

To Pay or Not To Pay

Responding to Global Tax Re-set

February 2022

level
INTERNATIONAL

NAVIGATE

foreign lands
with us



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Handwritten text in Arabic script is visible at the top of the backdrop.



PEOPLE
PLANET
PROSPERITY

ROME SUMMIT - 30-31 OCTOBER



Synchronization of Metronomes

starring Daniel

Law of Entrainment

Christiaan Huygens / 17th century

Power

Proximity

Exchange

New Order

Applies in world of taxation too

Video link : <https://www.youtube.com/watch?v=Aaxw4zbULMs>

Global Tax Re-Set - it's working!

- Aim Collect USD 240 bio+ / annum
- OECD BEPS Project 140+ nations / 15 Action Programs
 - “MLI” Blanket change of Tax Treaties
 - “CRS” Automatic Exchange of bank account info
 - “UBO Registers” Enforcement of Public Transparency
 - 15% Minimum Tax for Large Enterprises
- EU “ATAD 3” De-shell Europe from Holding Co’s
- EU “DAC 6” Advisors must report Tax Planning

“MLI” Treaty Transformation

- Since 2019 over 100 nations joined in
- Rapid change of 2800+ tax treaties
- Principal Purpose Test
 - Attacks empty Holding Co’s
 - Introduces subjectivity and uncertainty
 - Increased Tax Audit risk



“CRS” – exchange of banking information

- Gains momentum since 2014
- Automatic exchange of bank information – cross border
- In scope are Individuals and certain Entities
- Turkey and the Netherlands joined in
- Turkey pressured with EU Black Listing

“UBO”

- Public registers on who owns what
- How Taxes are collected from such registries?
 - Controlled Foreign Company Rules
+
 - CRS Bank Information exchange
+
 - Self reporting on tax planning (DAC 6)
+
 - Curb Shell Companies (ATAD 3)



15% Minimum Tax Rate

- Consolidated revenues over Euro 750 million
- Entity by Entity re-calculation
- If below 15% (based on Globe Rules) pay more
- Serious Compliance Burden
- Re-Think of Business Model



De-shelling Europe

- EU Directive “ATAD 3” targets abuse of Shell Companies
 - Pass-through revenue streams
 - > 60% foreign assets
 - Outsourced daily company management
 - < 5 qualified permanent staff residing at commutable distance
- Ter Haar Report October 2021
- Self-reporting to get taxed
 - Retro-active effect to 1-1-2022

Game on!

- OECD “Securing a global level playing field”
- Collection on USD 200+ billion
- Tax Competition is not ending
- We are left with Tax Risk and Opportunity
 - SME’s
 - Large and Global Groups
 - Individuals



Intertwined

Kingdom of the Netherlands

Towards Acceptable Flow Through

Bound by EU Directives

Early Adopter of OECD rules

Scrutiny on BV status

Opportunities within the Kingdom

Republic of Turkey

UBO Registry

Grey Listed for Finance Regulatory

Late Adopter of OECD Rules

BV's need NL staff and organisation

Investors to reconsider Tax Approach

Growth through Compliance

- Transformation in motion – it is time to respond
- Tax Benefits require “Economic Substance”
- Enforced Transparency gradually becomes the norm
- Like in martial arts, lean in to capture opportunity
- Shift the Mindset on Tax Strategy and Compliance



thank you
and
Q&A



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