

R e a e e n

Comments fr

Subco
Profits

Develop
question
to taxffdoffice@un.org sent

1. Does base e
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Tax base erosion and ... to fair competition,
generate negative ... generally used by large
ayers. These pr ... progressiveness compared to
er taxpayers who ... jurisdictions. Due to this

under privileged tax regime residences; (v) predictions limits for transfer of tax residence of Brazilian taxpayers to country or dependency with tax havens or under privileged tax regimes, as well as with jurisdictions which imposes restrictions to obtain relevant information to Brazilian tax administration.

the MNE has reported an appropriate amount of profit in your jurisdiction?

Answer:

Brazilian tax administration has risk analysis tools to identify taxpayers who do not comply with the tax obligation. Once identified, the taxpayers are subjected to tax audit procedures for the tax assessment and collection. Additionally, the Brazilian tax administration applies the transfer prices rules in transactions between related companies.

4. What main obstacles have you encountered in assessing whether the appropriate amount of profit is reported in your jurisdiction and in ensuring that tax is paid on such profit?

Answer:

The main obstacle are the lack of effective exchange of tax information and of specific rules related to digital economy.

The Subcommittee have identified a number of actions in the Action Plan that impact on taxation in the country where the income is earned (the source country), as opposed to taxation in the country in which the MNE is headquartered (the residence country), or seek to improve transparency between MNEs and revenue authorities as being particularly important to many developing countries (while recognising that there will be particular differences between such countries). These are:

Action 4 Limit base erosion via interest deductions and other financial payments

Action 6 Prevent Treaty Abuse

Action 8 Assure that transfer pricing outcomes are in line with value creation: intangibles

Action 9 Assure that transfer pricing outcomes are in line with value creation: risks and capital

Action 10 Assure that transfer pricing outcomes are in line with value creation with reference to other high risk transactions (in particular management fees)

Action 11 Establish methodologies to collect and analyse data on BEPS and the actions to address it

Action 12

your country, and do you see that priority changing over time?

Answer: The most important actions are # 4, 8, 9, 10, 12 and 13.

The RFB suggests change: "These rules typically treat certain types of the foreign dividends)" TO "The (**usually, but not limited**, passive income such as royalties, interest, dividends)".
At the end of paragraph 5 add: "However, the inclusion of active income should be considered if a CF