

# Annual IP Seminar

## THE SHIFTING SANDS OF INTERNATIONAL TAX HEADLINES FOR IP LAWYERS

### JARGON BUSTER

#### **BEPS**

Base Erosion and Profit Shifting (aka doing stuff to try and pay less tax)

#### **BEPS PROJECT**

An OECD initiative to agree new international principles aimed at combatting BEPS

#### **DEMPE**

Development, Enhancement, Maintenance, Protection and Exploitation (shorthand for the IP related functions that are important in determining who is adding value where)

#### **WHT**

Withholding tax

#### **DPT**

Diverted Profits Tax

#### **PE**

Permanent establishment



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### WHAT IS THE IMPACT OF ALL OF THIS?

- IP is of great interest to tax authorities and ergo your own internal tax teams. Collaboration between IP and tax functions is vital. *Do you know your tax function? Do you understand their direction of travel and how what your teams do fit into that plan?*
- Tax professionals and IP professionals look at IP in somewhat different ways. Ownership is not necessarily king in Tax Land. Focus will also be on DEMPE functions. *Where are the people located who are important to your IP life-cycle?*
- Substance is increasingly important. This impacts which locations are fashionable as IP ownership hubs. *We expect to see fewer structures locating IP in traditional low-tax jurisdictions and more inclination to hold IP "on-shore" - including in the UK. If your IP is held in a location where you do not have substance, is this being examined to ensure it is robust?*
- Fundamental US tax reforms are a real possibility. Moving IP out of the US may not be the driver it once was if the Republicans are successful in their tax reform agenda. Keep your eye on Mr Trump.