

Moshe Bina,
Senior Manager,
International Taxation Department,
Deloitte Israel

Deloitte.



Doing business in Japan

Tax Aspects and a glance at BEPS

Moshe Bina, Adv.

September 6th , 2015



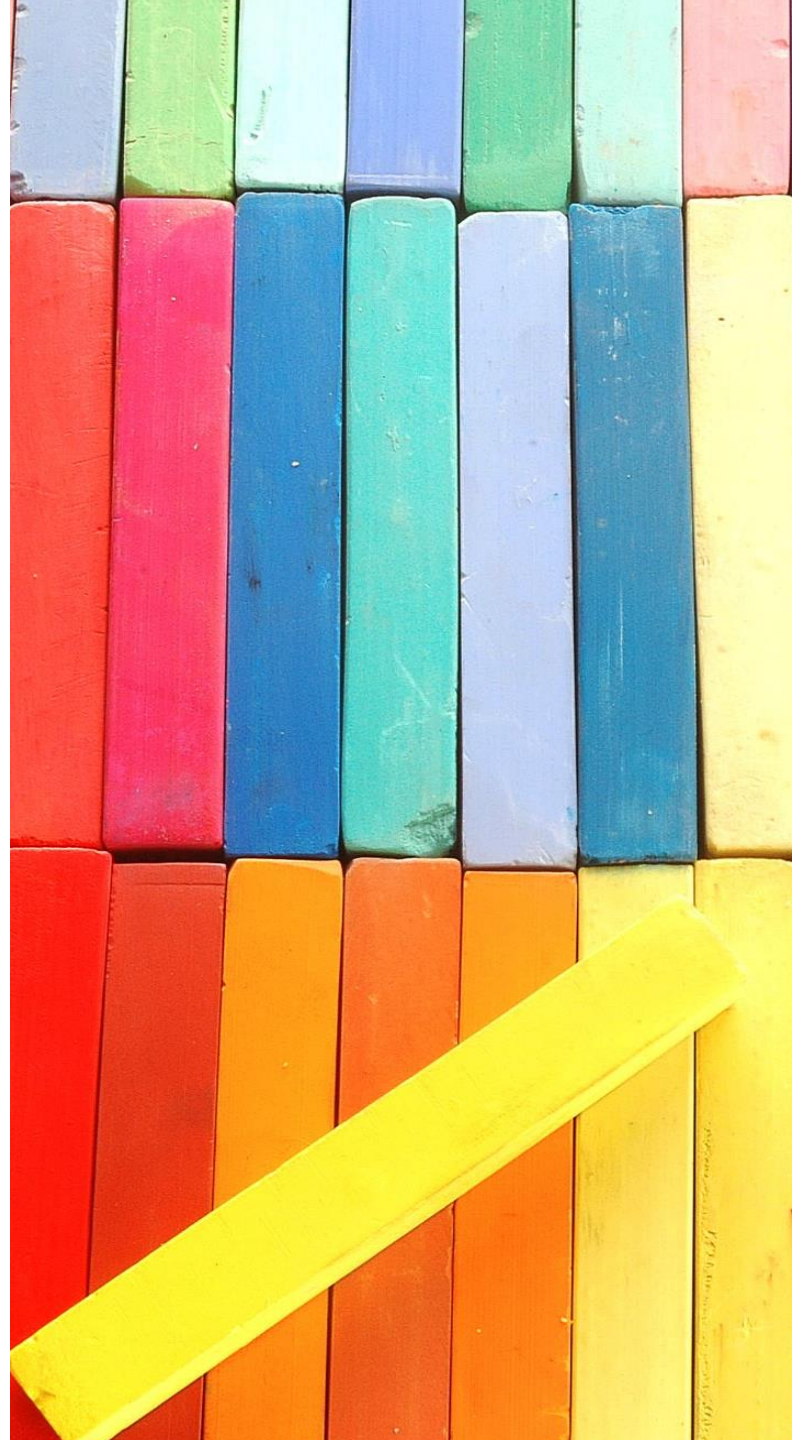
Our main Topics....

