# PM-Tax

## Special International Edition

News and Views from the Pinsent Masons Tax team

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Welcome to our special international edition of PM-Tax.

With the OECD due to publish on 5 October its final recommendations on a number of measures to prevent the avoidance of tax by multinationals in its base erosion and profit shifting (BEPS) project, international tax is very topical.

Over the next few years the BEPS recommendations are likely to mean significant changes in corporate tax law around the world, as each jurisdiction seeks to implement the principles into their local law. Eloise Walker looks at the changes that companies can expect. She explains that the main concerns will be around restrictions on tax deductibility of interest payments. There are also significant concerns that with each country adjusting its own laws to bring the BEPS recommendations into effect, there will be many more incidences of double taxation, leading to more disputes with tax authorities.

Some countries have ‘jumped the gun’ and have not waited for the formal BEPS recommendations. For example, the UK rushed through its diverted profits tax before this May’s General Election. To mark the opening of Pinsent Masons’ new offices this year in Sydney and Melbourne, Heather Self looks at Australia’s proposals to combat multinational tax avoidance and considers how these proposals differ from the UK’s diverted profits tax.

Continuing the BEPS theme, Robbie Chen from our China tax team tells us about the measures the Chinese tax authorities are taking with regard to transfer pricing and payments by Chinese companies to offshore affiliates, which draw on the BEPS principles and could impact on those doing business in China.

The BEPS project has focused on tax avoidance by multinational groups; for individuals the big ‘game changer’ in terms of tax transparency will be the introduction of the Common Reporting Standard. This is another OECD initiative which builds on the US’s FATCA regime, requiring ‘financial institutions’ (which can include private companies and trusts) to disclose information about accounts and assets held offshore by non-residents. Fiona Fernie, discusses how the CRS regime will operate and reminds us that there really is no time to be lost for anyone with undeclared overseas assets to ‘come clean’ to their local tax authority. In the UK, there is a particular need to act quickly because the Liechtenstein disclosure facility, with its favourable penalty regime and immunity from prosecution, closes at the end of this year, to be replaced by something much less attractive.

A change that will have implications for businesses importing and exporting goods and has not had a very high profile amongst non-customs duty specialists, is the introduction of the new Union Customs Code. Ian Hyde explains that this sets out how customs duties are levied in the EU and means major changes to systems and procedures as well as increases in duty for some.

Our Middle East tax expert, Ian Anderson, discusses the proposals for introducing VAT in the Gulf and asks whether the Gulf States and the businesses operating there are ready for this significant development.

Moving to Germany, Werner Geisselmeier, who heads up our German tax practice, warns of the impact that changes to German real estate transaction tax could have for international M&A transactions. He explains that there could be German tax implications even if all the parties are based outside Germany, if the target company or partnership owns German property. The changes could mean increased cost and some structures may need to be revisited.

From France, tax partner and share incentive expert, Eugenie Berthet, explains how a favourable modification to the French tax rules relating to the award of free shares to employees may not immediately apply to awards granted in France under international share plans.

I do hope you enjoy this issue and if you want to discuss the implications for your business of any of these changes, do get in touch with one of the experts from our award winning tax team.
The publication of the outcome of the Organisation for Economic Cooperation and Development’s (OECD) project to combat base erosion and profit shifting (BEPS) is eagerly awaited. The OECD is expected to publish formal proposals to combat BEPS on 5 October 2015.

The BEPS project aims to combat the artificial shifting of profits of multinational groups to low jurisdictions and the exploitation of mismatches between different tax systems, so that little or no tax is paid. Following international recognition that the global tax system needs reforming to prevent BEPS, the G20 asked the OECD to recommend possible solutions.

In July 2013, the OECD published an action plan, proposing 15 actions designed to combat BEPS at an international level. This article focuses on two of those actions, which are likely to have a significant impact on the UK tax system and on multiple business sectors. Action 4 focuses on limiting BEPS via interest deductions and Action 7 relates to dispute resolution and specifically making dispute resolution mechanisms more effective.

Regarding Action 4, the OECD is concerned that the deductibility of interest payments can give rise to ‘double non-taxation’. Excessive intra-group interest deductions can be used by multinational groups to reduce taxable profits in operating companies, even in circumstances where the group as a whole has little or no external debt. The OECD is further concerned that groups can use debt finance to produce tax exempt or deferred income, thereby claiming a deduction for interest expenses, whilst the related income is brought into tax later or not at all. Consequently, the OECD is considering whether to introduce a general interest limitation rule that will restrict the availability of tax relief on interest payments.

A restriction on the future availability of tax relief on interest is a potentially explosive issue for UK corporates. Currently, UK corporates can obtain tax relief for interest payments. Generally, interest paid on debt financing is deductible from a company’s UK corporation tax profits and therefore a company’s liability to UK corporation tax is reduced. This form of tax relief is often invaluable, particularly to those corporates operating in the energy and infrastructure sectors, which are heavily reliant on debt financing when embarking on new projects. A range of anti-avoidance provisions exist to restrict excessive interest deductions but there is currently no general limitation rule.

In December 2014, the OECD published a discussion document, which outlined some initial proposals on restricting interest deductibility. The discussion document suggested three possible approaches for restricting tax deductions for interest: (a) a group-wide allocation rule; (b) a fixed-ratio rule; or (c) a combination of both rules.

In its June 2015 update on the BEPS project, the OECD announced that it currently envisaged recommending the introduction of a fixed ratio rule, combined with a group-wide ratio rule and an optional de-minimis threshold to remove low risk entities from the ambit of the rule and reduce compliance costs. Although the availability of options under such an approach could create enough flexibility for countries to adopt their own path within the general consensus that excessive interest deductibility is unacceptable; the lack of a definitive rule could also cause chaos and create new opportunities for tax mismatches as each country chooses something slightly different.

It is now understood that the OECD’s main proposal is likely to be that countries should introduce an interest/EBITDA limitation on tax deductibility, with countries having the flexibility to determine a percentage level within a specified range. EBITDA means a company’s earnings before interest taxes, depreciation and amortisation. It seems probable that the upper end of the range will be 30%, in line with the current practices in Germany, Greece, Italy, Norway, Portugal and Spain.

Any rule restricting interest deductions may pose a problem for infrastructure projects, which tend to be highly geared. If the OECD does recommend a fixed ratio cap, this will be the least damaging option for many multinational groups. However, it could still leave risks for the infrastructure sector, particularly, if there is a highly-leveraged infrastructure company within a wider group.

