

ITPG Meeting - GGI European Regional Conference 2016 - Warsaw, Poland
Transaction flow for the Interactive session - Julie Bryant and Ashish Bairagra

Particulars	Amounts	Withholding Tax	Net Payment
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Country 1

Gross Sales	50,000,000		
Less : Cost of Sales	40,000,000		
Gross Profits for the year	10,000,000		
Less : Other expenses (excl Royalty and Interest)	4,000,000		
Pre-Tax Profit (excl Royalty and Interest)	6,000,000		
Less : Royalty to Country 2 (5% of Gross Sales)	2,500,000		
Less : Interest to Country 3 (7.5% on 2 million)	1,500,000		
Pre-Tax Profit	2,000,000		

Also discuss what documents your tax authorities might need from Country 2 and Country 3

Country 2

Income from Royalty	2,500,000		
Less : Expenses (excl GMC)	250,000		
Pre-Tax Net Profit (excl GMC)	2,250,000		
Global Management Charges (GMC) to Country 4	2,000,000		
Pre-Tax Profit	250,000		

Also discuss what documents your tax authorities might need from Country 4

Country 3

Income from Interest	1,500,000		
Less : Expenses	50,000		
Pre-Tax Net Profit (excl Dividends)	1,450,000		
Less : Dividends to Country 5 (70% on Share Capital of 2 million)	1,400,000		
Pre-Tax Profits	50,000		

Also discuss what documents your tax authorities might need from Country 5

Country 4

Income from Global Management Charges	2,000,000	Discuss your country's tax authorities view on this company.
Less : Expenses	250,000	
Pre-Tax Profits	1,750,000	
Accumulated Profits / Current Net Worth	23,000,000	

Country 5

Income from Dividends	1,400,000	Discuss your country's tax authorities view on this company.
Less : Expenses	150,000	
Pre-Tax Profits	1,250,000	
Accumulated Profits / Current Net Worth	11,000,000	

Country 6

Listed on the local Stock Exchange. Has no business activity. Only has investments in Country 4 and Country 5. No major source of Income		Discuss your country's tax authorities view on this company.
Current Market Valuation	75 million	