Country Domestic Tax Rates

Treaty – Main Aspects

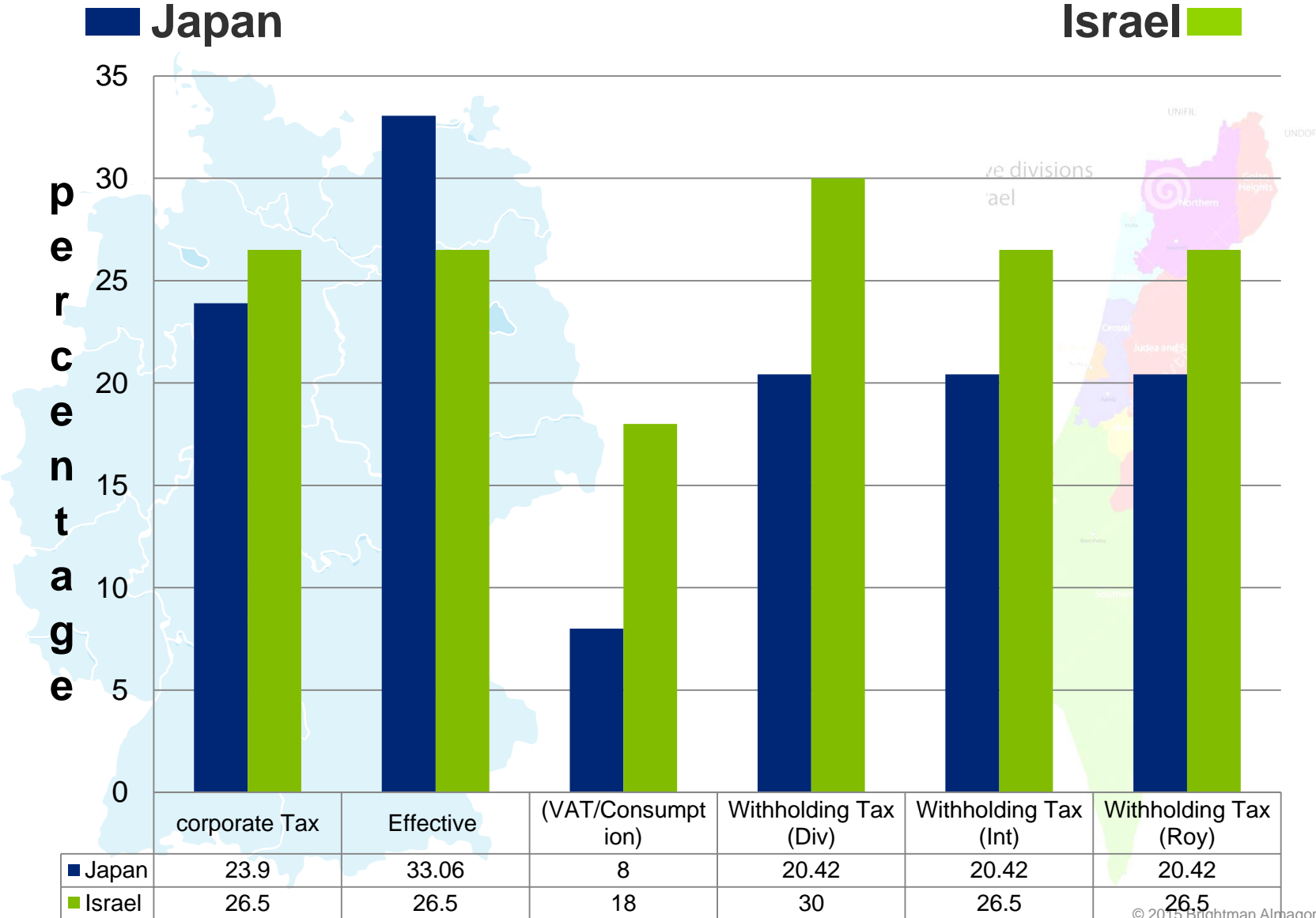
Entering Japan – Common Models

BEPS Overview



Country Domestic Rates – Comparison

Domestic Tax Rates



