

# Panel Discussion: What is the realistic proposition (re)allocate residual profits after Pillar I has been abandoned?

**Speakers:**

**Piergiorgio Valente**

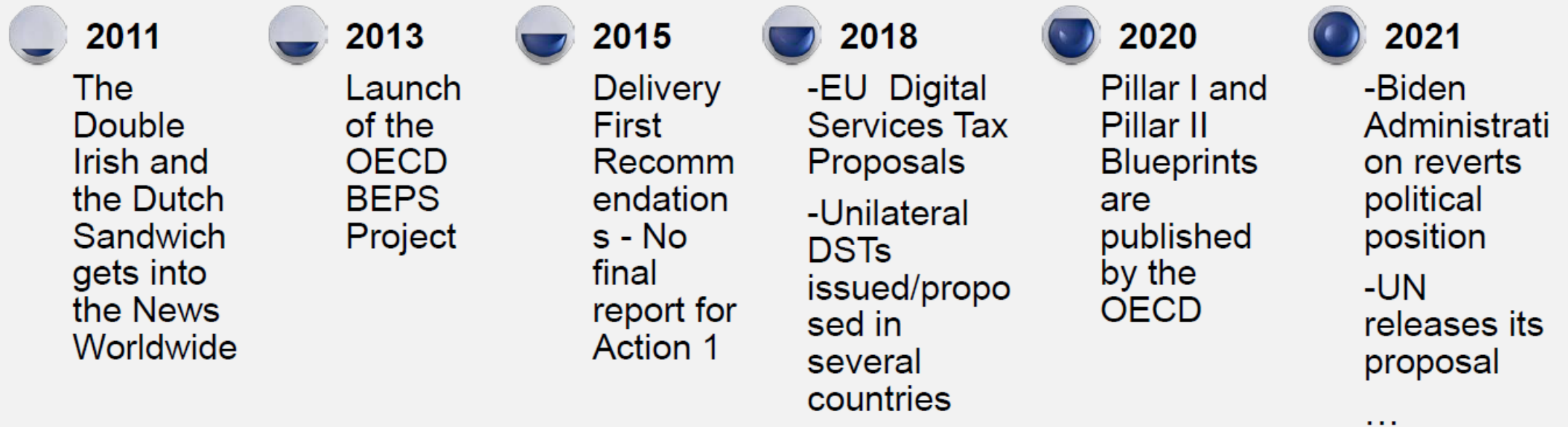
**Panellists:**

**Mukesh Butani, Steef Huibregtse**

# Pillar 1 – The Current Puzzle



# The Route – a Full 10 Years Period

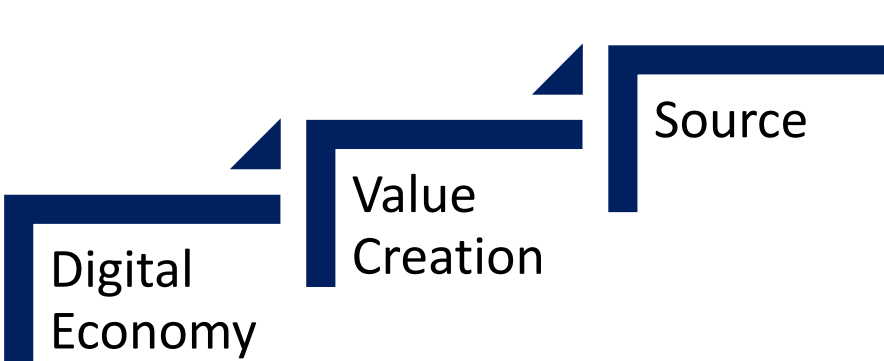


**Will we reach consensus until October 2021?**

# Data Economy and Value Creation



## Challenges



- Place of value creation – difficult to discern
- Allocation Rules - complexity
- Post-BEPS & “substance”: directly linked to a functional analysis of value creation

