



This article first appeared in the November 2026 issue of Financier Worldwide magazine.

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■ TALKINGPOINT REPRINT November 2026

Navigating global tax reporting complexity

FW discusses global tax reporting complexity with Romain Tiffon and Marie Bentley at ATOZ Tax Advisers.



FINANCIER
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FW: How have recent regulatory, operational and strategic developments influenced the way organisations approach global tax reporting across multiple jurisdictions?

Tiffon: Recent regulatory and operational developments have transformed global tax reporting from a fragmented, locally driven exercise into a centralised, data-intensive discipline with clear group-wide oversight. The implementation of the Organisation for Economic Co-operation and Development's (OECD's) Pillar Two Global Anti-Base Erosion (GloBE) rules has been the primary catalyst. By imposing a 15 percent global minimum effective tax rate (ETR) on large multinational enterprises (MNES) and requiring jurisdiction-level ETR and top-up tax calculations for every covered country, Pillar Two has forced

organisations to move from a purely country by country compliance mindset to an integrated, group-wide ETR calculation model. This has required closer integration of tax, accounting and finance functions and the systematic collection and reconciliation of granular data such as trial balances, tax provisions, country by country reporting (CbCR) outputs, statutory accounts, elections and carryforwards.

Bentley: At the same time, the expansion of cross-border and digital reporting regimes has significantly raised expectations regarding tax data quality and accessibility. CbCR, mandatory disclosure rules, e-invoicing and real-time or near-real-time digital reporting have created an environment in which tax authorities anticipate that global tax data will be consolidated,

audit-ready and electronically exchangeable. Shared data mechanisms and automated analytics make inconsistencies across jurisdictions far more visible than in the past. Consequently, organisations are replacing spreadsheet-based, locally customised processes with central platforms capable of multijurisdictional data ingestion and validation, supported by common tax data taxonomies that can feed CbCR, Pillar Two, transfer pricing (TP) documentation and local returns from a single source of truth. Boards and audit committees are now also expecting documented global tax control frameworks and routine reporting on tax risk, ETR drivers and alignment with business substance. As a result of these developments, global tax reporting is moving away from fragmented, backward looking local compliance and becoming

a strategic, centralised and data intensive discipline, built on standardised frameworks, such as the GloBE Information Return (GIR) and CbCR, yet sufficiently flexible to reflect jurisdiction specific legal and regulatory nuances.

FW: What are the biggest challenges MNEs face when trying to maintain consistency and accuracy across numerous tax reporting regimes?

Bentley: MNEs face several structural challenges. Pillar Two alone requires large volumes of granular, entity-level and jurisdiction-level data, including income, covered taxes, permanent and temporary differences, elections and safe harbour metrics, which are often spread across enterprise resource planning systems, consolidation tools and

local ledgers. Data fragmentation is common, making it difficult to produce a single, coherent and defensible data set for group reporting. Definitional inconsistency further exacerbates this issue: the coexistence of local generally accepted accounting principles, international financial reporting standards and Pillar Two-specific adjustments. Key pain points therefore include inconsistent charts of accounts, divergent accounting frameworks, non-tax data needed for GloBE calculations – such as stock-based compensation, employment costs and local incentives – residing outside the tax function, and a continued reliance on manual extraction and transformation, all of which increase the risk of error and undermine the reliability of reported outcomes. Jurisdictions are implementing

Pillar Two at different speeds and with local variations, for example in relation to qualified domestic minimum top-up taxes (QDMTT), documentation formats and safe harbour conditions. More broadly, not all jurisdictions have adopted OECD-aligned rules at the same pace or in the same form, creating a patchwork of requirements that undermines any ‘build once, deploy everywhere’ strategy. For wider tax reporting, organisations must navigate different forms, e-filing platforms, languages and materiality thresholds, as well as contrasting approaches to tax incentives, the treatment of losses and the use of deferred taxes. This diversity makes it difficult to maintain a single, globally consistent methodology while still satisfying specific legal requirements in each jurisdiction and heightens controversy risk, as divergent interpretations by tax authorities of the same OECD model rules increase the likelihood of double taxation, disputes and challenges to positions taken.

