

Dbriefs Bytes Transcript

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For comments on Action 4, see [the highlighted text below](#).

BEPS

Government statements

Well, the silence from the OECD is deafening.

Two weeks and nothing said about BEPS.

And the reason is simple : it's down to the hard bargaining at the Committee on Fiscal Affairs, which is meeting (behind closed doors) as I speak.

Unilateral changes

But the BEPS bandwagon rolls on, even with the OECD not saying anything.

This is most visible in the increasing number of examples of unilateral "BEPS-like" tax law changes being made by individual countries.

One recent and striking example of this is in Sweden. Sweden's Committee on Corporate Taxation released a report on 12 June that includes two alternative proposals that will result in greater tax neutrality between equity and debt – in other words, a severe limitation on interest deductions.

And not just individual countries : Last week, the EU finance ministers decided to amend the parent-subsidiary directive to prevent double non-taxation – in other words, to prevent its application to hybrid instruments.

EU investigations of Apple, Starbucks & Fiat [State aid?]

And in the last few weeks, there has been a great deal of press coverage of the EU investigations of tax rulings given to Apple, Starbucks and Fiat, from the perspective of whether such rulings amount to illegal State aid.

IMF statements

The IMF has become more vocal in recent times in regard to BEPS.

In particular, it released this week a paper which argues strongly in favour of adopting a hybrid approach, incorporating both formulary apportionment and the arm's length principle, for transfer pricing purposes.

The 85-page paper is called : "Spillovers in international corporate taxation". If you would like to access the paper, please go to BEPS Central.

U.S. State taxation : formulary apportionment / Menu of options

And speaking of formulary apportionment : There was a conference on US State taxation which was held on 18 June. Amongst other things, the conference discussed the formulary apportionment rules which apply for US State tax purposes, and panelists debated whether such rules provide a good indication of how formulary apportionment could be applied globally.

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