Significant UK tax changes may be needed if the OECD’s proposals on Action 4 are fully adopted by the UK government. If the OECD recommends a range of potential fixed ratios, it is hoped that the UK opts for the highest ratio possible.

The story so far…

by Eloise Walker
BEPS: The story so far… (continued)

There is a significant risk that lower ratios could impose additional tax costs on genuine commercial structures where no BEPS risk exists. Ultimately, the nature of any changes to the UK tax system will depend on the OECD’s final recommendations and the UK government’s willingness to succumb to international pressure to follow the BEPS project.

Turning to the OECD’s proposals relating to dispute resolution, Action 14 focuses on improving dispute resolution mechanisms. In a discussion document published in December 2014, the OECD acknowledged that the BEPS process will inevitably give rise to an increase in disputes, since countries will implement the various proposals at different speeds and in different ways. Consequently, the OECD recognises that achieving effective dispute resolution is vital to the success of the BEPS project, since although it is reasonable for governments to want to ensure that tax is paid where profits arise, it is equally reasonable that companies should be protected from double taxation.

Currently, dispute resolution mechanisms at an international level often follow the “mutual agreement procedure” (MAP) detailed in double tax treaties. The MAP in tax treaties allows designated representatives from the governments of contracting states to interact to resolve international tax disputes. Most double tax treaties are based on the OECD Model Convention, which outlines recommended terms for treaties.

The OECD recognises that the MAP in tax treaties is often inadequate and that better solutions for international dispute resolution are required. However, to date the practical nature of the OECD’s final BEPS recommendations in relation to dispute resolution remain unclear.

In its December 2014 discussion document, the OECD explained that it intended to introduce a “three-pronged approach” to improve the resolution of disputes through the MAP. Broadly, this would involve political commitments to eliminate taxation not in accordance with the OECD Model Convention coupled with a mechanism to monitor implementation of such political commitments; and new measures to improve access to the MAP and improved MAP procedures.

The document identified several problems with the MAP procedure, including that the OECD Model Convention says that tax authorities “shall endeavour” to resolve a MAP case by mutual agreement, without a stronger obligation to actually resolve a dispute, and that some treaties do not include a clause to bring basic transfer pricing adjustments within the MAP obligation at all. The document recognised that there seemed to be no consensus on moving towards universal adoption of mandatory binding MAP arbitration and the best that could be achieved was stronger wording about the obligation to try to resolve disputes. It may also be possible that those jurisdictions who can’t – yet – stomach binding arbitration are encouraged to a formal mediation process rather than just using “best endeavours”.

The document also discussed various procedural and other blockages that impede the timely and effective resolution of MAP cases. However, the document did not identify many practical solutions to these problems and seemed to be more of a political commitment to improving best practice.

Ultimately, it is hoped that the OECD’s final proposals will provide a more definitive action plan on how global dispute mechanisms are to be improved so that international tax systems are able to adequately deal with the expected influx of disputes as greater information becomes available to tax authorities under the Country-by-Country Reporting project and implementation of the BEPS project commences.

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The new Union Customs Code
by Ian Hyde

The renewal of a European regulation is hardly likely to set the blood racing. However the coming into force of the Union Customs Code on 1 May 2016 will make a number of changes which will impact on the international supply of goods. Any business which may be affected needs to look into the implications now.

The UCC

The Union Customs Code (UCC) is a new set of rules governing the way that customs duties are applied throughout the European Union. It will come into force on 1 May 2016.

The UCC replaces the Community Customs Code which was adopted in 1992. It is intended to reflect the changes over the last 23 years in the way international business operates and the developments in the use of IT.

The main changes that the UCC will bring are to:

- Change valuation methods by abolishing the ‘first sale rule’ and bringing more royalties within the scope of customs duties;
- Streamline procedures, including the use of self assessment, centralised clearing and electronic communication;
- Simplify reliefs including abolishing Inward Processing Drawback; and
- Make Binding Tariff Information binding for traders as well as customs authorities.

Valuation

Currently duties are charged on the value of goods at the first time they are sold for export to the EU (the ‘first sale rule’ or ‘earlier sale rule’), rather than the price or value at the time of import. This means that where goods are sourced through an overseas distributor or ‘middleman’ rather than directly from the manufacturer, the price on which duties are levied will be the price paid by the distributor and so will not include the distributor’s mark up.

As an international principle the first sale rule has been under pressure for some time. Most emerging markets have not adopted the principle and countries such as Japan which previously used the principle have moved away from it. Although attempts were made to move the US rule to a last sale rule, this proposal met with opposition and has not happened.

Under the UCC, the value for customs duties purposes will be by reference to the last transaction occurring before the goods entered the EU or were declared for free circulation. This change will mean that many importers will see increases in their customs duty liabilities. There is also a concern that the abolition of the first sale rule could put EU businesses at a competitive disadvantage to countries like the US which still have the rule.

It is proposed that there will be a transitional measure by which any contracts containing a reference to an earlier sales agreement and entered into prior to the publication of the Implementing Act and Delegated Act in the Official Journal will be honoured up until 31 December 2017.

Royalties (for example payable on the use of trademarks) attract duty if they relate to the goods and their payment is a condition of the sale of the goods. The wording used in the UCC means royalties will be regarded as a condition of sale in more circumstances. Importers may need to consider the arrangements for royalties to see if they can be restructured to take them out of the dutiable value.

Clearly this will impact on importers into the EU, raising duties and prompting importers to investigate whether they can restructure their supply chains to avoid intermediary sales and alter royalty arrangements. To the extent this is not possible it will have a knock on effect on pricing in the supply chain.

Compliance and AEOs

Under UCC there will be a move to simplifying processes including paperless communication by 2020. The UCC requires that all exchanges of information, such as declarations between customs authorities and traders, must be electronic.

However, most of the benefit of the new regime will be reserved for those who obtain authorised economic operator (AEO) status so some businesses which do not currently have this status may want to become AEOs.
The new Union Customs Code (continued)

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The conditions for AEO status are also changing. A new condition is being introduced as to competence and professional qualification. Further, the applicant will need to show compliance with other taxes such as corporation tax and PAYE, not just customs duty. Existing AEO authorisation will continue but will be reviewed by HMRC against the new criteria. An interesting spin on the campaign against tax avoidance perhaps.

For operators the balance of convenience has probably shifted to adopting AEO status, notwithstanding the compliance costs. As 1 May 2016 approaches HMRC are likely to be busy, although smaller traders without the wherewithal to both meet AEO standards and make the application may struggle.

Removal of reliefs

Under UCC the number of reliefs available has been streamlined. The Inward Processing suspension system will be merged with processing under customs control and the Inward Processing Relief drawback system will be abolished for goods entered after 30 April 2016.