Tiffon: Tax departments must work closely with group finance, local controllers, IT and data teams to gather and validate the required data. At the same time, there are material resourcing and expertise gaps. Few in-house tax teams have the technical depth and capacity to manage, in parallel, complex TP matters, CbCR, Pillar Two computations and local statutory filings, which increases operational risk and dependence on external



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advisers. Many existing tax and finance systems were not designed to support jurisdiction-level ETR and top-up tax calculations under Pillar Two or to enable automated multijurisdictional e-filing and information exchanges, such as those required by the GIR XML schema. Systems and processes often lack the flexibility to cope with rapid, uneven regulatory change and the resulting need for frequent rule updates and recalibrations. As a result, organisations must retrofit or replace systems and redesign processes while continuing business as usual compliance activities, which adds further complexity and risk and makes the consistent, accurate application of global tax reporting requirements across all jurisdictions considerably more difficult.

FW: How are organisations balancing the need for global consistency while accommodating local reporting requirements and regulatory differences?

Tiffon: Organisations are increasingly managing the tension between global consistency and local requirements by adopting a layered operating model built around a central methodological core with controlled local adaptations. At the centre, groups define a global backbone of policies, standard definitions and calculation logic, supported by common templates and engines for Pillar Two, CbCR and group ETR

analytics, so that key computations are performed once on a unified data and technology platform. Local tax teams then apply jurisdiction-specific overlays to this backbone, adjusting for domestic legislative nuances, incentives and disclosure practices, and converting centrally produced outputs into the formats, languages and digital schemas required by local authorities. This arrangement is reinforced by group wide governance tools. This allows organisations to preserve a consistent global methodology, particularly for Pillar Two and other cross-border regimes, while still complying with the diverse legal, procedural and presentation requirements of individual jurisdictions.

FW: How has the implementation of OECD Pillar Two changed approaches to global tax reporting, data collection and compliance management?

Bentley: Pillar Two has been perhaps the single most disruptive development in a generation. A first and highly visible change lies in new reporting obligations and the standardisation of global tax information. The introduction of the GIR as a standardised global reporting template, containing detailed accounting, tax and organisational information and designed to be filed centrally and exchanged among implementing jurisdictions, has obliged MNEs to re-architect their tax reporting

systems expressly to accommodate its structure and data requirements. Initial GIR filings for calendar year taxpayers in respect of 2024 periods, due in 2026 and in some cases benefitting from transitional simplified reporting, mark the emergence of a new, harmonised layer of cross-border compliance that sits alongside, and interacts with, existing local return and disclosure obligations. In parallel, QDMTT filings and related forms have created an additional compliance layer that must be reconciled with both GIR positions and traditional corporate income tax filings. Pillar Two has also driven transformational change in tax data collection and architecture. It has fundamentally increased the volume, granularity and complexity of tax data that MNEs must collect and process. It requires detailed, entity-level information to be gathered and then aggregated at jurisdiction level for ETR and top-up tax calculations, often involving dozens if not more than 100 data points per entity, many of which go beyond traditional tax provision and statutory reporting data. To meet these requirements, organisations are conducting extensive data mapping and gap analyses across all in-scope entities and are investing in central data warehouses and dedicated Pillar Two calculation engines, frequently upgrading or replacing existing tax provision systems that cannot natively support jurisdiction-level GloBE computations.

