Interactive tax planning workshop

GGI ITPG Meeting London
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DeKeijzerNipius&Co
ACCOUNTANTS EN BELASTINGADVISEURS

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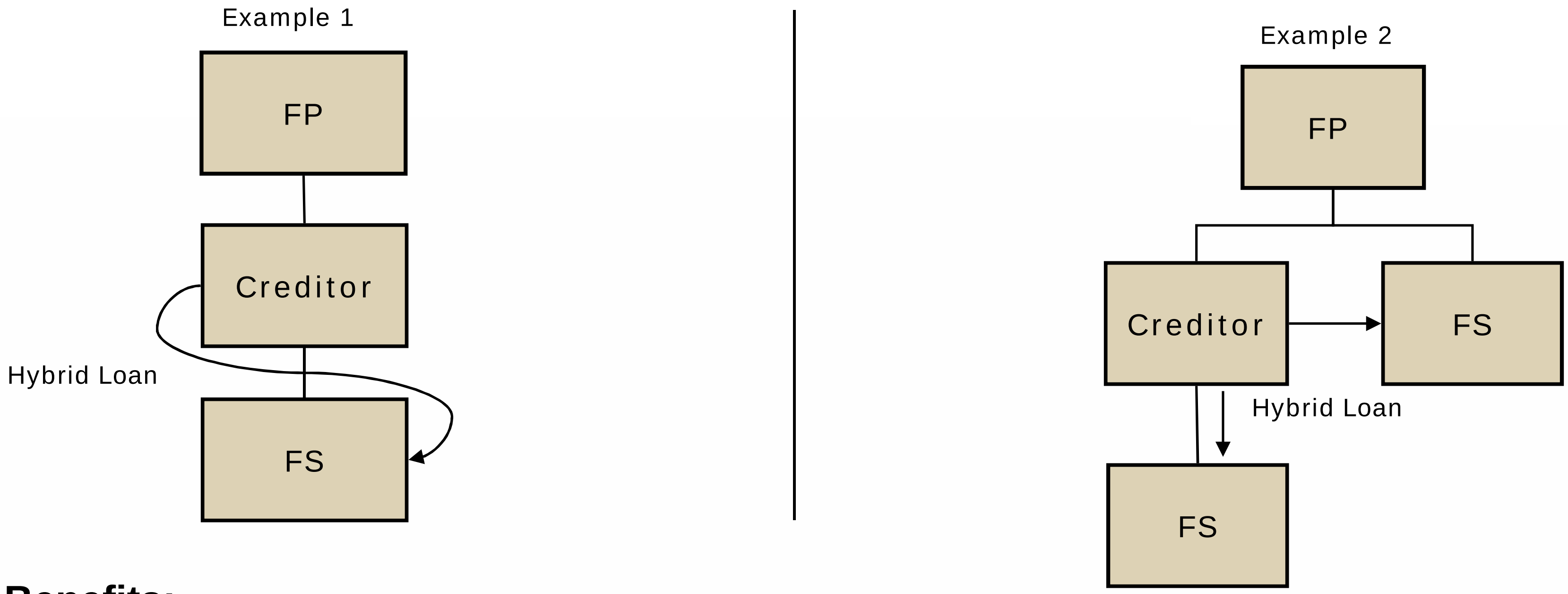
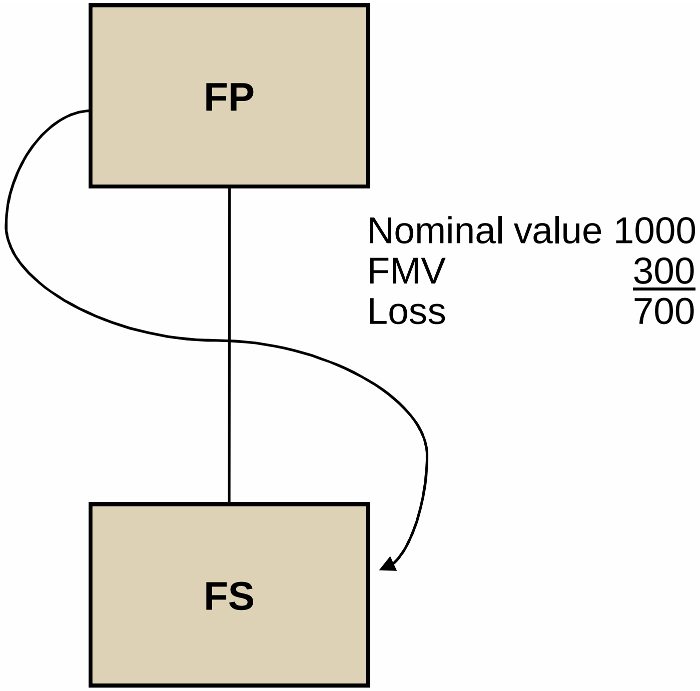
Hybrid loans - double dip



