

ORGANISED BY



PREMIER TAX EVENT OF THE YEAR

NATIONAL TAX CONFERENCE 2015

25 & 26 AUGUST 2015 | KUALA LUMPUR CONVENTION CENTRE



AEOL & You

Updates and Implications

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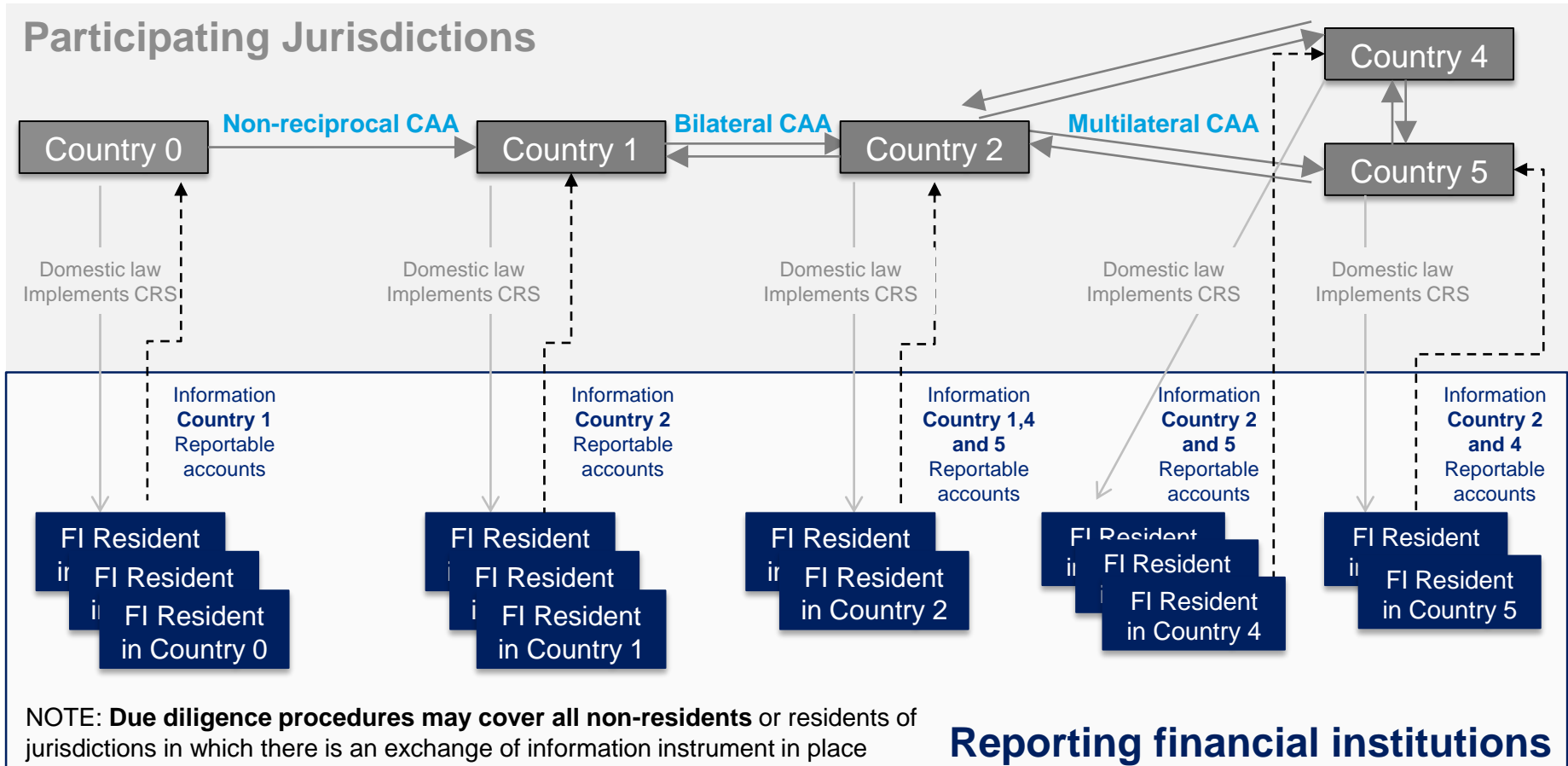
25 August 2015



Example of global AEOI model

- The global model of AEOI is based upon countries signing either a bilateral (reciprocal or non-reciprocal) or a multilateral Model CAA.