Tiffon: In terms of compliance management and governance, Pillar Two has been a catalyst for new organisational structures and elevated control standards. Because multiple jurisdictions may assert taxing rights over the same income through the income inclusion rule (IIR), the undertaxed profits rule (UTPR) and QDMTT, groups must now track meticulously where and how top up tax is imposed and reconcile these amounts with local tax accounts and group tax provisioning. This has necessitated the creation of dedicated Pillar Two project teams or steering committees that span tax, finance and IT, and the implementation of traceable and auditable data flows and documentation frameworks capable of withstanding future reviews and audits by different tax authorities. Tax data governance has been significantly elevated. Definitions, calculation logic and data sources must be codified, controls over data capture, transformation and aggregation must be strengthened, and documentation standards must support defensible positions in an environment where jurisdiction level ETRs and top up tax computations are subject to multilateral scrutiny. Finally, Pillar Two has changed the temporal and strategic orientation of tax reporting. Jurisdiction level ETRs are increasingly monitored on a near real time basis throughout the year, rather than calculated only at year end, given the risk that unanticipated movements in ETR

could trigger top up tax liabilities in particular jurisdictions. Scenario modelling and forward looking ETR planning have become integral to tax risk management, as groups seek to understand how business decisions, restructurings, incentive regimes and changes in local law will impact their GloBE outcomes and potential exposure under the IIR, UTPR and QDMTT. Taken together, these developments mean that Pillar Two is not merely an additional reporting requirement, it is a structural catalyst that has forced MNEs to redesign their global tax reporting, data collection and compliance management frameworks around a unified, granular and auditable view of tax positions across all jurisdictions.

FW: To what extent are tax transparency requirements and public reporting obligations influencing reporting frameworks, governance processes and stakeholder communications?

Tiffon: Tax transparency requirements and public reporting obligations are now exerting a profound and direct influence on the design of tax reporting frameworks, the structuring of governance processes, and the way organisations communicate with stakeholders – shifting tax from a predominantly technical compliance topic into a core element of corporate reputation and board level risk oversight. A central driver of this change is the emergence

of public CbCR, particularly in the European Union, which has pushed previously internal tax data into the public domain and thereby exposed MNEs to reputational risk alongside traditional compliance risk. Public CbCR, national transparency codes and similar regimes require the disclosure of jurisdiction level revenues, profits, tax charges and sometimes employee headcount and asset footprints. This has compelled groups to ensure that internal tax reporting outputs are carefully aligned with what is disclosed externally, so as to avoid apparent inconsistencies between statutory accounts, Pillar Two positions, CbCR tables and broader investor communications. In practice, many organisations are also increasing documentation around business substance, value creation and tax alignment, in order to present a coherent narrative that is capable of withstanding scrutiny from tax authorities, investors, non-governmental organisations and the media. These transparency obligations have also had significant implications for governance. Board and audit committee oversight of tax matters has intensified, with tax risk now routinely treated as a standing agenda item rather than an issue addressed only during the annual accounts cycle. Tax is increasingly embedded within the organisation's overarching governance framework and, in some cases, cooperative compliance arrangements with tax authorities are designed to evidence robust, proactive management of tax risk.



Bentley: The need to anticipate and manage public perceptions of tax behaviour, especially in the context of global minimum tax rules, has led many boards to require clearer articulation of tax strategy, risk appetite and the controls in place to ensure that tax outcomes are aligned with business substance and policy commitments. Narrative reporting is transforming tax disclosure by requiring organisations to move beyond raw figures and explain the drivers of their ETR, both by jurisdiction and on a consolidated basis. Tax reports increasingly include accessible explanations of business models, geographic footprint, incentives and the interaction between Pillar Two, domestic regimes and cash tax payments, so that stakeholders can understand not just how tax is calculated but how it relates to perceptions of fairness, contribution and responsible conduct. Finally, tax transparency is increasingly aligned with wider sustainability and environmental, social and governance (ESG) reporting frameworks. Tax conduct is framed as an element of responsible business behaviour, and tax transparency feeds into ESG ratings and investor due diligence processes. As a result, organisations seek to align tax reporting with their ESG commitments, incorporating tax into sustainability reports and explaining how tax contributions correspond to their economic presence and societal impact. This, in turn, requires consistent communication

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strategies that explain how tax outcomes relate to the organisation's business footprint and ESG objectives, making transparency and public reporting key design drivers of tax reporting frameworks and governance.