Benefits:

- Interest income from hybrid loan exempt from taxation at Creditor under the participation exemption
- Interest costs deductible at the level of the foreign company
- **Can your country host the Creditor, FS or FP?**

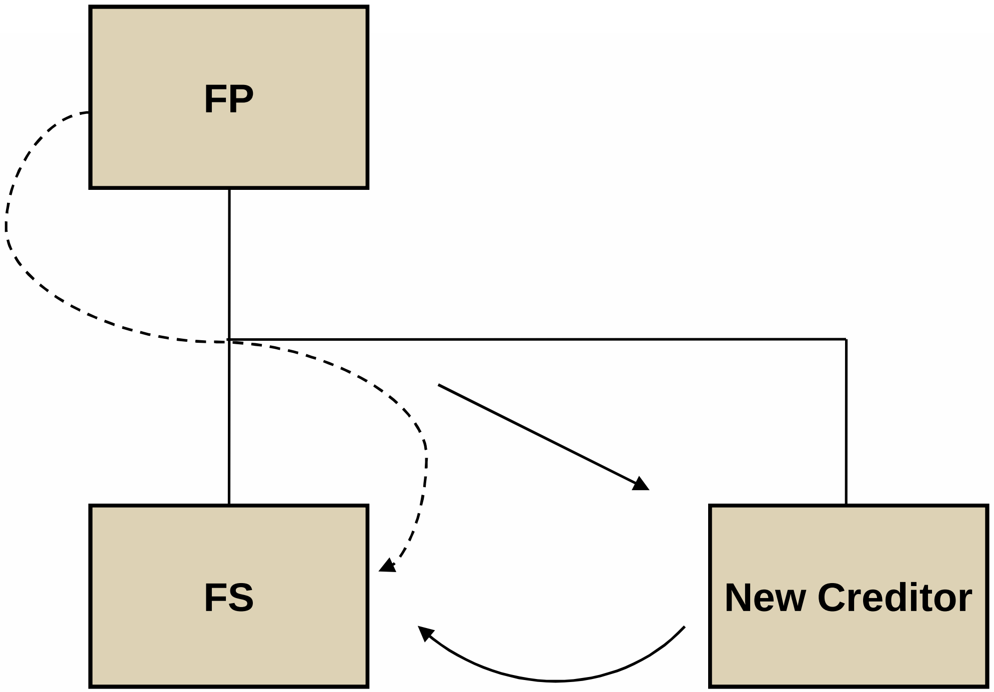
Making temporary write down i/c receivable permanent



Situation:

- Foreign parent has receivable of 1000 on subsidiary
- Due to losses made by Foreign subsidiary, fair market value of receivable is only 300
- FP takes deductible loss on write down of the receivable (700)
- If in subsequent years, the receivable increases in value, FP has to report a taxable profit to the amount of the increase
- Therefore likely a deferred tax liability has to be recorded upon write down of the receivable

Making temporary write down i/c receivable permanent



Solution:

