

# BEPS: Some Practical Implementation Issues from an Asia-Pacific In-house Perspective

FIT 2015

# Travails of an In-House Function

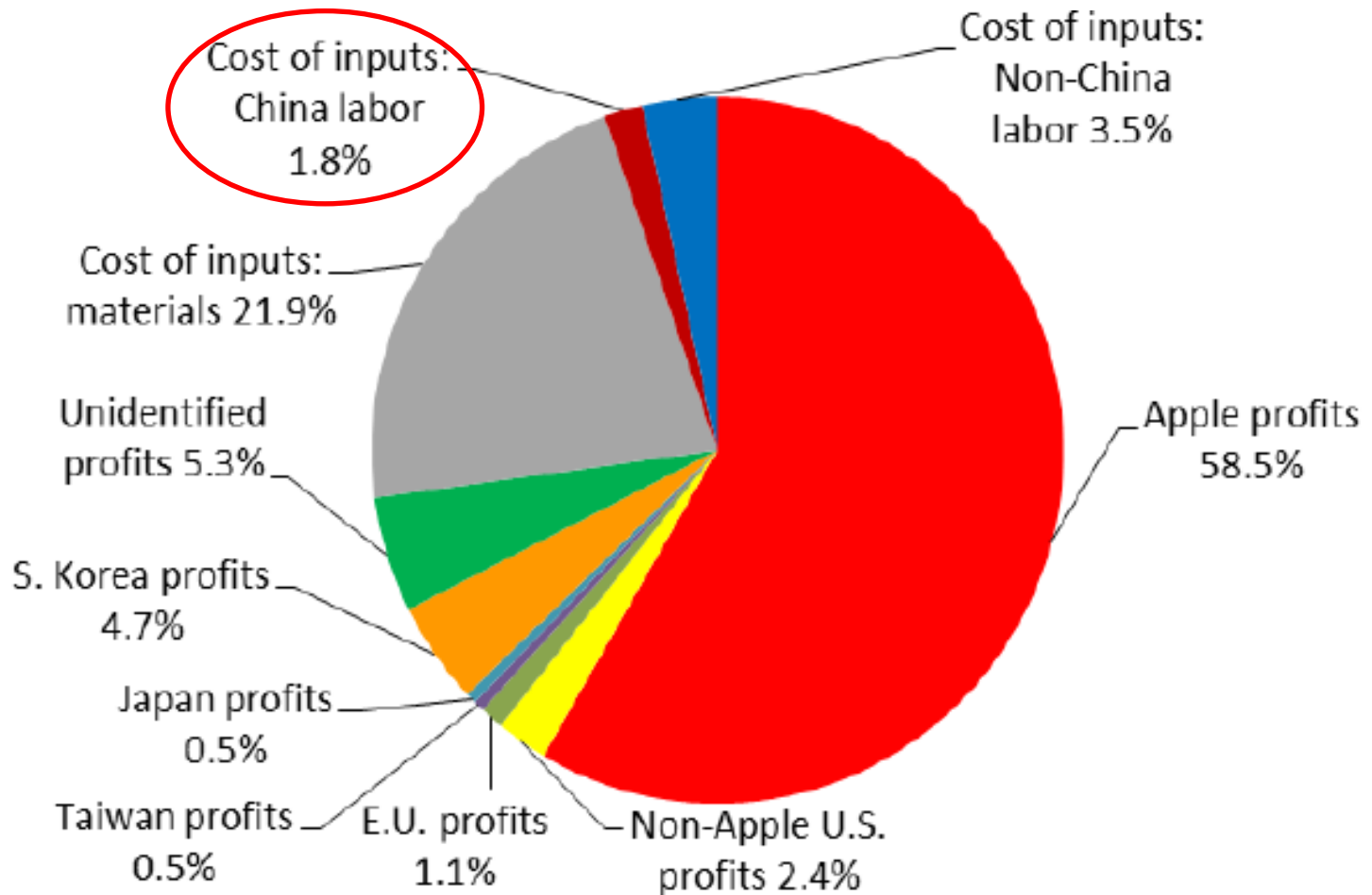
## 1. BEPS Beyond the OECD in the Asia Pacific

- Still evolving and adoption is uneven. Refinement vs the basics.
- Opposing Trends: Transparency necessitates consistency, in turn leading to centralization vs need for localized responses due to different pace of adoption & local interpretation.
- ALP becomes a Broad Church – Great local variations: marketing intangibles, location savings, market premium, Value Contribution Method, DEMPE
- Eager local officials with revenue targets & limited appreciation of BEPS concepts + Underdeveloped dispute resolution mechanisms
- Beyond Tax: Accounting, Stock Exchange/Regulatory reporting

## 2. Internal 'Tipping Point', mismatch in timing

- Tipping point: Q: CFO - What is impact and what do you need to solve the problem?
- Limited ability to lead change in biz model & systems. Challenge of translation upwards, influencing corporate behaviour and policy setting
- Timing mismatch: immediate PnL hit, advisor spends vs future audits
- Keeping up, educating country teams and buy-in from rest of organization

# Where is Value Created?



School of Information Studies, Syracuse University

Personal Computing Industry Center, UC Irvine and Syracuse University

# Hindi-Chini Bhai Bhai ?

Development	Enhancement	Maintenance	Protection	Exploitation	
Ok to Outsource provided maintain Control, Management, decisions, ability to bear risks					
Residence	Residence	Residence	Residence	Source	
<b>China</b>					
Development	Enhancement	Maintenance	Protection	Exploitation	Promotion
De-emphasizes control, no mention of decision making, management of development budget, IP legal defense, instead emphasizes adaptation to local, market research, maintain customer relations, enable mass production, trial production, establish marketing channels, CRM and brand promotion					
Residence/S	Residence/S	Residence/S	Residence/S	Source	Source
<b>India</b>					
Development	Enhancement	Maintenance	Protection	Exploitation	LG-AMP?

Local marketing intangibles

How will India assessors and courts decide?