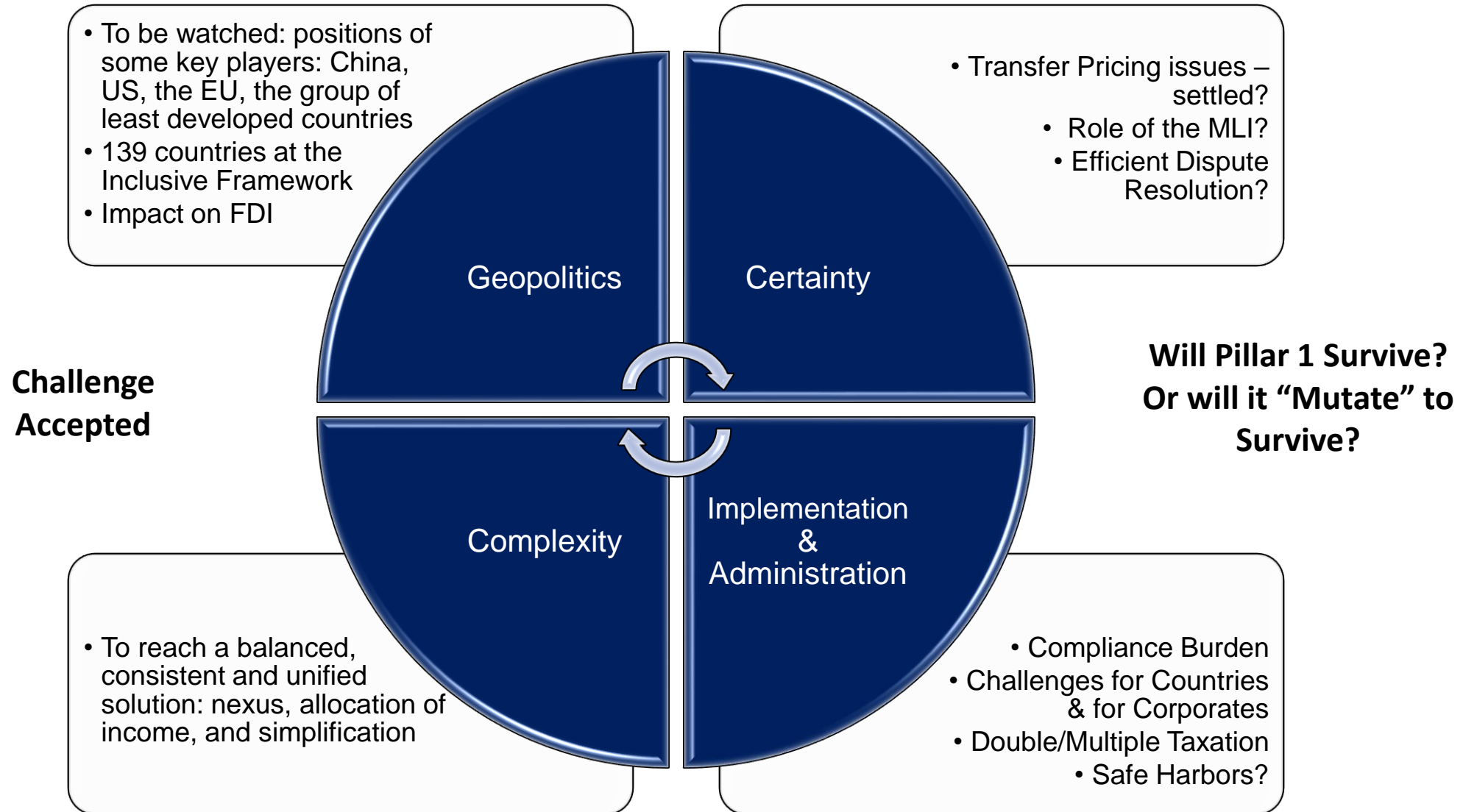
## OECD Proposals

- Inclusive Framework on BEPS Programme of Work to develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy – 28/29 May 2019
- BEPS Action 1 -
  - Pillar 1 – Revised nexus and profit allocation rules
  - Pillar 2 – Global anti-base erosion proposal GloBE
- Permanent Establishments – What could constitute a “significant economic presence”
- Transfer Pricing negotiations re Digital product
- Unilateral action - Go it alone States

## UN Proposals

- United Nation issued its Draft Proposal on Taxation of Automated Digital Services - new Article to be included in the UN Model Tax Convention (art. 12B).
- The new provision would allow the country where the payer is located to levy a withholding tax on payments (such as Online advertising services, Sale or other alienation of user data, Online search engines, Online intermediation platform services, Social media platforms, Digital content services, Online gaming, Cloud computing services, Standardized online teaching services).

# Pillar 1 – Challenges at the Table

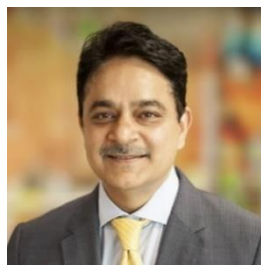


Speaker:



Piergiorgio Valente  
Managing Partner,  
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Partners.

Panelists:



Mukesh Butani  
Managing Partner, BMR  
Legal Advocates



Steef Huibregtse  
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