Treaty – Main Aspects

Treaty – Main Aspects

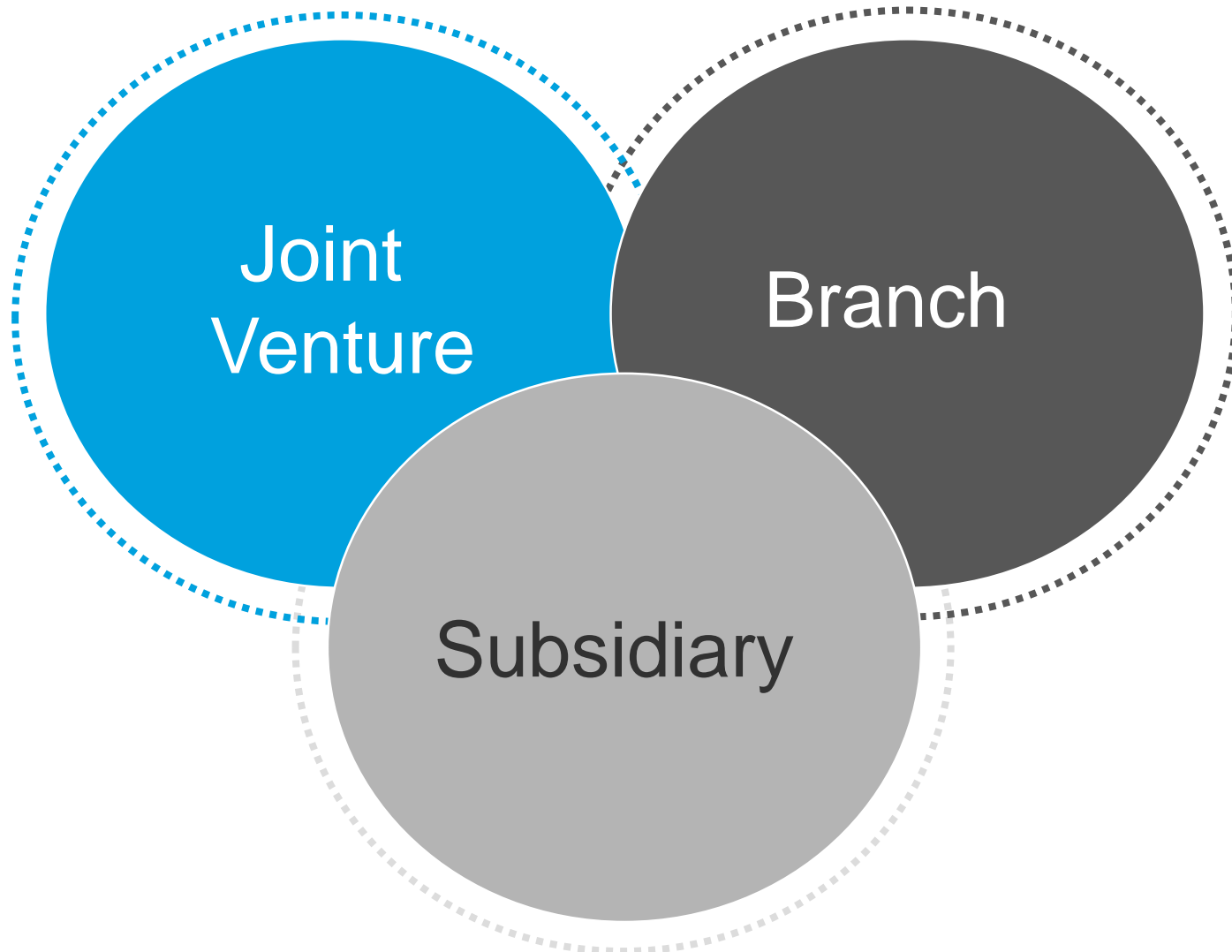
- Signed on march 8th 1993 – in effect since January 1994
- OECD Based
- WHT Rate Reduced
- Special arrangement for IP transactions

