



IC Advisors Transfer pricing Newsletter
April 2014

Update on BEPS

The Base Erosion and Profit Shifting (“BEPS”) initiative continues to make inroads on meeting its targets for ensuring a successful implementation of the BEPS Action Plans. Key developments during March 2014 have been:

- a. Comments were received from consultants, tax authorities, and taxpayers on the Discussion draft on transfer pricing documentation and country-by-country reporting. These comments will be discussed in March and May 2014 before a revised draft is published. In general, while most commentators commended the OECD on its efforts, there has been feedback that these initiatives may only increase the compliance burden for tax payer, with little additional information gained by the tax authority. It would be interesting to see how this document will be revised.
- b. The OECD also released its discussion drafts on Action 1 (tax challenges of the digital economy), Action 2 (Neutralise the effects of hybrid mismatch arrangements) and Action 6 (Prevent treaty abuse). Although these action items may not have a direct impact on day-to-day transfer pricing matters e.g., preparation of transfer pricing documents, they will have an impact on the structuring of various related party transactions. .

BEPS Webcast

On 2nd April 2014, the OECD organized a one-hour webcast where senior members from the OECD's Centre for Tax Policy and Administration (CTPA) will shared the latest update on the BEPS project. These websites are part of an effort by the OECD to be transparent to both tax authorities and taxpayers with respect to the BEPS project. The archived webcast can be found on the OECD website. <http://www.oecd.org/tax/beps-webcasts.htm> - can you provide a link to this website?

India

We are made to believe that the first five Indian Advance Pricing Agreements (“APA”) have been signed within one year of the applications being made. It is unclear if these are unilateral or bilateral APAs, and additional details on these APAs should start surfacing soon. It is believed that the professional and open approach of the APA authorities with the guidance of the Finance Ministry, Central Board of Direct Taxes (CBDT) and Competent Authority have been enablers in this early success of India's APA program.

Upcoming training sessions

The following seminars will be conducted by Ms Sowmya Varadharajan of IC Advisors:

- Transfer Pricing Masterclass, 16 April 2014, in Kuala Lumpur by CCH Executive Events page. (please provide link to this <http://www.cch.com.my/my/ExecutiveEvents/ExecutiveEventDetails.aspx?PageTitle=Transfer-Pricing-Masterclass&ID=1860&EETopicID=3&Source=EETopic>)
- Transfer Pricing clinic by IE Singapore in Kuala Lumpur, please contact us for more information
- Understanding transfer pricing of intercompany financing, organised by ISCA on 25 April 2014. Please contact us for more information.