



CFE's Tax Top 5

Key tax news of the week



11 July 2016

1. OECD - BEPS Action 7: New Discussion Draft released

On July 4 2016, the OECD released a discussion draft on Action 7 (“preventing artificial avoidance of PE status”) of the BEPS Action Plan in order to develop additional Guidance on the issue of allocation of profits to permanent establishments (PEs).

This discussion draft includes selected questions on the allocation of profits on the following cases:

- a) dependent agent PEs, including those created through commissionaire and similar arrangements; and
- b) warehouses as fixed places of business PEs.

The deadline to provide comments on the Discussion Draft was set for September 5, 2016.

A Public Consultation is scheduled for October 11 and 12, 2016 in Paris.

Discussion Draft: [Link](#)

2. OECD – BEPS Actions 8 – 10: New Discussion Draft Released

On July 4, 2016, the OECD released a new Discussion Draft on Actions 8 – 10 (“assure that transfer pricing outcomes are in line with value creation”) of the BEPS Action Plan.

Public comments are invited on this Discussion Draft which deals with the clarification on the guidance on the transactional profit split method.

In particular, the Discussion Draft develops two different methodologies to splitting profits: transactional profit splits of actual profits and transactional profit splits of anticipated profits.

The Document also proposes further draft guidance on the correct application of transactional profit split methods.

Deadline to provide Comments: September 5, 2016.

A Public Consultation is scheduled for October 11, 12, 2016 in Paris.

Discussion Draft: [Link](#)

3. OECD BEPS – Public review of BEPS Conforming Changes to Chapter IX of the OECD Transfer Pricing Guidelines (Transfer Pricing Aspects of Business Restructurings)

On July 4, 2016 the OECD released a document for Public Review inviting interested stakeholders to review the conforming changes to Chapter IX of the OECD Transfer Pricing Guidelines, “Transfer Pricing Aspects of Business Restructurings”.

The conforming changes to Chapter IX found in the document have been agreed by Working Party No. 6 of the Committee on Fiscal Affairs and they will be included in a new internal version of the Guidelines which are expected to be finalized by the end of 2016.

The main purpose of the changes carried out is to:

- a) align the existing general guidance in Chapter IX on risk and recognition of controlled transactions with the guidance contained in the revised Chapter I resulting from the 2015 BEPS Reports;
- b) refine the existing guidance in Chapter IX with the updates carried out to the rest of the Guidelines in connection with the 2015 BEPS Reports.

Deadline to provide Comments: August 16, 2016.

Document for Public Review: [Link](#)

4. EU – TAXE II Committee issues a Study on Tax Challenges of the Digital Economy

The document was prepared by the Policy Department A for the TAXE II Committee, and provides an analysis on the tax challenges of the digital economy in light of the OECD BEPS (Base Erosion and Profit Shifting) Deliverables and Project.

The paper issues policy recommendations for further tax reforms in order to tackle tax avoidance and Harmful competition.

Report: [Link](#)

5. BEPS – Country by Country Reporting implementation: US

On June 29, 2016, the IRS released its final regulations (TD 9773) on annual country-by-country (CbC) reporting.

New Provisions: [Link](#)

The selection of the remitted material has been prepared by Piergiorgio Valente / Filipa Correia / Karima Baakil

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