

Tax update – Europe

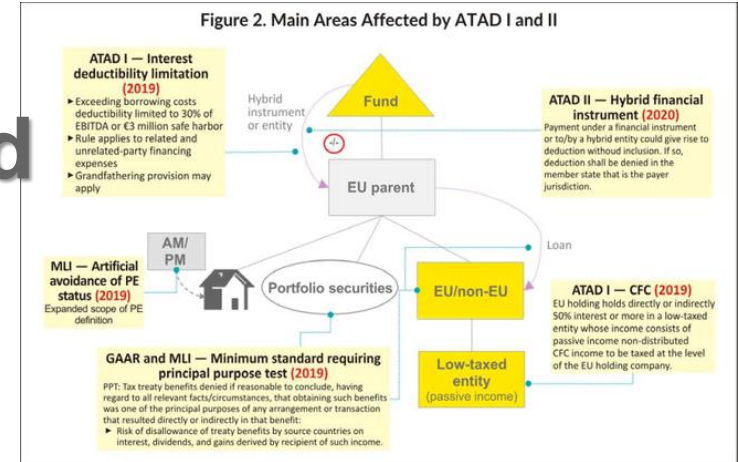
Jeroen van Mourik – Dutch/European tax desk



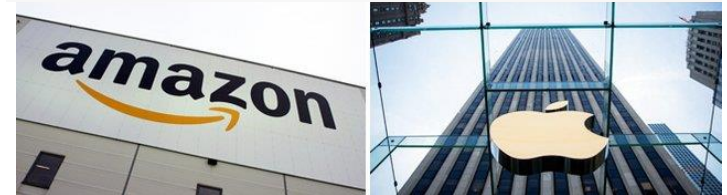
Multinationals face a wave of tax reform



