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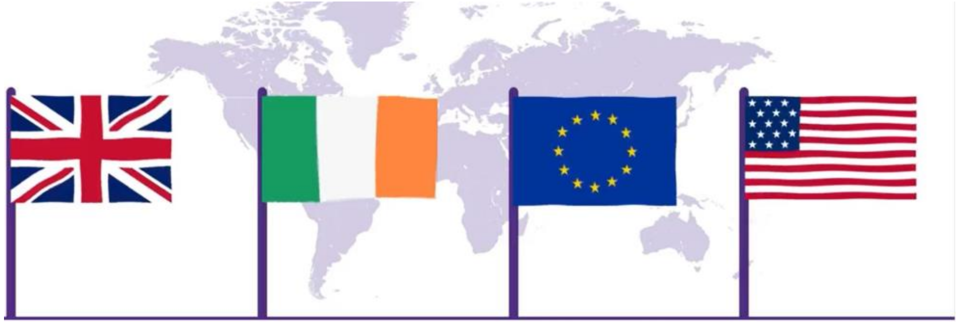
International Tax considerations in today's new world



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Irish Tax Developments

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Ireland

Covid-19 pandemic impacts
- Corporate obligations
- Permanent Establishment
- Personal tax residency

Irish tax authorities' view Vs OECD position

Transfer Pricing
- The rules today
- Methodologies
- External influences

EU DAC 6 Directive
- Experience to date
- Challenges
- Future

OECD and EU Influences

Reform of digital tax rules: where are we now?

1. OECD BEPS 2.0

    Pillar One – implementation of digital services tax

    Pillar Two – establishment of global framework of minimum taxation

2. EU proposals

EU Anti-Avoidance Tax Directive (ATAD)

Interest Limitation Rules

Reverse Hybrid-Mismatches

EU developments

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UK Tax Developments

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UK Budget

Corporate Tax rate increases to 25% from 1 April 2023

Capital allowances “super deduction” from April 2021 for two years (130% & 50% relief)

3 year corporate loss carry back subject to £2m cap

EU Interest & Royalties Directive no longer applicable to outbound payments

Consultations and amendments on anti-hybrids, R&D regime, tax administration

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International landscape

Brexit

- Repeal of the EU Interest & Royalties Directive (EU payments from 1 Feb, UK payments from 1 June)
- Repeal of DAC6 in UK with exception of Hallmark D (arrangements designed to undermine reporting arrangements or conceal beneficial ownership)
- Supply chain restructuring

Digital Taxes

- From 1 April 2020, 2% tax on UK digital services revenues (social media, internet, online marketplaces)
- Applicable to groups with global revenues >£500m, and £25m revenue from UK users
- UK commitment to wider Pillar 1 & 2 implementation to replace UK DST

Focus on PE risk

- HMRC focus on remote workers creating UK PEs of overseas companies (alongside employment tax and social security angles)
- OECD COVID-19 guidance less applicable

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US Tax Developments

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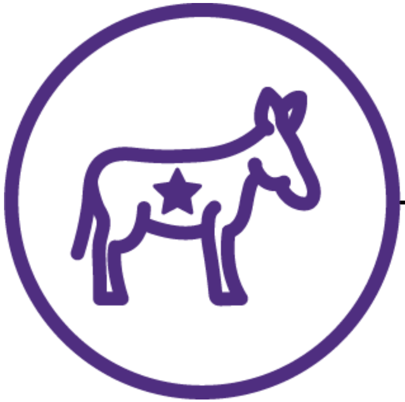
Election of Biden brings shift in tax policy and planning outlook



Biden takes office with one of the most robust and ambitious tax plans in recent history

What Democrats can actually achieve will hinge on economic conditions and razor-thin Senate majority

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Key factors for Dem tax agenda

1. Need Senate unanimity, including from moderates from very red states like Tester and Manchin
2. Reconciliation is a complex process with limits
3. First, second, and third priority will be battling COVID-19 and stimulus and economic relief
4. Often less pressure to pay for spending and tax cuts during economic crisis
5. Democrats may be reluctant to raise taxes while economy remains fragile
6. Retroactive tax rate increases are rate but possible

Biden international tax proposals

Reform GILTI

- 21% effective rate, but some lack of clarity on true intention: Removing deduction could increase rate to 28%
- Country-by-country
- Potentially expand to true global minimum tax

15% minimum tax on book income for companies with over $100 million in “net income”

- Virtually no detail available
- Largely talking point responding to press on companies showing big income on financial statement while paying little or no tax
- Practical implementation would likely not actually use book income, but taxable income with specific adjustments to align certain items more closely to book

Carrot and stick approach for “onshoring”

- Credit and surtax

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Panel Discussion

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