Participating Jurisdictions



More than 90 countries to implement the Standard

Signed (50)

Anguilla	Gibraltar	Montserrat
Argentina	Greece	Netherlands
Belgium	Guernsey	Norway
Bermuda	Hungary	Poland
British Virgin Islands	Iceland	Portugal
Cayman Islands	Ireland	Romania
Colombia	Isle OF Man	San Marino
Croatia	Italy	Seychelles
Curacao	India	Slovak Republic
Cyprus	Jersey	Slovenia
Czech Republic	Latvia	South Africa
Denmark	Liechtenstein	South Korea
Estonia	Lithuania	Spain
Faroe Islands	Luxembourg	Sweden
Finland	Malta	Turks & Caicos Islands
France	Mauritius	United Kingdom
Germany	Mexico	

2017

Committed (7)

Barbados	Niue
Bulgaria	Trinidad and Tobago
Dominica	Uruguay
Greenland	

Signed (12)

Albania	Costa Rica
Aruba	El Salvador *
Australia	Ghana
Austria	Indonesia
Canada	New Zealand
Chile	Switzerland

*announcement of signing made – date not released.

2018

Committed (26)

Andorra	Macau (China)	Samoa
Antigua and Barbuda	Malaysia	Saudi Arabia
Bahamas	Marshall Islands	Singapore
Belize	Monaco	Turkey
Brazil	Qatar	United Arab Emirates
Brunei Darussalam	Russia	
China	Saint Kitts and Nevis	
Grenada	Saint Lucia	
Hong Kong (China)	Saint Maarten	
Israel	Saint Vincent and the Grenadines	
Japan		

FATCA Implementation

Signed – Model 1 IGA

Australia	Denmark	Italy	Poland
Bahamas	Estonia	Jamaica	Portugal
Barbados	Finland	Jersey	Qatar
Belarus	France	Kosovo	Romania
Belgium	Georgia	Kuwait	Singapore
Brazil	Germany	Latvia	Slovak Republic
British Virgin Islands	Gibraltar	Liechtenstein	Slovenia
Bulgaria	Guernsey	Lithuania	Spain
Canada	Holy See	Luxembourg	South Africa
Cayman Islands	Honduras	Malta	South Korea
Colombia	Hungary	Mauritius	Sweden
Costa Rica	Iceland	Mexico	Turkey
Croatia	India	Netherlands	Turks and Caicos Islands
Curacao	Ireland	New Zealand	United Arab Emirates
Cyprus	Isle of Man	Norway	United Kingdom
Czech Republic	Israel	Philippines	Uzbekistan

Signed – Model 2 IGA

Austria	Japan
Bermuda	Moldova
Chile	Switzerland
Hong Kong	

Reached Agreement – Model 1 IGA

Algeria	Dominican Republic	Montserrat	Trinidad and Tobago
Angola	Greece	Panama	Tunisia
Anguilla	Greenland	Peru	Turkmenistan
Antigua and Barbuda	Grenada	St. Kitts and Nevis	Ukraine
Azerbaijan	Guyana	St. Lucia	
Bahrain	Haiti	St. Vincent & the Grenadines	
Cabo Verde	Indonesia	Saudi Arabia	
Cambodia	Kazakhstan	Serbia	
China	Malaysia	Seychelles	
Dominica	Montenegro	Thailand	

