



Managing through challenging times: The Future of Tax and Legal

Keeping Connected Virtual Meeting Series — Part 2

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Today's presenters



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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.



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- 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.
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- 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

Agenda



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



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Transfer Pricing: Assessment of challenges and opportunities



Komal Dhall

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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



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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



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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

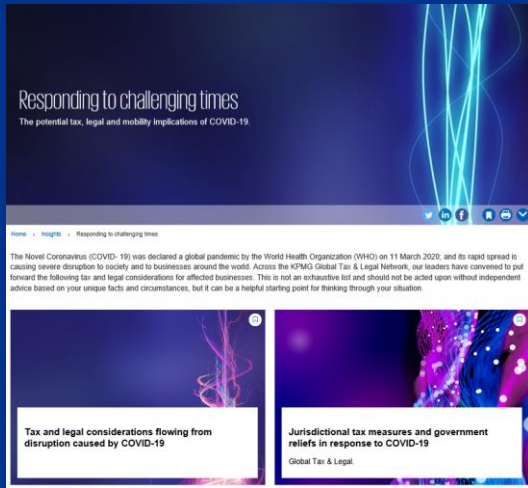
Structure of deal terms

Impact of regulatory changes on M&A



Questions?

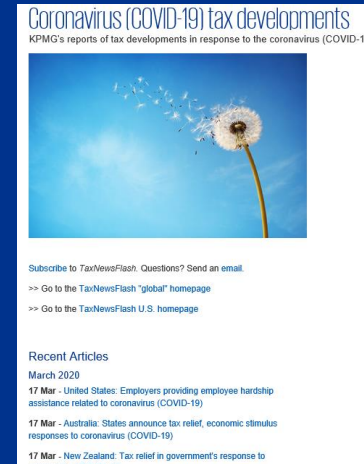
Resources



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>



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Thank you



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