The final reports of the Base Erosion and Profit Shifting prevention project, initiated by the G20 finance ministers, were released in October 2015. International businesses are now well advised to consider the particular impact BEPS and the 15 comprehensive actions will have on their overall tax position.

Areas Affected by BEPS Actions

- Substance ➔ Sufficient vs. Insufficient
- Local presence ➔ PE exposure
- Transparency ➔ Reporting / documentation
- Tax planning ➔ Application of tax regimes

- Value Creation ➔ Alignment with Profits
- Intercompany debt financing ➔ Limitations
- Efficient employment of IP ➔ R&D incentives
- Profit repatriation / treaty access ➔ Group structure

Major Impacts and Developments

**Call for Full Transparency**
Aiming for a significant increase in transparency, Action 13 (TP Documentation and CbCR) has an immediate and major impact on business. Country-by-Country Reporting (CbCR) provides tax authorities with details of all intercompany arrangements alongside transfer pricing documentation. It makes available detailed key information on operations in each country where a company is located; information that enables tax authorities to perform comprehensive risk assessments that may motivate the performance of tax audits seeking additional tax revenues.

**Coherence and Substance**
Actions addressing harmful preferential regimes, treaty abuse, the artificial avoidance of permanent establishments (PE), intercompany financing, the use of hybrid instruments, the “over-leverage” of intragroup financing and interest charging will have a significant effect on business. Structures and processes must be rethought as the impact from the abolishment of the above and the re-allocation of costs hits the organization. Value creation must be streamlined and substance centralized to access tax benefits by location.
KPMG’s offering – BEPS Impact Analysis

<table>
<thead>
<tr>
<th>Service</th>
<th>Deliverable</th>
<th>Price</th>
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<tbody>
<tr>
<td><strong>BEPS Awareness Meeting</strong></td>
<td>Introductory 60min meeting to raise awareness and give an overview of tax landscape changes, regulatory challenges and options within our total offering.</td>
<td>Meeting minutes</td>
</tr>
</tbody>
</table>
| **BEPS Focus Session**   | Longer (max.180min) workshop at client premises with two KPMG representatives at a discounted fixed price for identification of individual BEPS risk areas, based on information provided by client during meeting.  
  • Priority-setting for further steps. | Short memorandum (max. 2 pages) highlighting focus areas requiring further work | CHF 2,500 |
| **BEPS Impact Analysis** | Detailed Impact Analysis / CbCR Trial Analysis / Risk Assessment Analysis  
  1. Trial CbCR performed by KPMG or client on 2014 or 2015 figures.  
  2. Risk assessment analyzing CbCR information, existing TP documentation reports and further available information  
  3. Mapping of relevant structures, procedures and flows together with functional analysis of group activities  
  4. Tax risk mapping (qualification and quantification) according to current and future expected tax regulations, practices and changes, including risk assessment for recognition and ultimate disallowance of any potential high-risk arrangement.  
  5. Guidance on the current set-ups, flows and processes should be updated and altered to determine overall taxation. | Detailed report focusing on exposure, risk and recommendations on measurements to take | Standard rates |
| **Value Chain Analysis (VCA)** | What is it? [https://youtu.be/YdTrPaft5Wo](https://youtu.be/YdTrPaft5Wo)  
  • Support in transforming your group structure or transfer pricing policy to align your business and tax models and bring TP outcomes in line with substance.  
  • Production of VCA Heat Map to illustrate how a legal entity’s share of total profit correlates with its role in the Value Chain.  
  • Preparation of centralized and efficient BEPS-compliant TP documentation to decrease compliance expenses. | VCA Report | Fee quote on request |

**Contacts**

**Markus Wyss**  
Partner  
Transfer Pricing  
+41 58 249 41 29  
mwyss@kpmg.com

**Peter Uebelhart**  
Partner  
Head of Tax  
+41 58 249 42 24  
puebelhart@kpmg.com