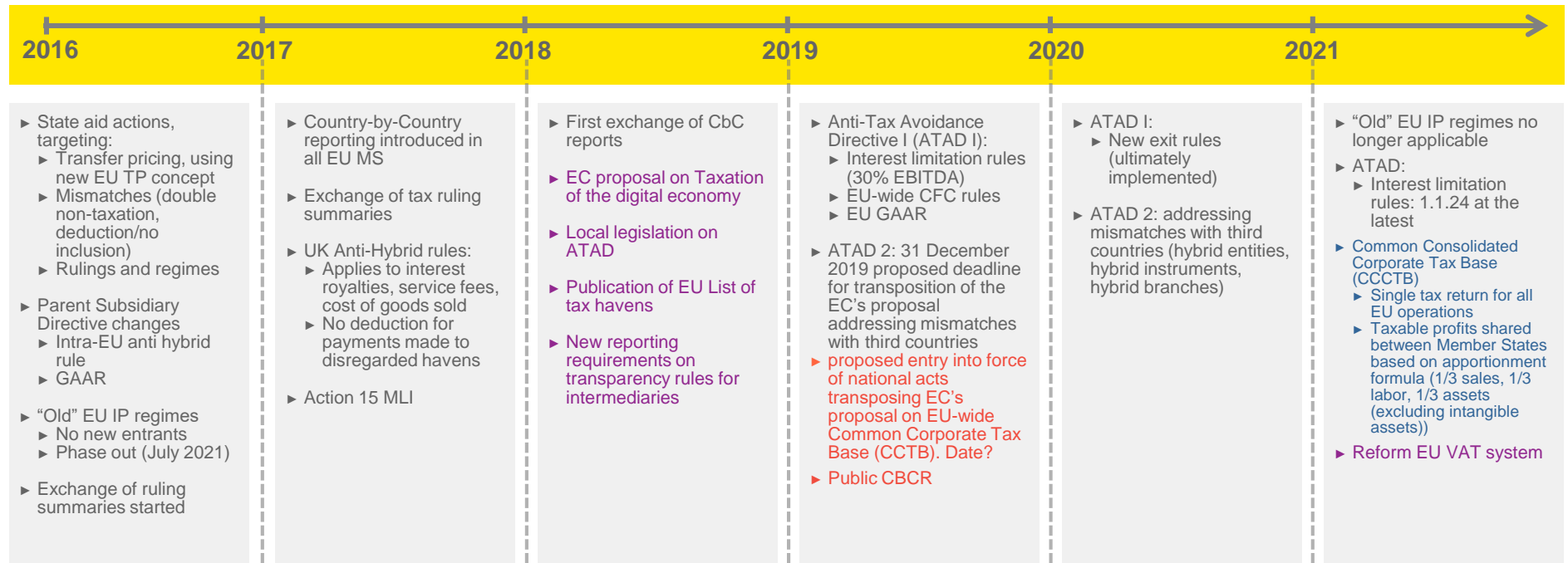
State Aid



Tech giants to face digital services tax



EU tax developments



Purple = Recent
 Blue = Possibility
 Red = Uncertain

EU ATAD



European Union Anti-Tax Avoidance Directive (ATAD)

2019

- ▶ Interest deductibility limitation (potential postponement through 2024 under strict conditions)
- ▶ General Anti-Abuse Rules (**GAAR**)
- ▶ Controlled Foreign Company (**CFC**) rules

2020 onward

- ▶ Anti-hybrid rules:
 - ▶ Hybrid PE mismatches
 - ▶ Hybrid transfers
 - ▶ Imported mismatches
 - ▶ Reverse hybrid mismatches (2022)
 - ▶ Dual resident mismatches
- ▶ Exit taxation rules



Global

Anti-hybrid rules

- ▶ Australia
- ▶ New Zealand

CFC rules

- ▶ Colombia
- ▶ Taiwan

EBITDA rules

- ▶ India
- ▶ New Zealand
- ▶ Peru
- ▶ USA

Harmful regimes

- ▶ Peer review

Financing

Holding

IP and supply chain

General anti-abuse rule

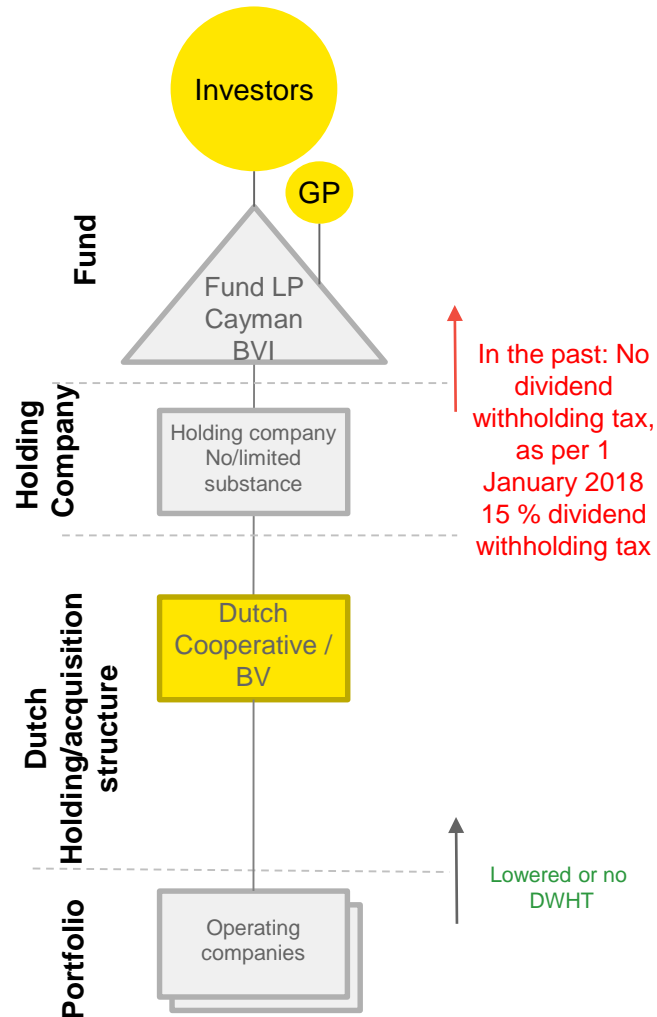
- ▶ Interest deduction limitation rules
- ▶ Anti-hybrid rules
- ▶ GAAR/PPT