Reached Agreement – Model 2 IGA

Armenia	San Marino
Iraq	Taiwan
Nicaragua	Macau
Paraguay	

CRS – timetable

		2015	2016	2017	2018
2017 adopters	New accounts	1 January 2016 ■			
	Review high value preexisting individual accounts		31 December 2016 ■		
	First automatic exchange of information between jurisdictions			September 2017 ■	
	Review preexisting low value individual accounts			31 December 2017 ■	
	Review preexisting entity accounts			31 December 2017 ■	
2018 adopters	New accounts		1 January 2017 ■		
	Review high value preexisting individual accounts			31 December 2017 ■	
	First automatic exchange of information between jurisdictions				September 2018 ■
	Review preexisting low value individual accounts				31 December 2018 ■
	Review preexisting entity accounts				31 December 2018 ■

Implications

Individual with offshore accounts

- i) high value pre-existing accounts –balances @ 31 Dec 2017
- ii) new accounts from 1 January 2017

Questions

- i) What is the source of funds?
- ii) Unreported income sourced in Malaysia?
- iii) Request for preparation of capital statement
- iv) Request for supporting documents-bank statements, credit card statements, sale and purchase agreements, loan agreements etc.

Capital Statement

ASSETS

1. Own/ wife's Business
2. Partnerships
3. Land and properties
4. Furniture & Domestic Appliances
5. Bank balances
6. Investments
7. Loans
8. Jewellery & valuables
9. Motorcars
10. Directors' accounts

Total assets

Less: LIABILITIES

Loans

Net capital

Net capital

Less: Net capital brought forward

INCREASE / (DECREASE) IN NET CAPITAL

Add: Private and personal expenses

Capital gains/losses

APPARENT INCOME

Less: DECLARED / AVAILABLE INCOME

DEFICIT/SURPLUS
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Amnesty Programs

India

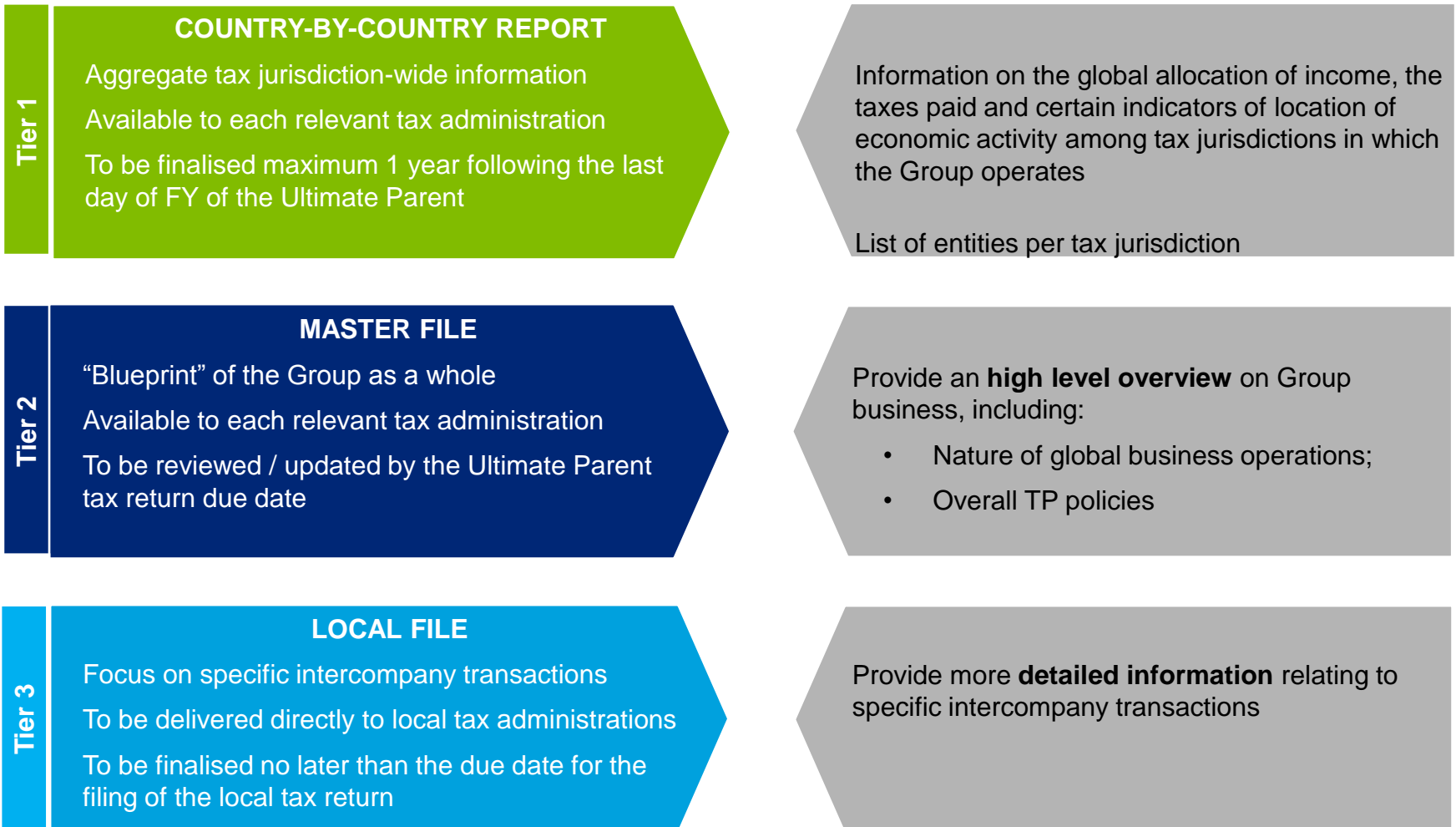
- The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, which requires all taxpayers, including corporate entities to disclose undeclared income and assets by September 30 2015.
- The Foreign Assets Act provides a one-time amnesty scheme for all persons who have not previously disclosed their foreign assets for the purpose of taxation.
- The amnesty scheme requires payment of tax at the rate of 30 percent, together with a penalty amount equaling the total tax amount levied on the undisclosed foreign assets.