Israel – Japan Tax Treaty - Major Stats

	IL-JPN Treaty
Dividend WHT	5/15%
Interest WHT	10%
Royalties WHT	10%
Limitation of Benefits (LOB)	×

Entering Japan – Common Models

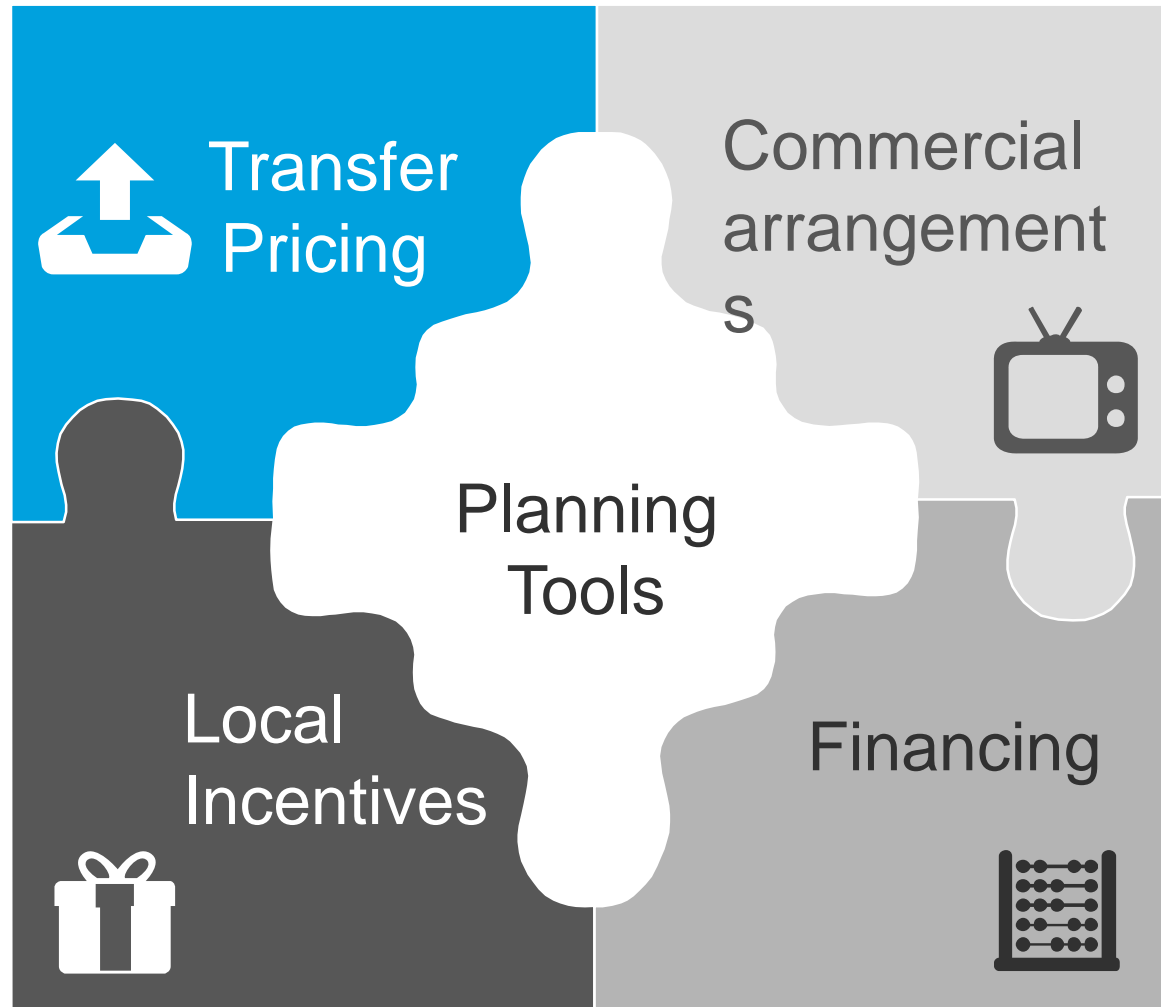
Entering Japan – Common Models



Expected Tax Outcomes



Planning Tools

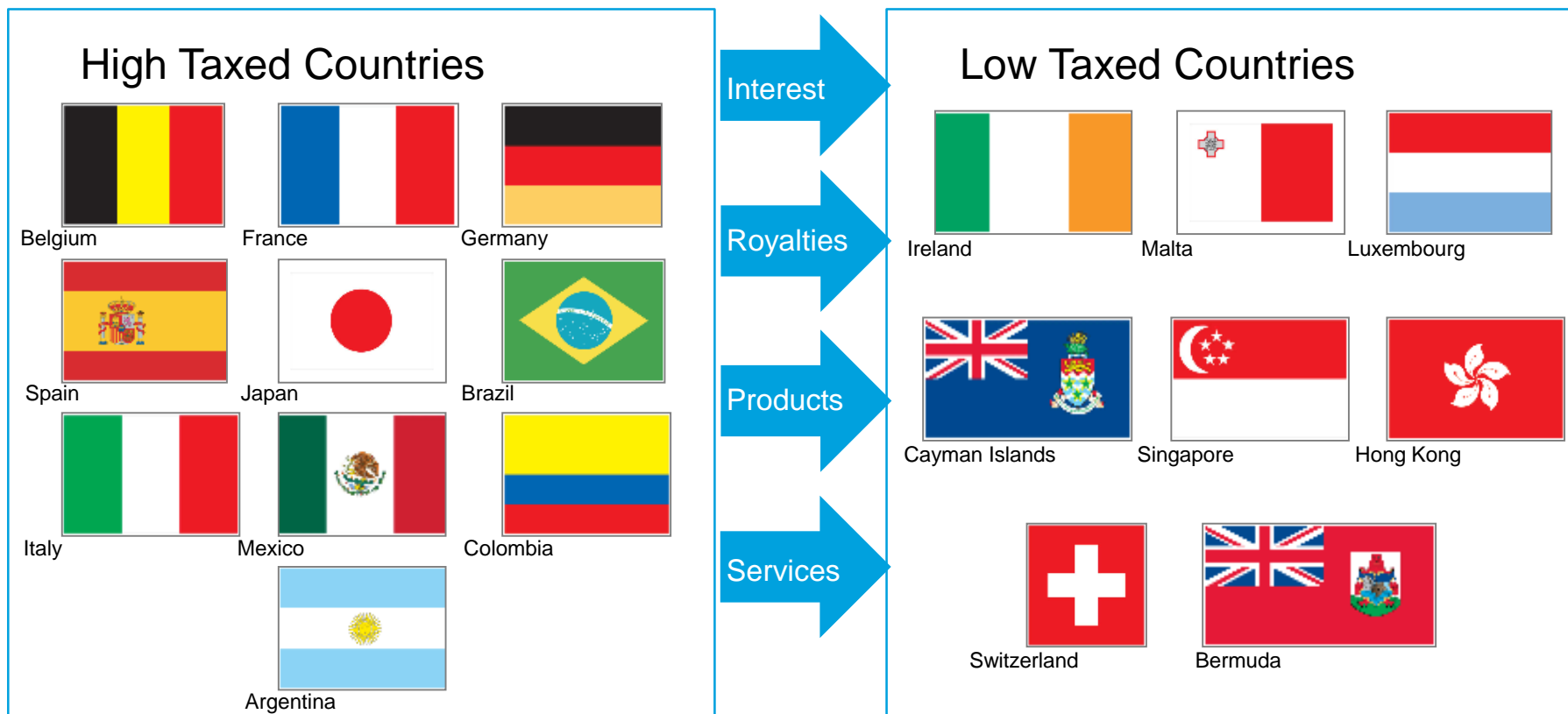


BEPS Overview

What is the debate all about?

