



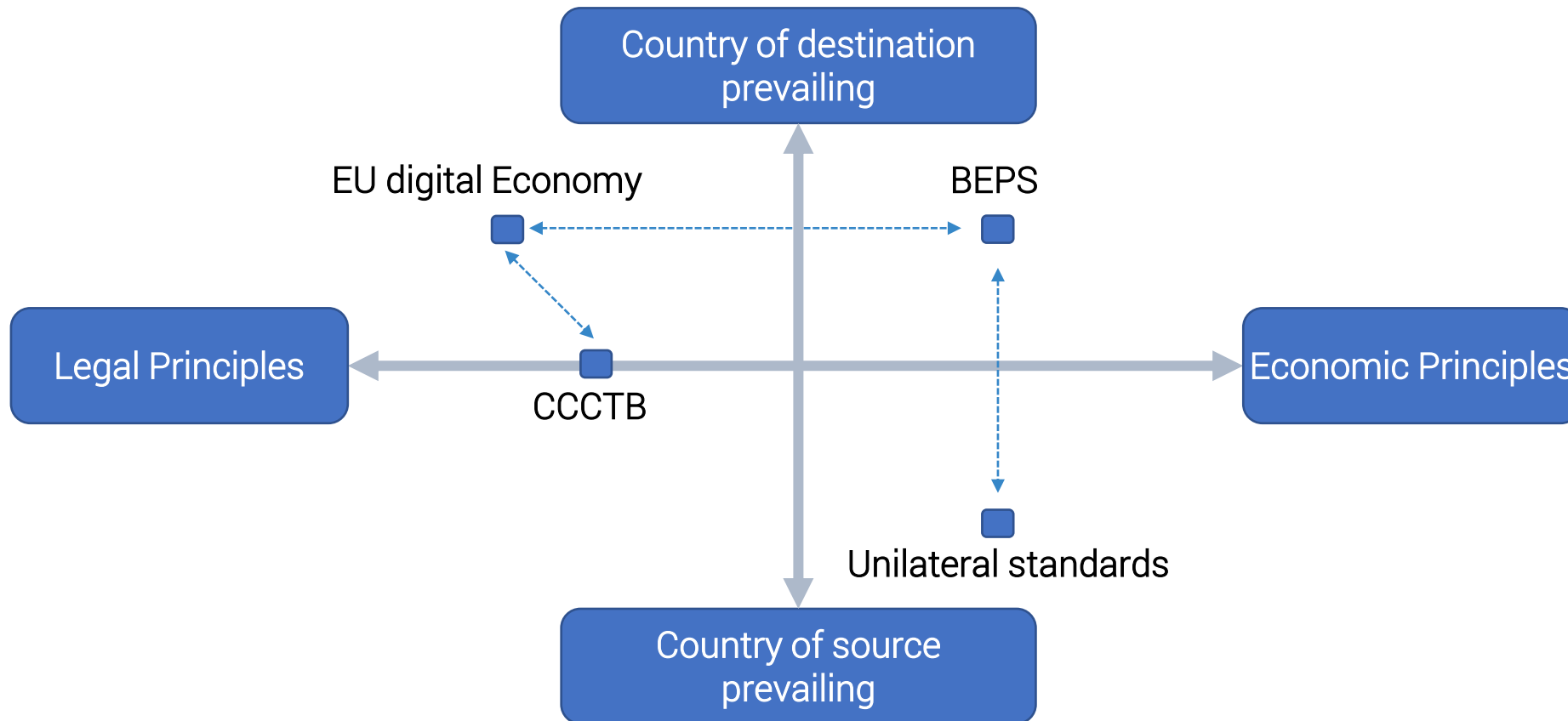
Alternative dispute resolution tools: which ones are efficient and which are not

Speakers:

