

Base Erosion and Profit Shifting (BEPS) and Automatic Exchange of Information (AEOI)

Economic Growth and
Infrastructure Committee Meeting
11 May 2016

OECD/G20 BEPS & AEOI

A global problem requiring a global solution

3 Key Themes



**GREATER
TRANSPARENCY OF
TAX INFORMATION**

*Better flow of tax
Information between
countries' tax
administrators.*

**MORE ROBUST
TAX LAWS**

*Domestic law that
closes loopholes & gaps so
tax bases cannot be
eroded or profits shifted to
countries with low or no tax.*

**INTERNATIONAL
AGREEMENTS &
CO-OPERATION**

*Changes to existing &
future bilateral tax
treaties through
countries signing up to a
multilateral instrument.*

How is NZ responding to BEPS and AEOI?

GREATER TRANSPARENCY OF TAX INFORMATION

- FATCA
- Automatic Exchange of Information (AEOI)
- Country-by-country (CBC) reporting
- Exchanging rulings

MORE ROBUST TAX LAWS

- Interest limitation rules
- GST on online services
- Independent review of foreign trust disclosure rules
- NRWT on related party debt
- Hybrid mismatches

INTERNATIONAL AGREEMENTS & CO-OPERATION

- Multilateral instrument: treaty anti-abuse rules, new PE definition, dispute resolution, hybrid entities
- Transfer Pricing Guidelines

[UNCLASSIFIED]
2016 BEPS and AEOI reforms – Proposed Timeline

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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REPORTS	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
				Diverted profits tax (DPT) report			Hybrid mismatch report Interest limitation report	MLI - General report MLI - Permanent establishment report MLI - Principal purpose test (PPT) report		Hybrid mismatch report back Interest limitation report back	

CONSULTATION	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
				Inbound Investment Framework (IIF) paper sent to agencies	IIF paper sent to external stakeholders	Stakeholder Workshops		Hybrid mismatch arrangements Interest Limitation Rules			

BILLS/TREATIES	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		GST on cross-border services and intangibles RLWT Bill – Includes GST on online shopping		GAAR/Treaty override LTC changes NRWT on related party debt BILL Omnibus			Country-by-Country reporting AEOI BILL BT 1				Multi-lateral instrument (MLI) signed

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REPORTS											
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CONSULTATION											
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BILLS/TREATIES		Hybrid mismatches Interest limitations Changes to transfer pricing rules (if needed) BEPS BILL		Multilateral instrument implementation							
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