Importers will have to comply with new conditions for Inward Processing suspension – renamed as Processing Relief – and this will require prior authorisation so importers need to be applying now. Under the new UCC Processing rules there will no longer be a requirement that the goods are actually re-exported but can instead be entered into free circulation, subject of course to payment of duty and import VAT. However, importers will need effectively to meet AEO standards for process management and those who are not AEOs will need to provide guarantees to cover the duty payable for those goods under relief.

Binding Tariff Information (BTI)

Until now any binding tariff information (BTI) bound customs authorities but not the trader. Under the UCC the clearance will apply both ways, will only apply for three years not six and the BTI reference will need to be included on the customs declaration. There may be transitional rules for BTIs that are already in existence.

Action needed

Although the new Union Customs Code (UCC) has been billed as a measure which will streamline procedures, offer greater certainty and uniformity, simplify customs rules and procedures and facilitate more efficient customs transactions, some businesses will incur increased customs duties as a result of the UCC and others will need to engage with HMRC before the new rules come into force in order to obtain AEO status. Affected businesses need to be taking action now.

Ian Hyde is a Partner who specialises in tax litigation, representing clients in all aspects of tax risk and tax disputes, including alternative dispute resolution, appealing to the Tax Tribunal and the higher courts, tax investigations and in tax related commercial disputes including tax related professional indemnity matters. Ian acts for a wide range of clients and on a range of direct and indirect taxes including tax avoidance structures, VAT, customs duties, aggregates levy and pensions tax issues.

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Further, only AEOs will be able to take advantage of some of the new streamlined processes. AEOs will be able to declare goods electronically and will be able to pay duties where they are established, rather than in the Member State where the goods are physically imported. Self assessment will also be introduced. The changes will mean that operators will be able to submit monthly returns rather than making a declaration for each import and there will be centralised single clearances for all EU member states.

The new Union Customs Code (continued)

The reliefs are much more accessible for AEOs, for example processing relief and operating a customs warehouse are dependent on having AEO status or the equivalent plus guarantees. Under the UCC there will be more circumstances where the provision of a guarantee to cover customs debts is compulsory. AEO status will remove the new requirement for potential duty guarantees, as well as potentially reducing the requirement for deferment guarantees.

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For operators the balance of convenience has probably shifted to adopting AEO status, notwithstanding the compliance costs. As 1 May 2016 approaches HMRC are likely to be busy, although smaller traders without the wherewithal to both meet AEO standards and make the application may struggle.
Over the next few years tax authorities around the world will begin to get access to unprecedented amounts of information about bank accounts and other assets that their residents hold abroad. This will make it much easier for tax authorities to clamp down on individuals who are evading tax. Anyone with undeclared assets should be seeking to regularise their position as soon as possible.

The Common Reporting Standard (CRS) is the framework which will enable the automatic exchange of information about individuals’ tax affairs between countries. Financial institutions in countries which sign up to the CRS will provide information to their local tax authority about accounts and assets held by non-residents and the tax authority will then automatically exchange that information annually with other tax authorities.

The CRS has been created by the Organisation for Economic Cooperation and Development (OECD) in an effort to improve international tax transparency in order to reduce revenues lost as a result of tax evasion. The OECD’s ambition is for all countries to adopt the standard so there is uniformity in the information being exchanged across a web of countries. Uniformity in the information to be exchanged and the method of exchange should also make compliance easier for financial institutions. To date over 90 countries have agreed, in principle, to implement the CRS.

The CRS builds on the US’s automatic exchange of information initiative, called the Foreign Account Tax Compliance Act (FATCA) which requires the reporting of accounts outside the US held by US citizens and certain other individuals and entities connected with the US. In contrast the CRS intends to promote the automatic exchange of information on a global scale.

Countries which have agreed to be early adopters of the CRS have agreed to make the first exchanges of information from September 2017 in respect of assets held and income arising from 1 January 2016. Anyone with undeclared assets needs to take action quickly to regularise their position.

How will it operate?

The CRS will be adopted through agreements between participating countries in which the countries agree to collect and exchange information under the standard. Instead of entering into individual agreements with each other jurisdiction, more than 60 jurisdictions have signed a multilateral competent authority agreement agreeing to automatically exchange information under the standard. This will become effective when notices are served under the agreement.

Whilst the CRS enables countries to report automatically, it is dependant on both jurisdictions having implemented local legislation to require financial institutions to provide the information.

At present jurisdictions can obtain information from other jurisdictions under existing agreements, but the information is provided on request rather than automatically. The automatic provision of information will be a ‘game changer’ in the battle against tax evasion giving tax authorities huge amounts of information.

Who will it apply to?

The members of the G20, the EU itself and the individual EU member states (except Bulgaria) as well as most major financial centres have agreed in principle to implement the CRS. The US will continue to use agreements entered into with other countries under FATCA as the mechanism for automatically exchanging information about its citizens and others in respect of whom reporting is required.

Over 40 countries have signed up to be early adopters of the CRS, making the first exchanges in September 2017, with other jurisdictions exchanging information from September 2018. Early adopters include the UK – including the Crown Dependencies of Jersey, Guernsey and the Isle of Man and most British Overseas Territories (eg, the British Virgin Islands and the Cayman Islands), France and Germany.

Under the CRS all ‘financial institutions’ will need to report on their ‘account holders’. The terms are widely defined and so whilst banks will obviously need to report on bank account owners, entities such as companies and trusts may also need to establish and report on the individuals who own debt and equity interests in them.
The Common Reporting Standard (continued)

What will be reported?

The reported information under the CRS will match that required to be reported under FATCA. This is the identity and residence of financial account holders (including the controlling persons of trusts and companies), account details, account balance or value and income and sale or redemption proceeds.

What are the main differences between the CRS and FATCA?

There are some differences between the CRS and FATCA; however, the OECD has deliberately followed the main principles of FATCA to reduce the additional compliance costs of implementing the CRS.

Soon after it entered into an agreement with the US to exchange information under FATCA, the UK entered into similar agreements to exchange information with the Crown Dependencies and some of the Overseas Territories. These agreements will fall away once the CRS comes into force.

Importantly, for UK resident, but non-domiciled individuals, under the CRS there is no similar reporting mechanism to the ‘Alternative Reporting Regime’ (ARR) that applies in relation to the UK’s agreements with the Crown Dependencies in relation to the exchange of tax information. The ARR allows only sums actually remitted to the UK to be reported to HMRC, as it is only on remitted sums that those individuals pay tax in the UK. The ARR will therefore, in effect, fall away for UK resident, non-domiciled individuals because of the CRS.