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Tax policy heatmap



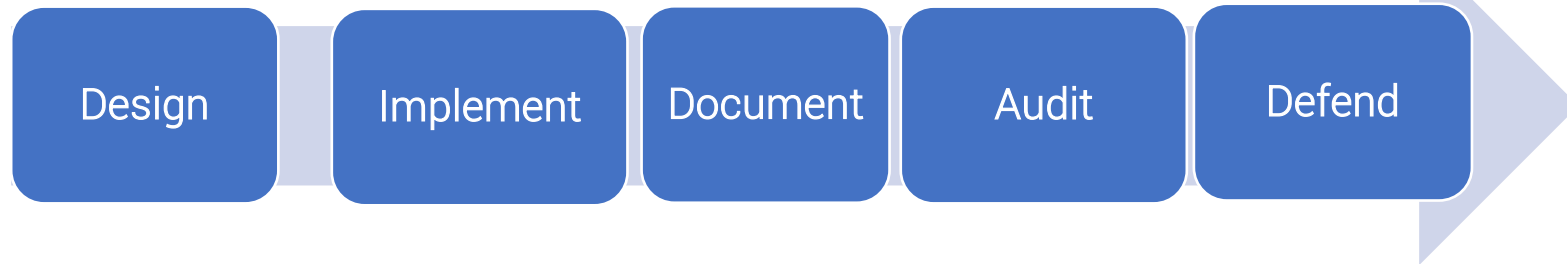
Transformation in the Tax World is overwhelming

