



# Managing through challenging times: The Future of Tax and Legal

**Keeping Connected Virtual Meeting Series — Part 2**

—

March 2020

# Todays presenters



**David Neuenhaus**  
Global Head of Asset  
Management Tax  
KPMG International  
**E:** [dneuenhaus@kpmg.com](mailto:dneuenhaus@kpmg.com)



**Lewis Lu**  
Head of Tax  
KPMG China  
**E:** [lewis.lu@kpmg.com](mailto:lewis.lu@kpmg.com)



**Komal Dhall**  
Global Head of Global  
Transfer Pricing Services  
KPMG International  
**E:** [kdhall@kpmg.com](mailto:kdhall@kpmg.com)



**Sharon Katz Pearlman**  
Global Head of Dispute  
Resolution & Controversy  
KPMG International  
**E:** [skatzpearlman@kpmg.com](mailto:skatzpearlman@kpmg.com)



**Arco Verhulst**  
Global Head of Deal Advisory,  
Mergers & Acquisitions Tax  
KPMG International  
**E:** [Verhulst.Arco@kpmg.com](mailto:Verhulst.Arco@kpmg.com)



**Rodney Lawrence**  
Global Head of International  
Tax  
KPMG International  
**E:** [rlawrence@kpmg.com](mailto:rlawrence@kpmg.com)



**David Morris**  
Joint Global Head of M&A Legal  
Services, KPMG International and  
Partner, KPMG Law Australia  
**E:** [davidpmorris@kpmg.com.au](mailto:davidpmorris@kpmg.com.au)



**Paula Yu**  
Partner, Shanghai SF Lawyers,  
KPMG China – a part of the KPMG  
Global Legal Services Network  
**E:** [paula.yu@kmpglegal.com.cn](mailto:paula.yu@kmpglegal.com.cn)

# Administration

## Polling questions

- Polling questions will appear as we proceed through the presentation.
- As mentioned, in order to receive the certificate of attendance, we require participants to take part in at least five of the eight polling questions.
- If you qualify for the certificate of attendance, it will be sent to you following the webcast.

## Attendee questions

- You may submit questions in the Ask a question button on the left. We will answer as many questions as we can during Q&A. If we are unable to answer your question during the webcast, someone from KPMG may reply via phone or email following the webcast.
- For technical issues, please use the Question Mark button in the upper-right hand corner of the media player.

## Your feedback

- When the webcast is over, the webcast player will automatically refresh to display an exit survey. Feel free to complete the survey, as your comments are very valuable to us.

# Topics for discussion



- 1 Interview with Lewis Lu
- 2 Transfer Pricing:  
Assessment of challenges and opportunities
- 3 Business issues in the current environment
- 4 M&A transactions – virtual panel
- 5 Q&A



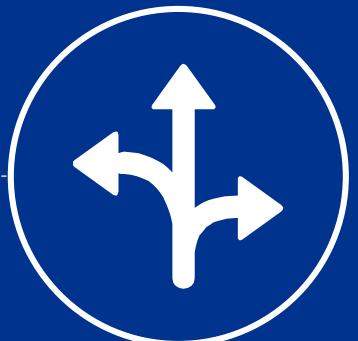
# Interview with Lewis Lu



**David Neuenhaus**  
Global Head of Asset Management Tax  
KPMG International  
E: [dneuenhaus@kpmg.com](mailto:dneuenhaus@kpmg.com)



**Lewis Lu**  
Head of Tax  
KPMG China  
E: [lewis.lu@kpmg.com](mailto:lewis.lu@kpmg.com)

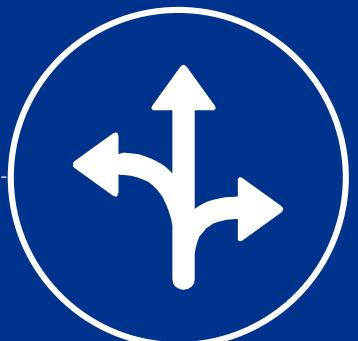




# Transfer Pricing: Assessment of challenges and opportunities



**Komal Dhall**  
Head of Global Transfer Pricing Services  
KPMG International  
E: [kdhall@kpmg.com](mailto:kdhall@kpmg.com)



# Common questions for transfer pricing

01

## Supply chain disruption

- Manufacturing: changing volumes or input prices
- Distribution profitability
- Exiting markets
- Extraordinary expenses

02

## System losses/profitability

- What is the risk/reward structure? Will one entity bear losses or will any losses be shared
- Understanding key value drivers

03

## Intangible sales or licenses?

- Impact COVID-19 will have on intangible transactions
- Modified payment structure for royalties

# Other considerations for your transfer pricing:

## Industry considerations:

- Impact of COVID-19 may vary by industry
- Certain industries may benefit
- Other industries may suffer decline related to COVID-19

## Reaction from tax authorities

- Tax authorities acceptance of adjustments is an open question
  - Adjustments when benchmarking companies
  - Strong analyses critical to support adjustments
- APA Critical Assumption
  - The standard critical assumption asserts a change in economic circumstances is not a violation
  - We expect companies with APAs and impacted by COVID-19 will have proactive discussions with tax authorities.