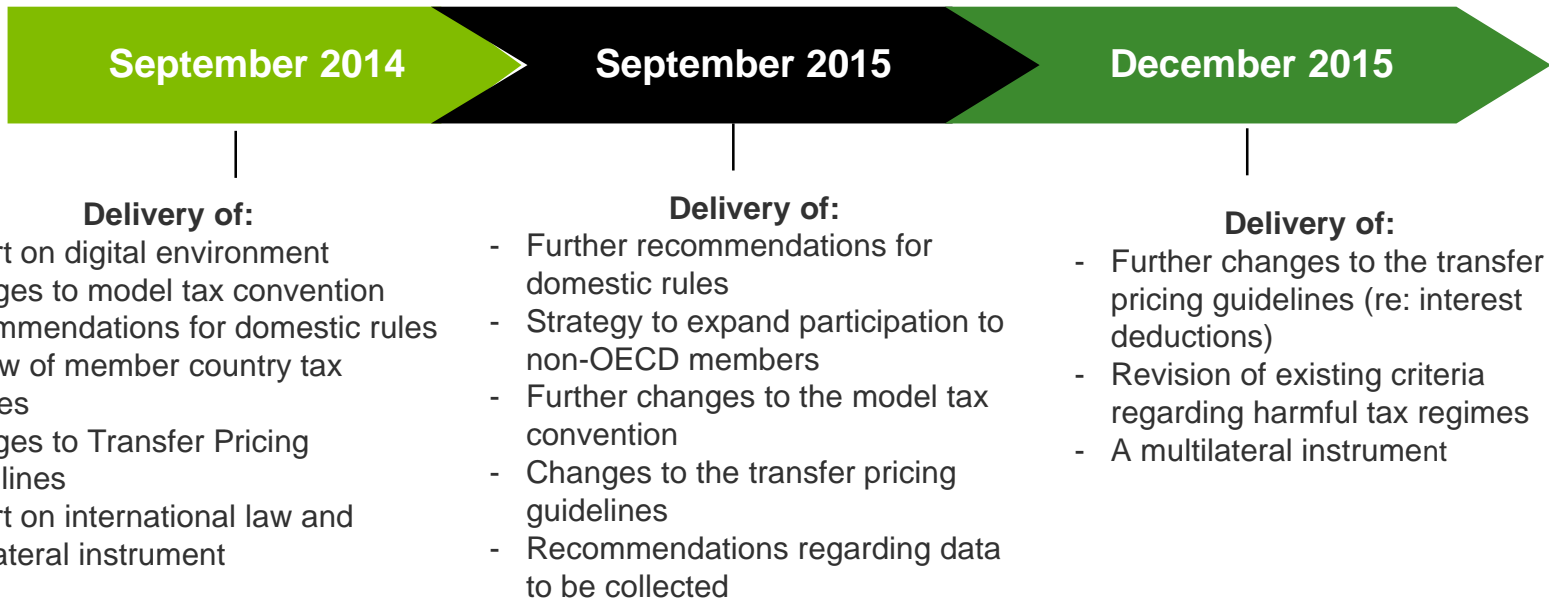
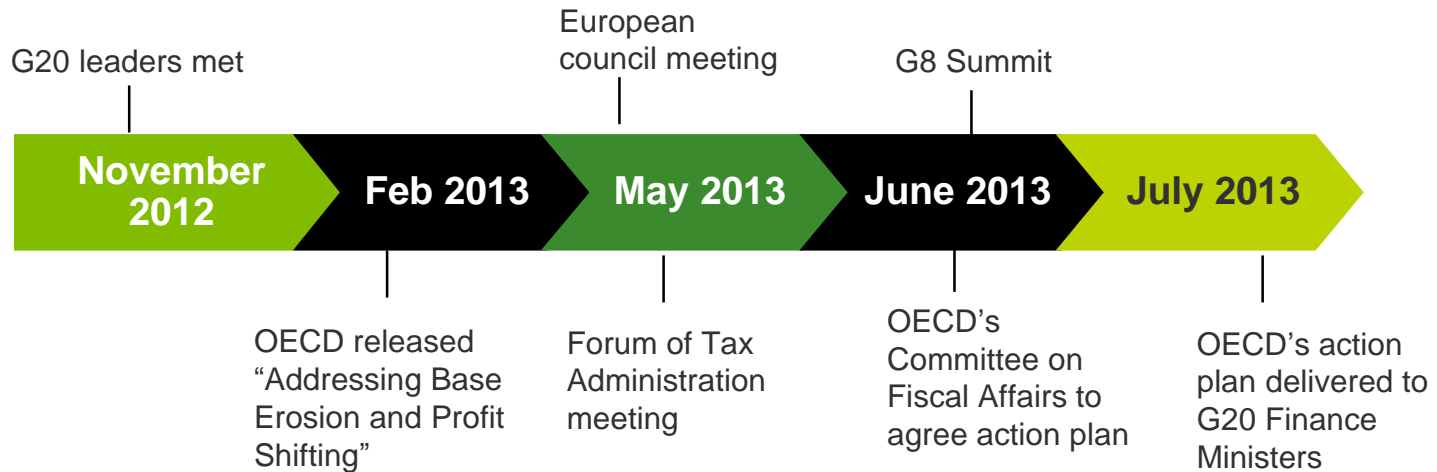
Cross Border Income Shift