Managing Controversy after BEPS

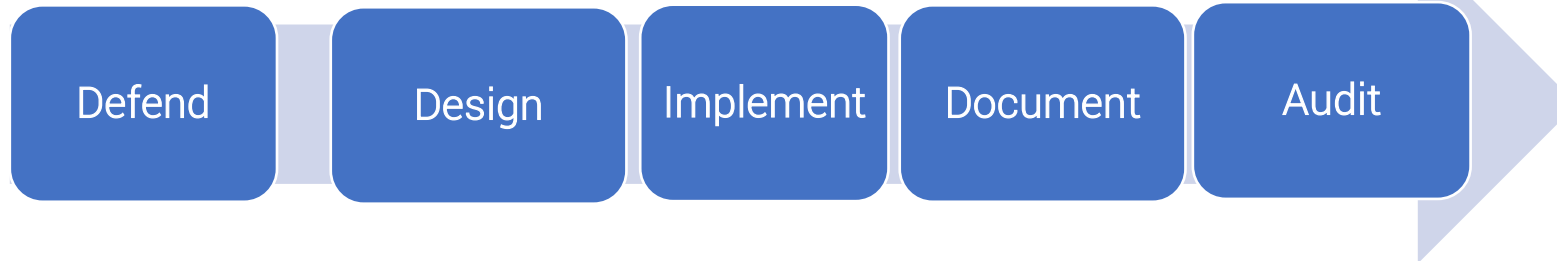


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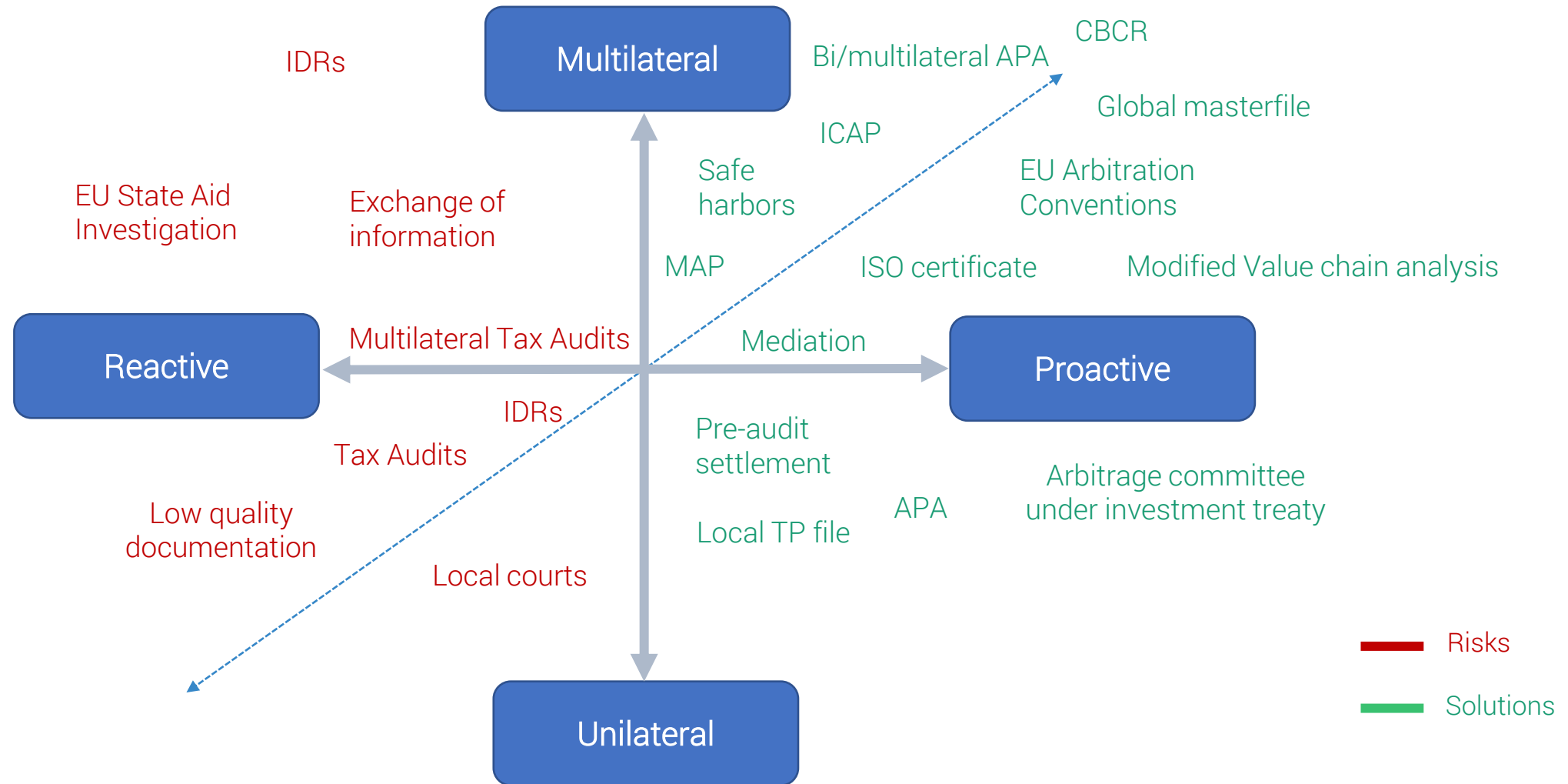
Cycle A



