

Permanent Establishment Risks within your Business

Response to changing rules



Why your business may see significant increased PE risks

- Your group has implemented a commissionaire or a similar model
- You have an e-commerce business
- Your business applies supporting activities in foreign jurisdictions (e.g. inventory / warehouses)
- You have recently introduced operational changes impacting your transfer pricing model

Recent and ongoing changes to the global tax landscapes based on the BEPS project of the OECD, ATAD of the EU or the US tax reform provide for significant modifications to the definition of what constitutes a Permanent Establishment. In order to align your business with the new definitions, KPMG has created a methodology that assesses critical business areas for actual PE exposure. Our approach provides a pragmatic solution to your day-to-day challenges. It is the new reality. Are you prepared?

Analyze your PE exposure under the new definitions

The new definitions aim at

- expanding the scope of dependent agent rules,
- limiting the PE exempt activities, and
- introducing antifragmentation rules.

The revised definitions provide tax authorities with yet another means to challenge profit allocations between central entrepreneurs and their affiliated entities. The changes will have a significant impact on how you operate

your business. It is therefore increasingly important to align your tax and transfer pricing model to your business reality.

It is time to obtain a clear view on how your group is specifically impacted by the new reality what is a PE and decide how to act further. Among other measures, risk can be mitigated through a revised tax and transfer pricing system, review of contractual terms and conditions, well implemented guidelines for the business, and, where necessary, the accommodation of identified PEs.

Our offering

	Service	Deliverable	Price
Awareness Meeting	Introductory meeting to raise awareness and present an overview of the changing landscape alongside current and future regulatory challenges.	Meeting minutes	Free of charge
Focus Session	<ul style="list-style-type: none"> – Half-day workshop with KPMG representatives at the discounted fixed price. – Identification of relevant areas at risk for your specific situation, based on information provided during the meeting. – Planning and priority setting for further actions. 	Memorandum highlighting focus areas (heat map)	CHF 2,500
Risk Assessment and Recommendations	<p>→ Detailed risk assessment:</p> <ul style="list-style-type: none"> – Mapping of relevant structures, procedures and flows together with functional analysis of activities of the group. – Tax risk mapping (qualification and quantification). Matching the value creating and supporting processes with entities and locations. – Estimating how these processes (activities) interact with commercial value drivers and translate into profit attribution as compared to the actual profit allocation and applied TP strategy. <p>→ Recommendations:</p> <ul style="list-style-type: none"> – Development of recommendations of which current setups, flows and processes need to be updated and altered. 	Detailed report focusing on exposure, risk and recommendations on measurements to take	Standard rates

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