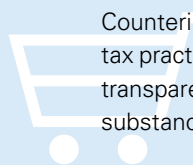


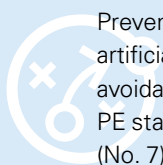
What's the impact on your business?

KPMG's response to BEPS

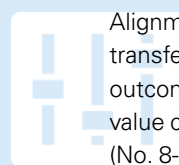
Where is the heat on the BEPS Action Points?



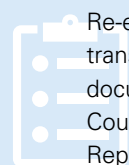
Counteracting harmful tax practices – transparency and substance (No. 5)



Prevent the artificial avoidance of PE status (No. 7)



Alignment of transfer pricing outcomes with value creation (No. 8-10)



Re-examine transfer pricing documentation – Country-by-Country Reporting (No. 13)

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

	Service	Deliverable	Price
BEPS Awareness Meeting	Introductory 60min meeting to raise awareness and give an overview of tax landscape changes, regulatory challenges and options within our total offering.	Meeting minutes	Free of charge
BEPS Focus Session	<ul style="list-style-type: none"> 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	<p>Detailed Impact Analysis / CbCR Trial Analysis / Risk Assessment Analysis</p> <ul style="list-style-type: none"> ➊ Trial CbCR performed by KPMG or client on 2014 or 2015 figures. ➔ Risk assessment analyzing CbCR information, existing TP documentation reports and further available information ➋ Mapping of relevant structures, procedures and flows together with functional analysis of group activities ➌ 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. ➍ 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)	<p>What is it? https://youtu.be/YdTrPaf5W0</p> <ul style="list-style-type: none"> 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

kpmg.ch

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received, or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. The scope of any potential collaboration with audit clients is defined by regulatory requirements governing auditor independence.

© 2016 KPMG AG is a subsidiary of KPMG Holding AG, which is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss legal entity. All rights reserved.