Can I ignore CRS?

Financial institutions will probably be subject to penalties in their jurisdiction if they do not comply with the CRS. For example, there will be financial penalties in the UK for failing to comply or for incorrect returns.

Individuals with assets held offshore which have not been declared to the tax authorities in their country of residence should not ignore the CRS. It makes it much more likely that their home tax authority will find out about undeclared assets.

In many jurisdictions there are disclosure facilities which enable irregularities to be disclosed to tax authorities on more favourable terms than if they are discovered by the tax authorities themselves.

What action can be taken prior to the introduction of CRS?

Many financial institutions will have already implemented due diligence procedures to report under FATCA, which should reduce some of the further financial burden. However, these procedures will need to be amended to capture the information about additional account holders who need to be reported under the CRS but not FATCA.

Automatic exchange of tax information between international states is expected to fast become the norm. With countries (like the UK) introducing large penalties where people attempt to avoid the CRS, individuals need to put their tax affairs in order before the relevant tax authorities receive information.

The additional information at the disposal of tax authorities as a result of the CRS means that some jurisdictions will close their offshore disclosure facilities once exchange of information under CRS begins.

The UK is taking action sooner and is closing its most favourable regime, the Liechtenstein Disclosure Facility (LDF) at the end of 2015. The LDF can protect individuals from criminal prosecution. The Crown Dependency Disclosure Facility will also be closed at the end of the year. A new disclosure facility will be introduced but this will have harsher penalties and no immunity from prosecution. In addition it will have closed prior to the exchange of information under CRS, leaving taxpayers with no formal route to disclose irregularities in their tax affairs.

UK resident individuals with undeclared assets outside the UK are therefore strongly advised to come forward as soon as possible, in order to be able to regularise their affairs on the most favourable terms.

For some individuals with complicated residence or domicile status it will not be clear whether assets held offshore should have been disclosed in the UK. For such individuals we can carry out a ‘healthcheck’ with a view to ensuring any necessary remedial action is taken while the more favourable disclosure facilities are available.

Fiona Fernie is the partner leading our Tax Investigations team. She has over 25 years’ experience in assisting clients subject to investigations/enquiries by HMRC with particular focus on COP8 and COP9 (Contractual Disclosure Facility) cases and large complex investigations. She also assists clients who want to make a voluntary disclosure of tax irregularities to HMRC, whether via one of the available disclosure facilities such as the Liechtenstein Disclosure Facility or the Crown Dependency Disclosure Facilities or via an independent approach outside a formal facility.

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Australia: measures to combat multinational tax avoidance
by Heather Self

Heather Self considers the measures announced recently by Australia to combat multinational tax avoidance and how they differ from the UK’s diverted profits tax.

As the OECD’s base erosion and profit shifting (BEPS) project nears its conclusion, with final reports on all actions due to be published imminently, a number of countries are considering the implications for their domestic tax position.

The UK jumped the gun with its diverted profits tax (DPT), implemented from 1 April 2015, which was widely seen as a pre-election political move. However, Australia is clearly thinking along very similar lines, and announced measures in its 2015/16 Budget which are aimed at “combating multinational tax avoidance.” A Bill to enact these measures was introduced into Parliament in September, despite the turmoil caused by the sudden change of Prime Minister to Malcolm Turnbull.

The Bill contains three key measures:
• a multinational anti-avoidance law;
• doubling penalties for large companies engaging in tax avoidance and profit shifting; and
• implementing the OECD country-by-country reporting (CBCR) regime from 1 January 2016.

The new CBCR rules are no surprise, as most countries will implement similar measures in 2016 or 2017. But the anti-avoidance law has some similarities to the UK’s DPT, as well as some key differences, and the idea of enhanced penalties for avoidance is also interesting.

The anti-avoidance law has been introduced as an amendment to the existing general anti-avoidance rule (GAAR), rather than a completely new rule as in the case of DPT. It therefore sits more comfortably within the existing tax framework, and in particular will be subject to existing double tax agreement provisions – so if activities do not constitute a permanent establishment (PE) for Treaty purposes, the new law should not have any effect, unless it can be shown that the arrangements are abusive and so outwith the protection of a treaty.

The measure will apply where there is an avoidance scheme which artificially avoids the attribution of profits to a PE. There must be a foreign entity making supplies to Australian customers; an Australian entity which ‘supports’ the making of those supplies, and the avoidance of income being attributable to a PE of the foreign entity. Superficially, this is similar to DPT, but with less complexity (for example, no definition of whether there is a “lack of economic substance”) and more general definitions, which sit within the ambit of the GAAR. It is therefore more clearly targeted at abusive situations, and less likely to go beyond the objectives of the BEPS project.

However, while DPT is said to be targeted at ‘a handful’ of aggressive multinationals, Australia expects the new law to cover 1000 companies with global revenues above $1 billion. But there are no clues as to how many of these companies will actually face adjustments, and the Treasurer, Mr Hockey, was criticised for not being able to put a specific yield estimate on the measure. Just as in the UK, there are concerns that this measure could spark ‘retaliatory’ laws by other governments, which could impact Australian multinationals.

The doubling of penalties for avoidance may well be copied enthusiastically elsewhere, including in the UK. It remains to be seen whether it will raise significant revenue, or will act primarily as a deterrent to reduce enthusiasm for aggressive structures.
China: Transfer pricing rules incorporate BEPS principles

by Robbie Chen

The Chinese tax authority has always been proactive in studying and adopting new developments in international tax. It is now trying to incorporate the principles emerging from the OECD’s base erosion and profit shifting (BEPS) project into China’s domestic tax law. This could have particular implications for the tax deductibility of payments made by Chinese companies to overseas related parties.

Outbound payments to related parties under scrutiny

On 18 March 2015, the State Administration of Taxation (SAT) published a bulletin on outbound payments to related parties (Bulletin 16) and its official interpretation.

Bulletin 16 requires outbound payments to overseas-related-parties to comply with the ‘arm’s length principle’. It restates the principle laid down by the Corporate Income Tax (CIT) law governing related party transactions. Under Bulletin 16, a service provided by an overseas company to a related Chinese company for a fee must directly or indirectly benefit the recipient’s economic interest. The tax authority may adjust a transaction price if it does not reflect the fair market price. Transfer pricing adjustments usually involve adjusting the actual transaction price to a reasonable transaction price, but it is not common for the tax authority to totally deny the deductibility of an expense for transfer pricing reasons.