- ▶ CFC rules
- ▶ GAAR/PPT

- ▶ Exit taxation rules
- ▶ Anti-hybrid rules
- ▶ GAAR/PPT

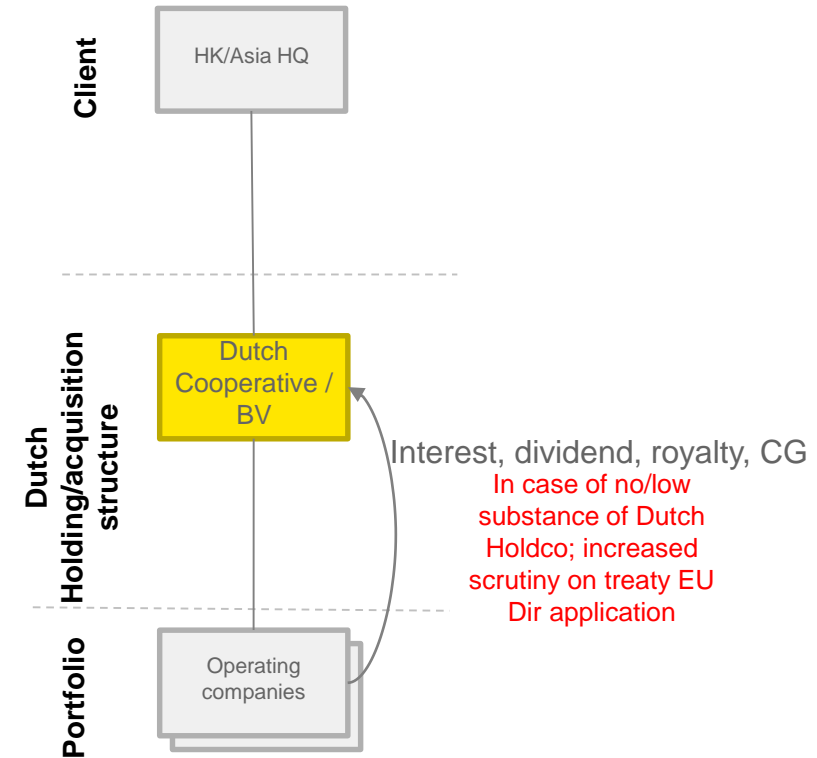
Common structures which require your attention as per 1 January 2018 and onwards

