

PwC Vietnam NewsBrief

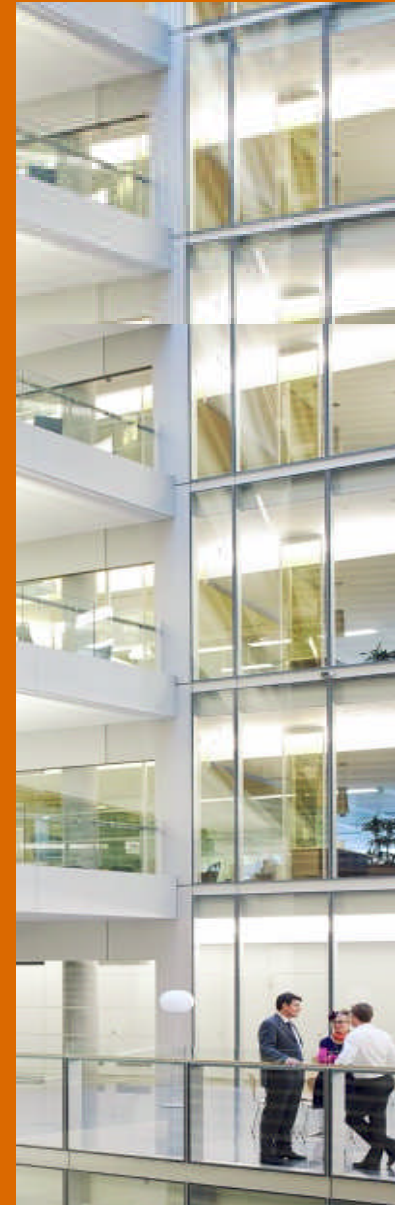
BEPS Working Group established

On July 21, the General Department of Taxation (GDT) announced the establishment of a BEPS Working Group within GDT in accordance with Decision 1286/QD-TCT dated July 11. The working group is led by General Director Bui Van Nam.

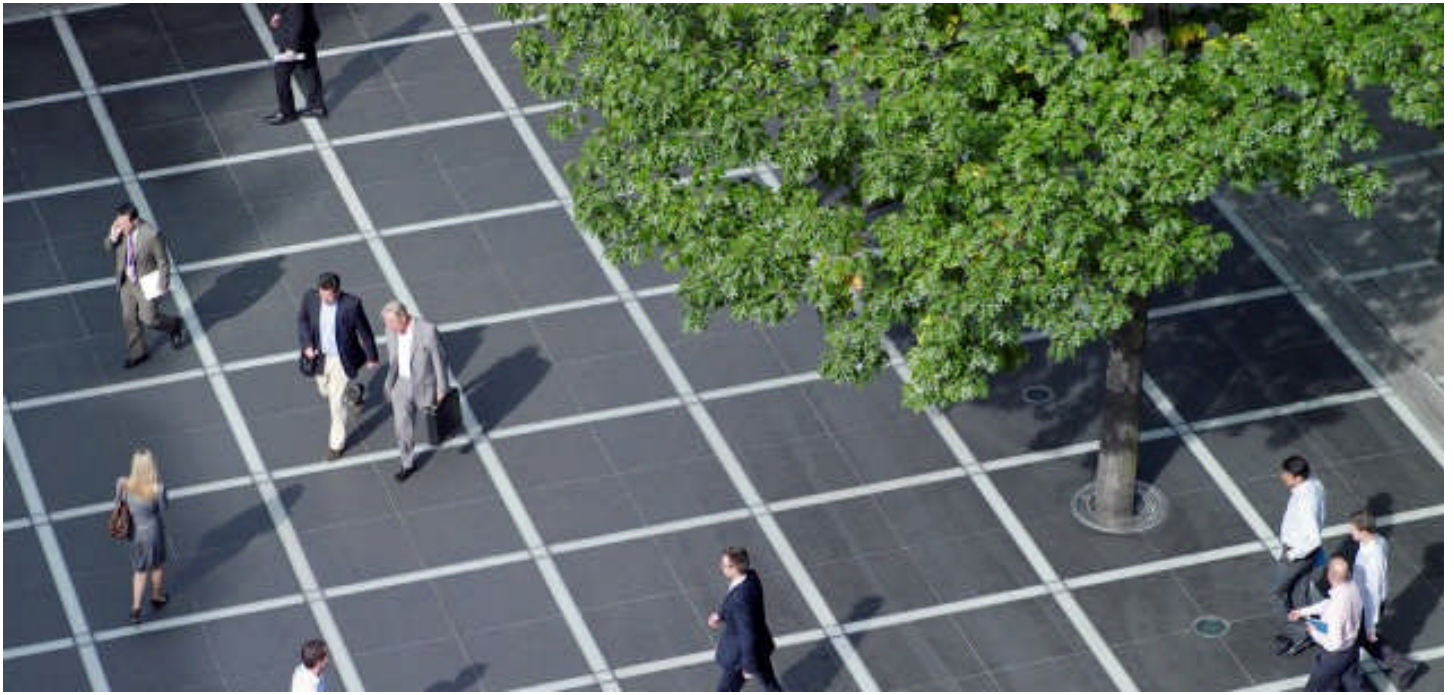
The BEPS Working Group is responsible for preparing action plans to implement the OECD BEPS Initiatives* and overseeing the implementation process. Specifically, the working group will assess the challenges of the current international tax environment, including base erosion profit shifting, and propose policy solutions to address those challenges appropriately and effectively. There are three sub-groups with a specialisation which is aligned with the 15 action plans of the OECD Initiatives, as follows:

Sub-group	Action Plan
International Tax and Tax Treaty	Action 6: Treaty Abuse Action 7: Permanent Establishment Action 14: Dispute Mechanism Action 15: Multilateral Instrument
Transfer Pricing	Action 8-10: Transfer Pricing Action 13: Transfer Pricing Documentation
Other BEPS Action plan	Action 1: Digital Economy Action 2: Hybrid Mismatch Action 3: CFC Rules Action 4: Thin Capitalisation Action 5: Harmful Tax Practices Action 11: Measuring and Monitoring BEPS Action 12: Disclosure of Aggressive Tax Planning

* Base Erosion and Profit Shifting (BEPS) is an initiative by the Organisation for Economic Cooperation and Development (OECD) to address tax strategies that aim to take advantage of gaps and mismatches in tax rules which lead to artificial shifting of profits to low or no-tax locations.



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For the action plans of their specialization, each group is responsible for:

- Researching the Action plans as well as OECD/G20's and other countries' experience in implementing those Action plans.
- Reviewing and assessing current regulation in Vietnam in lights of the BEPS Initiative
- Proposing necessary changes to the current policy and treaties to ensure that the Vietnamese regulations are appropriate given that specific conditions in the country are not yet wholly consistent with international practice.
- Coordinating activities to raise public awareness of the BEPS Initiative.

Notably for sub-group 2, several specific transfer pricing areas where policy changes and/or further guidance needed were mentioned, including guidance on the arm's length principle, substance over form, recognition of transactions, thin capitalisation, interest expense, transfer pricing policy, timeline of a transfer pricing audit, etc.... In addition, sub-group 2 is also responsible for coordinating with other departments within the GDT to propose an action plan on the BEPS Inclusive framework.

Please contact us if you need further details or wish to discuss the implications of these regulations for your business.