Cycle B



Controversy management instruments



Linking tax controversy management instruments with value chain analysis

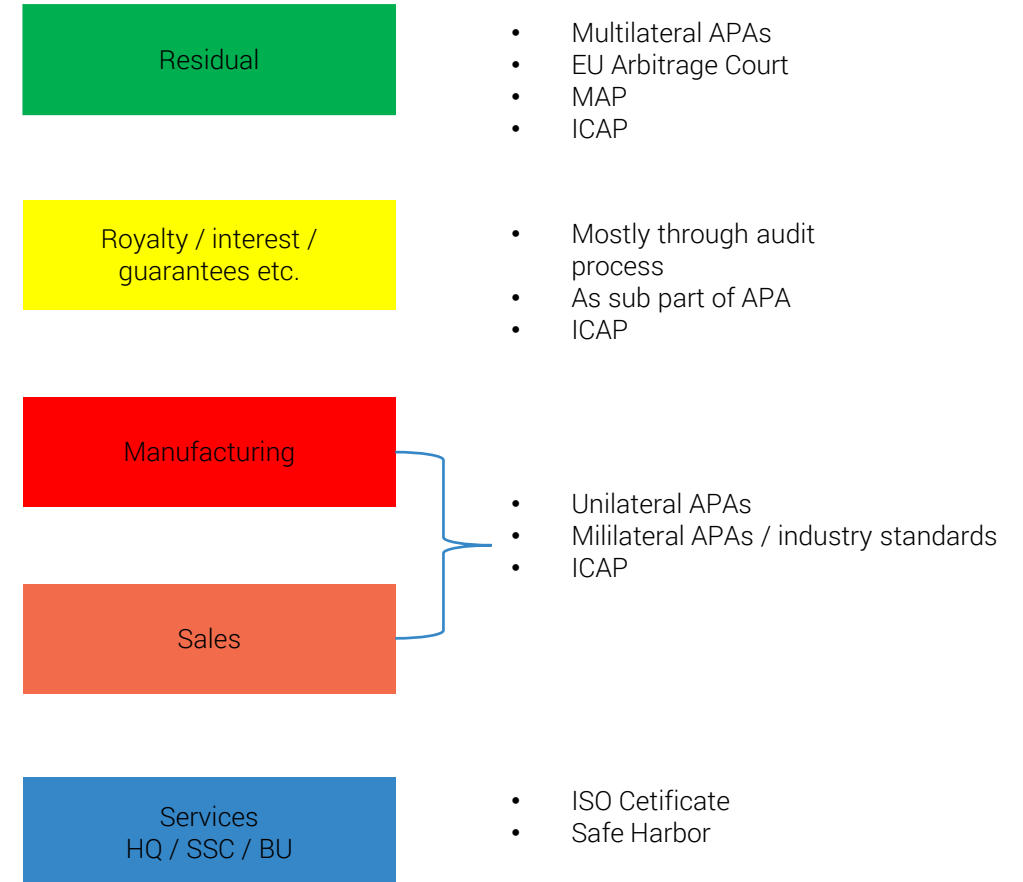
A. A value chain analysis after BEPS



C. Main questions:

- which disputes to handle?
- which toolbox to use?
- what timing of risk management?
- what professional process to use?

B. Dispute avoidance / resolution toolbox



Decision tree on managing controversy – an illustration on controversy case

Question/ anticipated questions from tax authorities (i.e. before or in the year of your intercompany transactions)

Step 1

Run it through consistent storyboard + "fit for purpose" FAQs

Yes (i.e. answer located in the storyboard/FAQ and it is accepted by tax authority)

No (i.e. either no answer located in the storyboard/FAQ or it is accepted by tax authority)

No further controversy instrument needed until audit

Adopt a controversy management instrument based on your value chain

Step 2

Check the **CONTENT** required by the local country for your chosen instrument based

No

Yes

Too much unpredictable content request or multiple rounds of additional information requested*

Content request is more or less similar to ICAP process (see slide 70)

Step 3

Check the **PROCESS** required by the local country for your chosen instrument based

No

Yes

>12 - 24 months (depending on severity of the case) from the date of disclosure of content*

Process is more or less similar to ICAP process (see slide 70)

Step 4

Stability of business model i.e. how compatible is your current business model to stay the same for the next 3-5 years.

No

Yes

Wait until audit

i.e. likely to change within the next 1-2 years

Choose and APA/ BAPA*

6

***Note:** In case the deviations on process and/or content persist significantly beyond the norm or no economic/econometric/statistical defense is given by the tax authorities i.e. the reasoning is more politically driven than an actual intention to resolve disputes, your best alternatives may be to choose from:

- Local courtroom litigation against local tax authority
- MAP procedure
- EU Arbitration Convention
- Mediation Procedure with local government and/or tax authority
- Filing claims against local governments
- ICAP



- Which of the instruments (top 3) will be leading in today's world of controversy?
- How do you map your value chain "profit allocation" against the "most appropriate controversy tool"?

Contact



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