Indonesia

- The perpetrators of financial crimes including corruption and money laundering can pay a 10-15 percent tax on the assets they bring back to Indonesia, in return for a pardon from criminal prosecution.

Action 13: TP documentation & CbC reporting

New guidelines adopt 3-tiered approach



Action 13: TP Documentation & CbC reporting

Country by Country reporting

Data aggregated on country-by-country basis (simple addition), together with a list of entities (and PE) by country of residence and indication of their activities

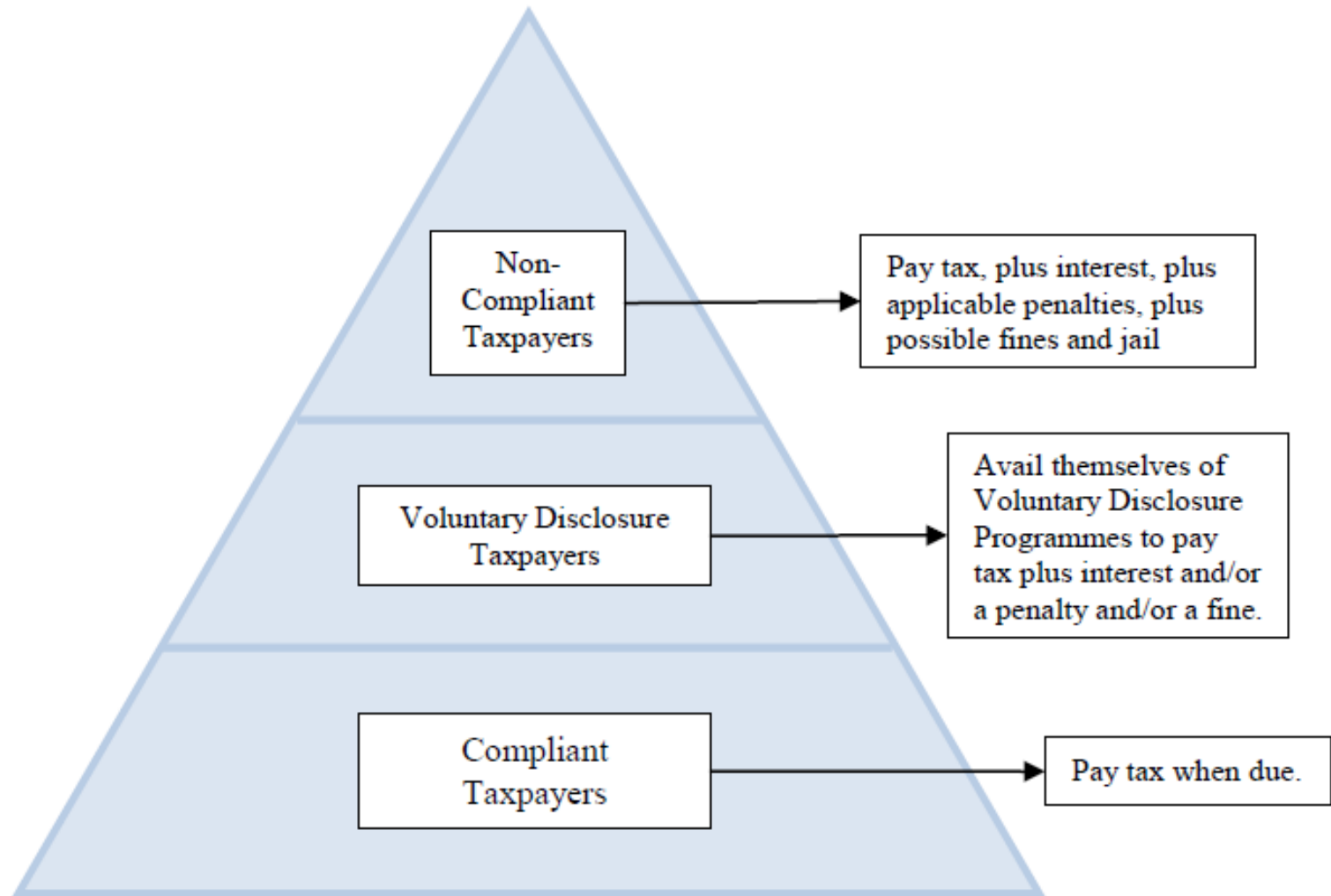
Table 1. Overview of allocation of income, taxes and business activities by tax jurisdiction

Name of the MNE group: Fiscal year concerned:										
Tax Jurisdiction	Revenues			Profit (Loss) Before Income Tax	Income Tax Paid (on cash basis)	Income Tax Accrued – Current Year	Stated capital	Accumulated earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
	Unrelated Party	Related Party	Total							

Table 2. List of all Constituent Entities of the MNE group included in each aggregation per tax jurisdiction

Name of the MNE group: Fiscal year concerned:														
Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction	Tax Jurisdiction of organisation or incorporation if different from Tax Jurisdiction of Residence	Main business activity(ies)											
			Research and Development	Holding or Managing intellectual property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of Services to unrelated parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding shares or other equity instruments	Domant

The Compliance Pyramid & Voluntary Disclosure



Voluntary disclosure

Concessionary Rates for Voluntary Disclosure for TP issues – Penalty Scheme

(Penalty rate as in the audit framework)	Normal audit case	VD before commencement of the audit visit	VD before case is selected for audit
Understatement or omission of income	45%	35%	15%
Did not prepare TP documentation	35%	30%	15%
Prepared TP documentation but did not fully comply with the requirements under the TP Guidelines	25%	20%	10%
Prepared comprehensive, good quality contemporaneous TP documentation in accordance with existing regulation	0%	0%	0%



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