Non-deductible payments

Bulletin 16 lists the following types of payment where a deduction can be denied for CIT purposes:

- **Payments to overseas related parties without substance**: Payments are not deductible for CIT purposes if made to overseas-related-parties that perform no function, bear no risk, or have no substantial operating activities. This provision applies to all types of outbound payment made to overseas-related-parties, rather than just focusing on the outbound payment of service fees and royalties. It targets offshore conduit companies that have no commercial substance and are normally established for tax purposes.
- **Non-deductible service fees**: The bulletin states that the following six types of service fee payments to overseas-related-parties are non-deductible:
  - Services unrelated to the function and risk borne by the enterprise or operation. This reflects SAT’s proposed ‘necessity test’ methodology. In practice, a Chinese enterprise may not necessarily need a service provided by its overseas-related-party. For example, a manufacturing subsidiary that only performs simple functions may not need the high-end consulting, legal services, or R&D services provided by an overseas parent.
  - Services that an overseas related party provides to protect its direct or indirect investment in the recipient, including control, management, and supervising activities for the recipient. This relates to investor activities that monitor investments in companies in China. The tax authorities believe that it is the shareholder, rather than the invested company, that benefits from these services. In practice these kinds of fees usually take the form of consulting service fees for monitoring and advising on the invested company’s back office functions, eg. HR, legal, administrative, finance. The tax treatment for the payment of back-office services triggers more scrutiny and challenge from the tax authorities, and this can result in double taxation for the same payment (i.e. the payer withholds tax on payment, but cannot deduct it for CIT purposes in China).
  - Services from related parties that have already been bought from a third party by the recipient or have been undertaken by the service recipient itself. For example, R&D fees a Chinese company pays to a third party and also to its shareholder. This raises the suspicion of the tax authority over the necessity of the R&D service fees to the shareholder.
  - The recipient obtains additional benefits only because it is part of a corporate group, and the overseas-related-party has not provided specific services. This is a supplemental criterion to the beneficiary principle. In the SAT’s view, the incidental benefit cannot be deemed a ‘benefit’ according to the beneficiary principle, because it is not derived from a real service that independent enterprises receive and benefit from in the ordinary course of business. Therefore, certain service fees are non-deductible if the benefit obtained by the taxpayer is incidental.
China: Transfer pricing rules incorporate BEPS principles (continued)

- Services that have been paid for by way of other related party transactions. For example, in the circumstance where the Chinese subsidiary buys raw materials from its overseas-parent company and resells the finished goods back, the parent company is the beneficiary of a centralised procurement transfer pricing policy. Thus in SAT’s opinion it is not appropriate to charge a procurement service fee to the Chinese subsidiary.

- Other services that do not provide the recipient with any direct or indirect economic benefit. This is a ‘catch all’ clause to capture all the other non-deductible scenarios.

- Non-deductible royalty payments to an overseas related party having no actual contribution to intangible asset value creation: When paying royalties to use intangible assets owned by an overseas related party, the tax authority considers the contribution by each party to the value creation of the intangible to determine the economic benefit that each party is entitled to. The SAT considers that it is a deviation from the arm’s length principle if royalties are paid to an overseas related party which owns only the legal right to the intangible assets but has not contributed to any value creation. Such royalties are therefore not deductible for the payer’s corporate income tax purposes.

The SAT illustrates the value-creation methodology through a trademark license case. If a trademark or brand name achieves market recognition through the operation of the Chinese enterprise, and the Chinese enterprise is responsible for maintaining, promoting and enhancing the value of these intangibles, royalties paid to the overseas related parties are not deductible.

In SAT’s interpretation, “contribution” is determined by “assessment of each party’s functions performed, assets employed, and risks assumed in the intangible asset development, enhancement, maintenance, protection, application and promotion”.

Apart from this, Bulletin 16 does not provide detailed guidance on how the contribution of the taxpayer is assessed. Nevertheless, it clearly indicates the increasing difficulties faced by a licensor incorporated in a tax-haven to own IP rights, which earns royalties from its Chinese licensee.

- Non-deductible royalty payments to overseas related party in compensation for incidental benefits arising from the financing and listing activities: Where a holding or financing company is established offshore for the main purpose of financing or listing, royalties paid to an overseas related party in compensation for incidental benefits arising from the financing and listing activities are not deductible for CIT purposes. It remains to be seen how the tax authority will interpret and react to this provision.

Discussion draft on the Special Tax Adjustment Method

In September 2015, the SAT issued a discussion draft for public comments on the implementation of the Special Tax Adjustment Method – the Chinese transfer pricing rules. The new guidance, which will replace the existing guidance, is expected to be finalised by the end of 2015.

The draft incorporates principles of the BEPS action plan issued by the OECD. It introduces two new transfer pricing methodologies, expands transfer pricing documentation requirements as well as giving guidance in a number of other areas.

Documentation Requirements

The discussion draft largely follows the BEPS proposals in respect of the documentation requirements for transfer pricing. Multinational companies should prepare a master file, a local file, a country-by-country report and other special reports for related party services, cost sharing agreements, and thin capitalisation.

The current threshold for preparing contemporaneous documentation applies to master file and local file. It requires documentation if the annual amount of related party transaction exceeds RMB 200 million for related party buy and sale, or RMB 40 million for other types of related party transaction.

The discussion draft states that a country-by-country report should be prepared if:

• the taxpayer is the ultimate holding company of the multinational group and the combined annual revenue of the group in the last financial year exceeds RMB 5 billion; or
• the ultimate holding company of the taxpayer is not located in China but the taxpayer is designated as the party to report the country-by-country report.

More sophisticated transfer pricing methods

In addition to the five traditional transfer pricing methods, (i.e. comparable uncontrolled price method, resale price method, cost plus method, transactional net margin method and profit split method) the discussion draft includes the value contribution allocation method, and the asset valuation method. According to the discussion draft, the value contribution allocation method will consider various factors in the value creation of the multinational company and allocate the reasonable profit amongst its affiliate companies in different countries.

Transfer pricing and intangible assets

The discussion draft emphasises that the allocation of benefits of intangible assets should follow the principle that the allocation of the intangible assets benefits should be commensurate with the economic activity and the value creation.
China: Transfer pricing rules incorporate BEPS principles (continued)

Transfer pricing administration on related party services

Bulletin 16’s requirements on related party services are included in the discussion draft.

Our Observations

Bulletin 16 and the discussion draft guide local tax authorities in tackling tax avoidance in respect of outbound payments. Importantly, Bulletin 16 provides a legal ground on which a local tax authority can deny deductibility of outbound payments that fall into red-flag scenarios.