•FP sells or contributes its receivable to New Creditor

•Due to specific legislation increase in value of receivable on FS at level of New Creditor is not taxable

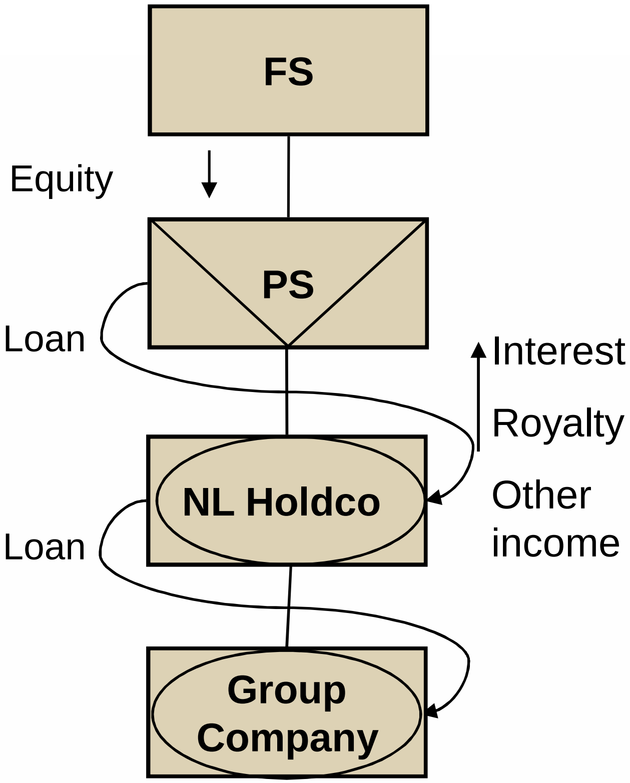
Result:

•Deduction at FP of 700

•No tax at New Creditor on increase of 700

Can your country host New Creditor or FP?

Hybrid Partnership I



Structure generally used for:

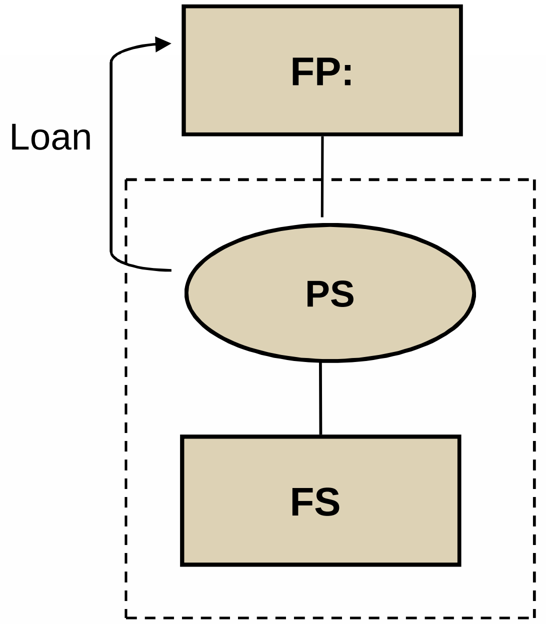
- double dip financing of (acquisition of) subsidiary
- tax efficient IP planning
- principal structure

Benefits:
- No taxation at level of PS
- Deferral of FS taxation (until repatriation)
- Only a small taxable spread at Holdco level (leading to a very low taxation on finance and/or IP activities)
- (Potential) reduction of interest withholding taxes on interest payments to Holdco under tax treaties

Considerations:
- Similar structure can be used for intellectual property (if CV holds foreign IP)

Can your country host FS or PS (partnership)?

Hybrid Partnership II



Structure used for:

- double dip financing of (acquisition of) subsidiary

Benefits:

- No taxation at level of FP on interest income paid by PS, as PS is disregarded from FP point of view
- Interest payable by PS is deducted from profits made by FS as both are included in a fiscal unity

Can your country host FP or PS and FS?

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