engagement users only to advance the delivery of services to clients

Key takeaways

- 1 | Better awareness of how technology applications are essential to efficient management of Pillar Two compliance obligations
- 2 | Familiarity with the functions and use cases of the EY GloBE Engine in Pillar Two compliance fulfillment
- 3 | Better awareness of the insights and quality improvements that come from deep knowledge discovery in the vast data stores of US tax compliance
- 4 | Knowledge of the applications and potential benefits of using EY Catalyst analyzers to conduct deep knowledge discovery in the US tax compliance space

Thank you and questions

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