It remains uncertain how the tax authorities will apply the guidance to assess and deal with non-compliant outbound payments in practice. Nevertheless, considering the active participation in the OECD BEPS discussion, SAT may be inclined to follow the OECD guidelines and BEPS when assessing the reasonability of outbound payments.

It also remains to be seen how the new transfer pricing methods introduced in the discussion draft will be utilised.

For non-deductible outbound payments, Bulletin 16 is unclear on whether they will be dealt with in the course of annual tax filing as a ‘regular adjustment item’ of taxable income, or if they are subject to a ‘special tax adjustment’. A regular annual tax filing adjustment can be done by the taxpayer and generally does not trigger penalties; but a special tax adjustment requires SAT approval, the adjusted tax amount is subject to late interest, and may trigger additional interest penalties. Since the discussion draft also mentions the adjustment mechanism on related party services and royalty payments, it may be the SAT’s intention that a special tax adjustment will be required for transfer pricing purposes.

There is also an issue over double taxation when an outbound payment is regarded as taxable income of the overseas-related party. It is unclear if there is scope for a concerned party to start the Mutual Agreement Procedures to resolve double taxation issues created by non-deductibility treatment against the Chinese enterprise.

Multinational companies are advised to follow the latest developments in the BEPS project, which is likely be included in Chinese local tax law, and evaluate how the changes could affect their business operations in China.
The French tax rules relating to the award of free shares to employees have been modified in a very favourable way for both employers and employees. However, the new regime applies only to plans which were approved by shareholders after 7 August 2015 and this could cause problems for non-French issuers who may be issuing shares under long term plans approved before this time.

The new favourable regime (referred to as the ‘Macron regime’) reduces the employer social tax payable when free shares are awarded and makes the tax payable at vesting of the award rather than grant. From the employee’s perspective, the vesting period may be reduced and a percentage of the income tax payable on vesting gains can be rebated, depending upon how long the employee holds the shares after vesting.

The Macron regime applies to share plans receiving shareholder approval after 7 August 2015. French and foreign groups therefore need a new shareholder approval in order to grant awards eligible for the Macron regime.

From a French law perspective, this requirement makes sense because the Macron reform has greatly amended the corporate law governing free share plans. For foreign issuers, this requirement does not make sense and is very problematic for those who operate long term plans (like UK companies which often set up 10 year plans). Intense lobbying is underway to eliminate this restriction for non-French issuers.

Reduction and postponement of the employer social tax

Before the reform, the employer was liable to pay a 30% employer social tax on grant of the awards. This social tax was not refundable in case of forfeiture or lapse of the awards.

The employer social tax is now payable at vesting. Its rate has been reduced to 20% of the market value of the shares at vesting. Small and medium size companies may be exempted, subject to conditions.

Vesting gains benefit from the same tax rebates as gains on sale

Before the reform, the vesting gain (ie. the market value of the shares at the date of vesting, which is taxed when the shares are sold) was subject to income tax rates (ie. up to 45%) with no rebate. However, the gain on sale (ie. the difference between the market value of the shares when the award vests and the sale proceeds) was also subject to income tax but the rate was reduced if the shares were held more than two years after vesting, with a further reduction if the shares were held more than eight years.

As a result of the reform, the vesting gain will benefit from the same tax rebates as the gain on sale. If the beneficiary keeps his shares at least two years after vesting, his gain will benefit from a 50% rebate for income tax purposes. If he keeps them at least eight years after vesting, the rebates will amount to 65%.

The social surtax treatment has also been simplified: the vesting gain becomes subject to standard social surtaxes at 15.5%.

Example, for illustration purposes, of the maximum employee tax cost:

<table>
<thead>
<tr>
<th>Before the reform</th>
<th>After the reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 63%* (up to 67% if contribution on high income is applicable).</td>
<td>• Holding &lt; 2 years: up to 60.5%* (or up to 64.5% if contribution on high income is applicable)</td>
</tr>
<tr>
<td>• Holding &gt; 2 years and &lt; 8 years: up to 38%* (or up to 42% if contribution on high income is applicable)</td>
<td>• Holding &gt; 8 years: up to 31.25%* (or up to 35.25% if contribution on high income is applicable)</td>
</tr>
</tbody>
</table>

* with a small tax savings the following year thanks to a deduction of a small portion of social surtax

Vesting period and holding periods have been shortened

The minimum vesting period is now one year except in the absence of a holding period where the minimum vesting period must then mandatorily be at least two years.
France: Tax reform on free share awards to employees (continued)

The combined two periods (vesting + holding) must at least total 2 years (i.e. 1+1 or 2+0 is possible but 0+2 is not possible).

Other measures

Rules on the maximum percentage of capital allocated to free share awards have been reorganised and clarified. In principle, the awards are limited to 10% of the share capital of the issuing company. Small and medium size companies can grant up to 15% of their capital. When the awards are made to all the employees, they can represent up to 30% of the company’s capital. When the awards represent more than 10% of the capital (or 15% for SMEs) an individual cannot be granted more than five times the awards received by any other employee.

Eugénie Berthet is a French tax Partner based in our Paris office. Eugénie has considerable experience in international tax planning for individuals (income tax, wealth tax, inheritance taxes, trusts), business transfers, real estate investment structuring, employee share schemes and management packages (stock-options, free shares, warrants) and international mobility (remuneration structuring, pensions).

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Surprisingly where a non German seller resident outside Germany sells at least 95% of the shares or partnership interests in a non-German company or partnership resident outside Germany to a non-German buyer resident outside Germany, this may trigger German Real Estate Transfer Tax (Grunderwerbsteuer) (‘RETT’). This tax liability arises if the target company or partnership is the direct or indirect owner of a piece of land or a hereditary building right in Germany even if it does not have a branch or permanent establishment in Germany.

Principles of RETT law applicable to M&A transactions

The reason for this surprising situation is that the German RETT Act (Grunderwerbsteuergesetz, ‘RETTA’) treats the transfer of (or the unification in single ownership of) at least 95% of the shares or partnership interests (‘qualifying participation’) in a property owning entity as a transfer of the underlying land.

RETT rates vary from federal state to federal state. The minimum is 3.5% and the maximum is 6.5%, giving an average rate across Germany of 5.28%. RETT is usually charged on the purchase price agreed. However, in the case of corporate transactions RETT was charged not on the purchase price paid for the shares or the participation but a special tax value (Bedarfswert) fixed according to the provisions of the German Valuation Act (Bewertungsgesetz). However, the German Constitutional Court (Bundesverfassungsgericht) held in a recent decision that this special tax valuation was not in line with the German constitution and said that the German legislature needed to introduce a valuation with results closer to the standard tax base of the RETTA.