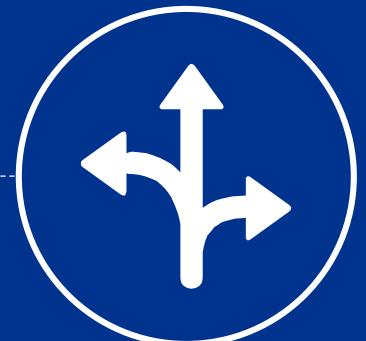




# Business issues in the current environment



**Sharon Katz Pearlman**  
Global Head of Dispute Resolution & Controversy  
KPMG International  
E: [skatzpearlman@kpmg.com](mailto:skatzpearlman@kpmg.com)



# Key disputes considerations

1

**Keep abreast of the daily developments and know the administrative guidance in the jurisdictions in which you operate**

2

**Know the reliefs available to you**

3

**Perfect your documentation**

4

**Nurture tax authority relationships and act collaboratively.**

**We are indeed all in this together!**

# M&A transactions - virtual panel



**David Neuenhaus**  
Global Head of Asset  
Management Tax  
KPMG International  
E: [dneuenhaus@kpmg.com](mailto:dneuenhaus@kpmg.com)



**Arco Verhulst**  
Global Head of Deal  
Advisory, Mergers &  
Acquisitions Tax  
KPMG International  
E: [Verhulst.Arco@kpmg.com](mailto:Verhulst.Arco@kpmg.com)



**Rodney Lawrence**  
Global Head of  
International Tax  
KPMG International  
E: [rlawrence@kpmg.com](mailto:rlawrence@kpmg.com)



**David Morris**  
Joint Global Head of M&A Legal  
Services, KPMG International and  
Partner, KPMG Law Australia  
E: [davidpmorris@kpmg.com.au](mailto:davidpmorris@kpmg.com.au)



**Paula Yu**  
Partner, Shanghai SF Lawyers, KPMG  
China – a part of the KPMG Global  
Legal Services Network  
E: [paula.yu@kpmglegal.com.cn](mailto:paula.yu@kpmglegal.com.cn)

*\* Please note: KPMG LLP, the US member firm of KPMG international, does not provide legal services. Legal services may not be offered to SEC registrant audit clients or where otherwise prohibited by law.*

# Up for discussion

## M&A activity

Immediate impact on M&A deal activity

Where the M&A market is going

## International considerations

Reprioritization of tax department work

CFO expectations and the near future impact for tax departments

## Legal considerations

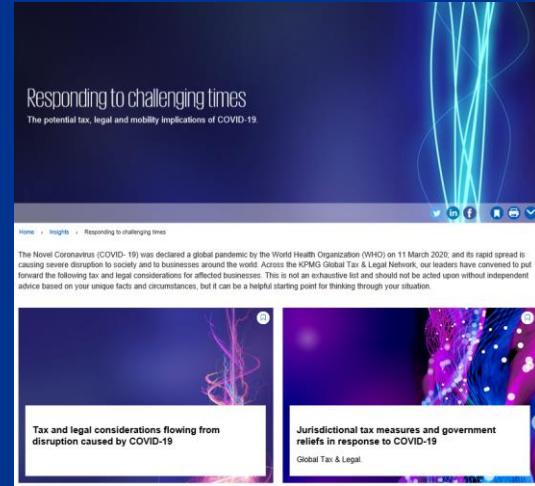
Structure of deal terms

Impact of regulatory changes on M&A



# Questions?

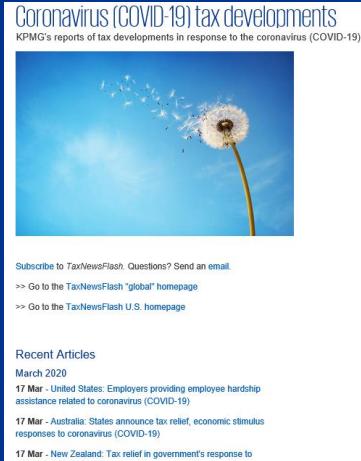
# Resources



## Responding to challenging times

**KPMG site dedicated to business implications of COVID-19 on a global scale – tax, legal and mobility focus**

<https://home.kpmg/xx/en/home/insights/2020/03/responding-in-a-crisis.html>



## Tax News Flash — COVID-19

**KPMG's ongoing roundup of COVID-19 measures taken around the world in response to the situation**

<https://home.kpmg/us/en/home/insights/2020/04/taxnewsflash-coronavirus-covid-19-developments.html>

# Please contact us for more information



**David Neuenhaus**  
Global Head of Asset  
Management Tax  
KPMG International  
**E:** [dneuenhaus@kpmg.com](mailto:dneuenhaus@kpmg.com)



**Lewis Lu**  
Head of Tax  
KPMG China  
**E:** [lewis.lu@kpmg.com](mailto:lewis.lu@kpmg.com)



**Komal Dhall**  
Global Head of Global  
Transfer Pricing Services  
KPMG International  
**E:** [kdhall@kpmg.com](mailto:kdhall@kpmg.com)



**Sharon Katz Pearlman**  
Global Head of Dispute  
Resolution & Controversy  
KPMG International  
**E:** [skatzpearlman@kpmg.com](mailto:skatzpearlman@kpmg.com)



**Arco Verhulst**  
Global Head of Deal Advisory,  
Mergers & Acquisitions Tax  
KPMG International  
**E:** [Verhulst.Arco@kpmg.com](mailto:Verhulst.Arco@kpmg.com)



**Rodney Lawrence**  
Global Head of International  
Tax  
KPMG International  
**E:** [rlawrence@kpmg.com](mailto:rlawrence@kpmg.com)



**David Morris**  
Joint Global Head of M&A Legal  
Services, KPMG International and  
Partner, KPMG Law Australia  
**E:** [davidpmorris@kpmg.com.au](mailto:davidpmorris@kpmg.com.au)



**Paula Yu**  
Partner, Shanghai SF Lawyers,  
KPMG China – a part of the KPMG  
Global Legal Services Network  
**E:** [paula.yu@kmpglegal.com.cn](mailto:paula.yu@kmpglegal.com.cn)



Thank you



Kindly note that some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

[home.kpmg/socialmedia](http://home.kpmg/socialmedia)



© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

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 KPMG name and logo are registered trademarks or trademarks of KPMG International.