

Dbriefs Bytes Transcript

7 January 2014

For comments on general information, see [the highlighted text below](#).

BEPS

NUMBER 1: BEPS

So, have you worked out what number 1 is? How can it be anything other than BEPS?

Let's quickly run through what happened in 2013 in the BEPS story. And as you will see, I take a rather broad view of what is BEPS :

- In January, we had two interesting developments :
 - Firstly, we had the UK Public Accounts Committee grill the Big 4 accounting firms in regard to their tax advisory activities.
 - And secondly, we had a meeting of the tax authority leaders of the 5 BRICS countries in Delhi, after which they issued a communique which indicated their intention to formulate, together and apparently independently of the rest of the world, international tax and transfer pricing standards which reflect their particular perspective.
- In February, the OECD issued its BEPS report, which talked about the issue of BEPS and promised a comprehensive action plan to be released in June. This report was endorsed by the G20. Thus, there are 42 countries supporting the initiative: the 34 OECD members and the 8 G20 members who are not OECD members.
- Immediately thereafter, and continuing right through to now, we have had government officials seek to position the BEPS debate to the advantage of their own government – on issues such as “source versus residence” taxation, and the relevance of home country CFC rules.
- In May, the Australian government issued a scoping paper on BEPS. Also in Australia in May, legislation was introduced to require public disclosure of Australian tax payments of large companies.
- In June, we heard that the OECD's intangibles project would likely be subsumed within BEPS.
- Also in June, we had some more political hearings in regard to the BEPS issue. There was the House of Lords hearing in the UK, and in the US the House Ways and Means Committee conducted its own hearing. And not to be outdone, the UK Public Accounts Committee issued a scathing report on Google.
- In July, the OECD released its BEPS action plan, which was then endorsed by the G20. The BEPS action plan contains 15 actions, to be completed according to a timetable by (at latest) 31 December 2015. And the OECD has made clear that all 42 countries have supported the action plan and are sitting at the table as equals.
- Also in July, the OECD released, for public comment, an updated intangibles discussion

draft and a white paper on TP documentation.

- In August, most folks went on vacation. Those who didn't, were at the IFA Congress discussing BEPS.
- In September, Pascal Saint-Amans of the OECD conducted an intensive PR campaign, trying to "sell" the BEPS action plan.
- October was a particularly busy month :
 - The OECD released a memorandum on country-by-country reporting, and the "action 7" focus group issued a request to the world to send them your favourite PE avoidance technique.
 - The EU formed a special expert group on the digital economy.
 - The EU also labeled the UK patent box regime as violating EU law.
 - The UN held its annual meeting of the committee of tax experts, at which a surprising interpretation of Article 5(3)(b) was advocated by China and India.
 - And Ireland, no doubt wanting to be seen to be doing something, made a relatively minor change to its definition of corporate residence.
- That brings us to November, when we had the transfer pricing public consultation meeting in Paris. This discussed :
 - TP documentation and country-by-country reporting
 - Intangibles
 - And the mysterious "special measures", which will be designed to remedy the defects in the arm's length principle.
- Also in November, we had :
 - The OECD's "digital economy" task force issues a request for information in regard to the digital economy.
 - And Japan's Finance Ministry issued a report which advocates changes to the consumption tax law (VAT) to address the issue that, currently, foreign supplies of digital goods and services fall outside the consumption tax net.
- And finally in December :
 - The OECD released its BEPS calendar, which neatly sets out the agenda for the first half of 2014.
 - And the Australian tax authorities launched the so-called ISAPS tax audit program, specifically focused on BEPS.

So there you have it. Our number 1 international tax story for 2013 is BEPS.

Disclaimer

Please note that the comments made in BEPS Central, to some extent, are based on material obtained from sources outside Deloitte.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their

related entities (collectively, the "Deloitte network") is, by means of this video, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this video.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.