Structure 1

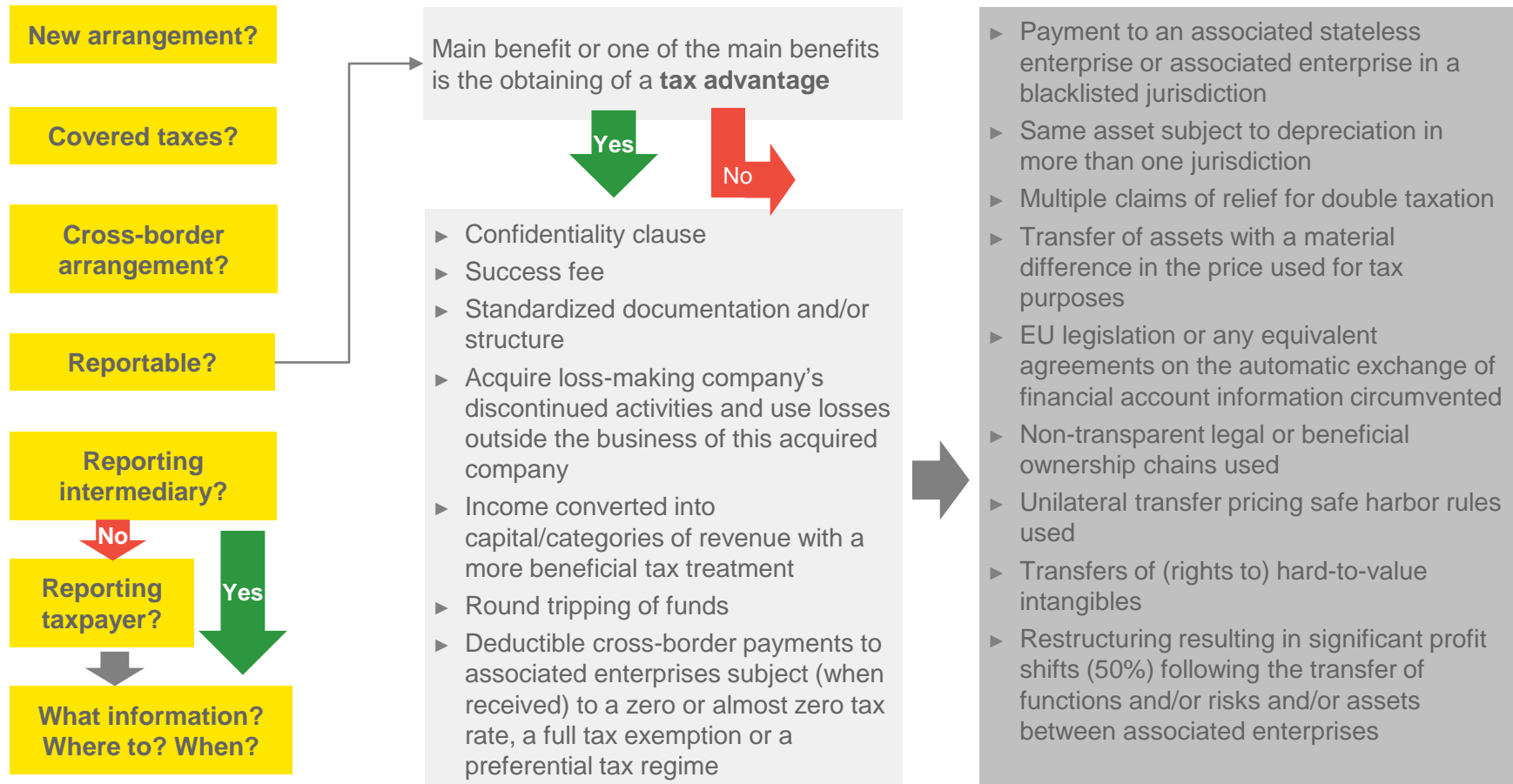


Structure 2

MLI applicable as per 2020



An overview of the MDR regime



* Includes any person that knows or could be reasonably expected to know that the person has undertaken to provide, directly or by means of other persons, aid, assistance or advice with respect to the activities mentioned immediately above

What does the taxpayer need to consider?

Considerations	Impact	Consequences
Develop a strategy, policy and guidance for MDR reporting: <ul style="list-style-type: none"> ▶ Process to recognise reportable arrangements ▶ Establish reporting lines ▶ Training 	Missed or late disclosures on arrangements	Penalties, increased controversy and reputational damage
Identification of and engagement with intermediaries <ul style="list-style-type: none"> ▶ LPP status ▶ Assessment of planned disclosures ▶ Appoint a 'lead intermediary'? ▶ Provision of proof to other intermediaries 	Inconsistent disclosures made by multiple intermediaries:	
Keep abreast of MS developments, interpretative differences and additional reporting requirements	Underreporting or overreporting in certain countries	
Maintain robust and complete documentation to meet audit challenges	Audit activity?	
Identify resources and technology to meet your obligations (in-house and outsourced)		