FW: What role are technology, automation and data governance playing in helping organisations manage increasingly complex reporting obligations?

Bentley: Technology, automation and data governance now play a central, rather than ancillary, role in enabling organisations to manage the scale and complexity of modern cross-border tax reporting obligations. They underpin the transformation of the tax function from a predominantly compliance-driven activity into a strategic, data-enabled advisory discipline that can respond to

increasingly demanding regulatory, transparency and governance expectations across multiple jurisdictions. In recent years, tax legislation has grown substantially in volume and technical complexity, especially for MNEs, with regimes such as Pillar Two requiring granular entity-level analysis and aggregation at jurisdiction and ultimate parent levels. At the same time, local compliance has become more intricate due to successive layers of rules on controlled foreign companies, hybrids, interest limitations and expanded disclosure obligations such as the Directive on Administrative Cooperation. Together, these developments have greatly increased the amount and diversity of data that tax functions must handle, the need to apply complex cross-border rules consistently, and the pace of regulatory change, making a technology-enabled approach to tax

reporting and compliance essential rather than optional. In response, specialised technology solutions have emerged as core infrastructure for tax reporting and compliance. Centralised data management and formalised data governance frameworks have become critical enablers of reliable tax reporting. Organisations are establishing central tax data hubs that integrate key datasets across CbCR, Pillar Two and TP processes, supported by governance protocols covering data ownership, access rights, validation rules, data lineage and retention periods.

Tiffon: This centralisation and governance enhance data quality, improve traceability and enable faster, more coherent responses to tax authority queries, audits and stakeholder scrutiny. Automation is materially reshaping day to day tax compliance activity and elevating it from a perceived low value, resource intensive process into a strategic asset. Routine tasks are increasingly automated. By systematically automating these processes, organisations reduce manual errors and inconsistencies, free scarce specialist resources for higher value activities, generate structured datasets that can be reused across multiple reporting regimes and jurisdictions, and achieve greater consistency of treatment across the group. Beyond basic automation, advanced analytics, artificial intelligence (AI) and machine learning are also beginning to play a role in

how tax functions manage risk and optimise group structures. Collectively, these developments are driving an evolution in the role and positioning of the tax function within organisations. Technology, automation and generative AI enable tax professionals to shift their focus from manual data handling and form filing toward scenario modelling, risk management, forward looking ETR planning and broader strategic advisory work.

FW: What emerging trends, regulatory changes or technological advances are most likely to redefine global tax reporting and cross-border compliance in the years ahead?

Tiffon: In the coming years, global tax reporting and cross-border compliance will be reshaped by several interrelated trends. The full implementation of Pillar Two, including the expiry of safe harbours and wider adoption of domestic minimum taxes, will make detailed GloBE calculations a routine, high volume exercise and drive more standardised digital reporting formats, while increasing the likelihood of audits and disputes focused on Pillar Two methodologies. At least in the medium term, divergent local implementations will require parallel calculations and reconciliations across regimes, adding complexity to group reporting. At the same time, tax compliance is becoming more

digital and closer to real time, with expanded e-invoicing, continuous transaction controls and pre-filled returns compressing compliance cycles and integrating direct and indirect tax data across authorities' systems. Tax will also be drawn more deeply into ESG and sustainability frameworks, with emerging standard metrics for tax contribution, and outcomes under Pillar Two, public CbCR and the Corporate Sustainability Reporting Directive feeding into investor disclosures and unified enterprise reporting platforms.

Bentley: Technology will be a decisive driver. AI-enabled analytics will increasingly be used by both taxpayers and tax authorities to detect anomalies, assess risk and model ETR and Pillar Two impacts, while global tax data standards and common schemas are likely to evolve under OECD and market pressure, even as unresolved issues such as Pillar One add new layers of complexity. These developments are prompting a transformation of the tax function itself, with greater reliance on advance tax rulings and cooperative compliance for risk mitigation. A shift in talent profiles toward data-centric skills will position tax at the intersection of law, technology and strategic governance. ■

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