Exactly what the new law will look like is currently unclear. It is expected that the legislature will try to identify a valuation methodology leading to more realistic (in most instances: higher) values reflecting fair market conditions. The law will have retrospective effect.

Example:

A US corporation holds via a fully controlled Cayman vehicle 100% of the shares in an EU holding entity domiciled in Luxemburg. The EU holding entity in turn holds all shares in a German corporation which is the owner of land in Germany with a value of €10 million. As the EU holding entity has suffered significant losses the shares in it are sold to a Chinese investor for €1.

Outcome:

If the real estate is located in a German federal state having a RETT rate of 6.5% the transaction will trigger RETT in the amount of €650,000. The same will be true if the EU holding entity is direct owner of the German real estate.

The same result applies if a qualifying participation is acquired by a number of buyers forming a fiscal group for RETT purposes (grunderwerbsteuerliche Organschaft).

No grandfathering of existing RETT blocker structures

To avoid RETT in corporate transactions in the past so called RETT ‘blocking structures’ were set up, where a buyer directly acquired 94.9% of shares or participation and the remaining 5.1% through a so called ‘RETT blocking vehicle’. This would generally be a limited partnership consisting of the buyer with a participation as limited partner of 94.9% and an independent third party investor holding a participation as limited partner of 5.1%. Thus, the third party investor economically participated only by 5.1% of 5.1% = 0.26% in the real estate.

If the buyer sold all of its shares or participations to a new investor, no RETT was triggered as the investor did not acquire a direct or indirect ‘qualifying participation’ in a real estate owning target. However, due to a recent change in law any participations held by an intermediate entity are no longer allocated in full to a shareholder or partner holding a qualifying participation. Instead all participations of such intermediate entity are allocated to its partners pro rata to their participations.
The new investor in a RETT blocker scenario will, therefore, be regarded as acquiring 94.9% in the target directly and 94.9% of 5.1% = 4.84% indirectly, in total 99.74% of the target. Thus, a future sale of all participations under current typical RETT blocking structures will trigger RETT, as there is no provision for the grandfathering of existing structures.

**Intra-group transactions**

All the principles described above apply also to intra-group transactions. The RETTA provides an exemption for intra-group transactions between qualifying subsidiaries within a group. A subsidiary is in general regarded as a ‘qualifying subsidiary’ if the shares in it are directly or indirectly held by one common parent for at least five years prior to the transaction and will be held for at least five years following the transaction. A subsidiary set up less than five years prior to a transaction is not regarded as a qualifying subsidiary. The upstream merger of a real estate owning subsidiary into its parent is currently also not tax exempt under the intra-group exemption even if it is regarded as a qualifying subsidiary. This will change in future due to a currently pending amendment to the law.

**Summary**

An amendment to the RETTA and recent changes to the legal practice of some German fiscal courts create new traps for international M&A transactions where a non-German target directly or indirectly holds German real estate. Recent significant raises to the RETT rates in most of the federal states further increase the related risks. Careful structuring of transactions and drafting of the transaction documents may reduce these issues substantially.

Werner Geisselmeier leads our tax practice in Germany. He has over thirty years’ experience providing national and international tax advice on corporate and financial transactions, as well as supporting clients regarding ongoing tax matters and tax litigation. His main practice areas are the income, corporation, trade, sales and property transfer tax aspects of corporate transactions of all kinds, for example concerning corporate and financial restructuring (including conversion operations) or classic and structured financing, as well as self-disclosure and tax litigation matters.

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Pinset Masons has an office in Munich, where our German tax team is based.
In 1775 Paul Revere rode into Lexington with the cry that “the British are coming”. In 2015 the cry in the Middle East is that “VAT is coming”. Although the rebels were unprepared for the oncoming redcoats they were probably more prepared in Lexington than the Middle East is for VAT.

**Draft VAT framework agreement**

It is understood that officials of the Gulf Co-Operation Council (GCC) have adopted a draft VAT framework agreement that will form the basis of a VAT regime for the GCC. The GCC is a political and economic alliance made up of six Gulf states: Saudi Arabia, Kuwait, the United Arab Emirates (UAE), Oman, Qatar and Bahrain.

Under the framework, each country will develop its own separate law which will incorporate the principles in the draft. It has even been suggested that GCC states would move to implement VAT as early as 2016, although this is now looking very unlikely. There has been considerable work put into the project already with some countries at an advanced stage in the drafting of the regulations. 2016 does seem to be an unrealistic target but businesses in the GCC need to consider whether they are prepared to take the risk of failing to be ready.

It will also be interesting to see whether the framework agreement has any binding force akin to Treaty of Rome which has resulted in so much VAT litigation in the EU. The consequences of local country legislation differing from the principles of the Treaty were only fully appreciated many years later, leaving Governments with some large and unexpected VAT reclaims.

It is a shame that GCC Member States have not moved to agree a common set of draft regulations, which could be published for general public consultation, rather than each state generating laws based on their particular interpretation of the draft agreement. More work for the lawyers, but it does seem to be an opportunity lost.

There are many prophets of doom over the introduction of VAT into the Gulf but overall it is a sensible decision to proceed, and evidence of the growing maturity of the economies in the region.

At some point there will be a need to diversify the sources of government income away from the reliance on the hydrocarbon sector, and better to do it when the tax income is not critical, and it can be introduced at a relatively low rate, probably between 3% and 6%. Even better if it results in the elimination of many of the customs duties in the region, all simplified via one VAT. It is unlikely, but not impossible, that any one country would risk going it alone on the introduction of VAT.

**VAT will provide a new source of data to Government**

Most importantly of all, VAT returns will provide a wealth of data about what is going on in the economy, which over time should allow for better policy decision making. The Ministry of Finance in Qatar recently announced the development of a new economic model that will support their policy making, and what better if it can incorporate a new source of reliable and relevant data.

That is not to say that the region is in any way ready for the introduction of the tax. VAT can be very labour intensive, impacting on every transaction taking place in an economy, and as such relies upon effective IT systems to reduce the time and cost. Every survey undertaken in the region to date, including the UAE, has suggested that the majority of accounting systems lack the basic functionality to deal with the introduction of VAT, and many may need to be replaced altogether. That is a risk that any audit committee in the region should be aware of and every CFO should be planning for.