Intercompany Loans, Licensing, Production and Sale of Products and Provision of Services



Is Each Country Engaged in these Transactions
Receiving Their Fair Share of Revenue?

BEPS history and timeline



OECD/G20 BEPS project – who's doing the work?

Working Party 1 Tax Treaties

Working Party 6 Taxation of MNES

Working Party 11 Aggressive Tax Planning

Sept 2014

- Action 2 – Neutralising hybrids
- Action 6 – Prevent treaty abuse

- Action 13 – Transfer pricing documentation and country by country reporting to tax authorities
- Action 8 – Transfer pricing of intangibles (1)

- Action 2 – Neutralising hybrids
- Action 5 – Counter harmful tax practices

Sept 2015

- Action 7 – Prevent permanent establishment avoidance
- Action 14 – Dispute resolution

- Action 8 – Transfer pricing of intangibles (2)
- Action 9 – Risk and capital
- Action 10 – Transfer pricing – high risk transactions

- Action 3 – Strengthen CFC rules
- Action 12 – Disclosure (aggressive tax planning)
- Action 4 – Limit interest deductions

Dec 2015

- Action 4 – Transfer pricing guidelines on financial transactions

Action 1 – Digital economy (Digital Task Force)
Action 11 – Data collection / analysis (Working Party 2)
Action 15 - Multilateral instrument

BEPS - Next Steps for Businesses

Understand

- the actions identified by the OECD

Prepare

- for changes at a pace faster than usual

Consider

- current and proposed business plans and models in light of possible changes

Focus on

- digital delivery, permanent establishments, transfer pricing of risk and intangibles, characterization of transactions and entities and deductibility of interest

Participate in

- consultations – both domestic and OECD

Thank you for your Cooperative Participation

Moshe Bina Adv.* LL.M

Senior Manager | International Tax

*Admitted to practice in Israel & NY

Tel/Direct: +972 (3) 608 5519

mbina@deloitte.co.il

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.