Linked to the systems issues is the lack of knowledge amongst the whole business community in the region as to how a VAT system operates. A significant investment in training will be required across the region, including the tax officials who will have to enforce compliance. Transactions that were once straightforward may just become that bit more complex.

VAT disputes have kept the tax tribunals and courts in EU member states, as well as the Court of Justice of the European Union, busy. There will inevitably be challenges ahead for the court systems in the Gulf.
Middle East: Is the Gulf ready for VAT? (continued)

Impact on businesses in the UAE

There are a number of difficulties that may impact on businesses in the UAE, depending upon the structure adopted for the tax. The UAE has successfully developed itself as a hub for financial services in the region, including all the back office services provided to branches outside of the UAE. In the EU many financial services are exempt from VAT, which on the face it may seem attractive. However if this results in the inability to reclaim VAT on the support services provided from companies outside of their VAT group some organisations may find themselves at a competitive disadvantage to those who have adopted a more efficient VAT structure. If the UAE head office is providing outsourced services to entities based in other GCC countries how will VAT impact on these charges? Is there a risk that it may end up being more tax efficient to relocate support services back to the individual subsidiary operations, particularly if the UAE also introduces a corporate income tax, which has been discussed? It is obviously difficult for businesses without knowing the details of the proposed new regulations but some simple scenario planning should identify the main risk areas.

Impact on UAE as a place to do business

There are plenty of other corporate finance and private equity deals that will have to account for VAT in the overall costing of the transaction.

The UAE has also been a leader in the region in its ability to grow its real estate sector. How will property transactions be treated? There are significant differences between the models adopted in this area between the EU and Australia/New Zealand, but a tax on all real estate developments in the UAE could be a challenge to new developments. Another reason why it is unlikely one country will go it alone on VAT.

Unknown impact on financial centres and free zones

Across the GCC there are a variety of existing and developing financial centres, but how will they be treated? The UAE leads the way with well over 30 special economic and free zones. If they are subject to VAT can they still be considered to be free, and if they are outside of VAT does that not create an immediate competitive disadvantage to any company operating in the environment outside of the free zones? Long term I believe the free zone model is doomed as international pressures force their closure, but that is for another day.

Contract management

Long term contracts normally have a tax gross up or similar clause but is it drafted in a way that will always cover VAT, and who will bear the additional cost? Will the terms of the tax amendment clause be fully accepted by customers? There is scope for significant future disagreement over the liability to VAT in existing contracts.

Fraud is a particular concern

Finally, and this is an issue principally for Government tax authorities, how do they manage the risk of fraud? It is estimated that countries in the EU lose approximately Euro 200 billion of VAT revenue per annum from a combination of evasion and fraud, and that is with experienced tax officials and systems. The fraudulent reclaim of VAT is of particular concern, and whilst it has historically been difficult to extract tax repayments from tax authorities in the region, the automatic processing of VAT claims is an area open to abuse.

A typical fraud in the EU is the ‘carousel’ fraud. Goods are imported tax free into a country, being sold on through a chain of related companies before being exported, often to the original seller. The first company in the chain does not account for the VAT to the tax authorities and the final company claims VAT before both the importer and exporter disappear, leaving the Government severely out of pocket. The larger VAT frauds are run by sophisticated international crime gangs who will repeat the fraud across multiple jurisdictions. With experience of committing these frauds for a number of years it is unrealistic to think that these gangs will not target the GCC. Innocent companies can inadvertently get caught in the middle. Only the proper resourcing of tax authorities can hope to discourage large scale tax fraud.

Do not ignore VAT

The implementation of VAT in the region may still be some way off, particularly if the intention is to implement it simultaneously across all GCC member states. However do not be surprised by its introduction as early as 2016; as and when it is introduced there may not be as much notice as you would expect. Businesses should be factoring VAT into their current planning decisions. The financial consequences of systems failure or unfavourable contract terms could be very serious indeed.

Ian Anderson is a Senior Consultant operating from our Doha and Dubai offices with responsibility for taxation services across the Middle East. Previously he spent 8 years as Director of Tax for the Qatar Financial Centre (QFC) where he was responsible for developing the new tax regime for the Centre. Prior to that he was Director of Tax and Treasury at UK FTSE250 company, MyTravel. Ian has particular experience in international tax planning, asset financing including cross border leasing and inbound/outbound investment to and from the Gulf. He is a regular speaker in the GCC region on tax risk and policy.

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Pinset Masons has offices in Doha and Dubai

PM-Tax | Wednesday 30 September 2015
Events

Tax Disputes Symposium

We will be running our popular tax disputes symposium again this year. In addition to a range of Pinsent Masons and external speakers, our keynote speaker will be Edward Troup, Tax Assurance Commissioner and Second Permanent Secretary at HM Revenue & Customs.

The event will take place on Monday 30 November. More details (including how to register) will follow in a subsequent edition of PM-Tax.

Women in Tax Launch Event

Women in Tax is a new group established to support women working in all areas of tax, whether in practice, industry, government or academia. A launch event is being held on 2 November. This event will take the form of a panel debate – on this occasion, everyone working in tax is welcome (regardless of gender).

The topic will be 'What do we mean by a fair tax system?' We have a distinguished panel of speakers, chaired by Heather Self, Partner (non-lawyer) at Pinsent Masons and we can promise a lively debate, followed by a networking drinks reception.

For more information about Women in Tax, see http://womenin.tax or follow us on Twitter @WomenInTax.

Speakers:

• Anne Fairpo, Temple Tax Chambers – Introduction – why do we have a tax system? What is it supposed to do? Overview of what we mean by “fair”
• Judith Freedman, Pinsent Masons Professor of Taxation Law, University of Oxford – Academic perspective, particularly focusing on small business
• Sarah Prior, Lloyds Banking Group – Big business – what does fair look like
• Caroline Miskin, TaxAid – Low income individuals – TaxAid perspective

Date: Monday 2 November 2015
Time: 5.30pm until 8.00pm
Venue: Pinsent Masons, 30 Crown Place, London EC2A 4ES

If you are interested in attending please contact Marina Dell.

Memorial Event for James Bullock

Following the very sad news of the sudden death of our colleague and friend, James Bullock; a celebration of James’ life will be held at Stationers’ Hall, London on the evening of Thursday 8 October. This will take the form of a reception, at which a number of James’ close friends and colleagues will pay tribute to his life and works. If you would like to be sent an invitation to this event, please contact Olivia Saunders.

Tell us what you think

We welcome comments on the newsletter, and suggestions for future content.

Please send any comments, queries or suggestions to: catherine.robins@pinsentmasons.com

We tweet regularly on tax developments. Follow us at: @PM_Tax