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WORKING PAPER

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MEETING DOCUMENT

From:	Presidency
To:	Working Party on Tax Questions (Digital Taxation)
Subject:	Example based impact of the Pillar 1 proposals - Presentation

Delegations will find attached a powerpoint presentation in view of the meeting of the Working Party on Tax Questions (Direct Taxation - Digital) on 18 July 2019.

Example 1. Impact of the possible new rules on Pillar 1

AS IS (ALP)
GROUP PROFIT & TAX ALLOCATION

POSSIBLE NEW ALLOCATION OF
GROUP PROFIT & TAXES

EU



- Principal functions, centralised IP
- All residual taxed in EU under current rules

80 %

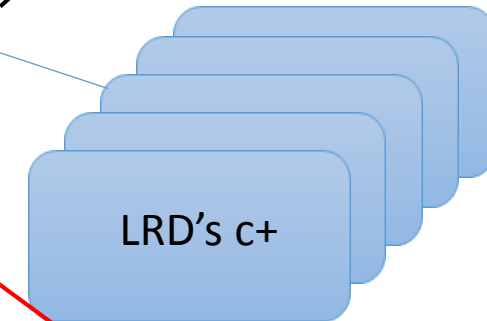
50 %?

NON-EU MARKET AREA

- Low-risk distributors (x5),
- sales & marketing (cost+)

12 %

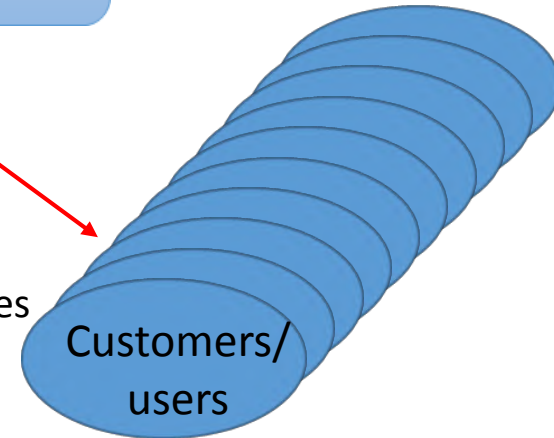
+15 %?



NEW TAXING RIGHTS IN
THE EU AND IN 3RD
COUNTRIES

- HQ remote sales in 10 countries

+15 %?



NON-EU MARKET AREA

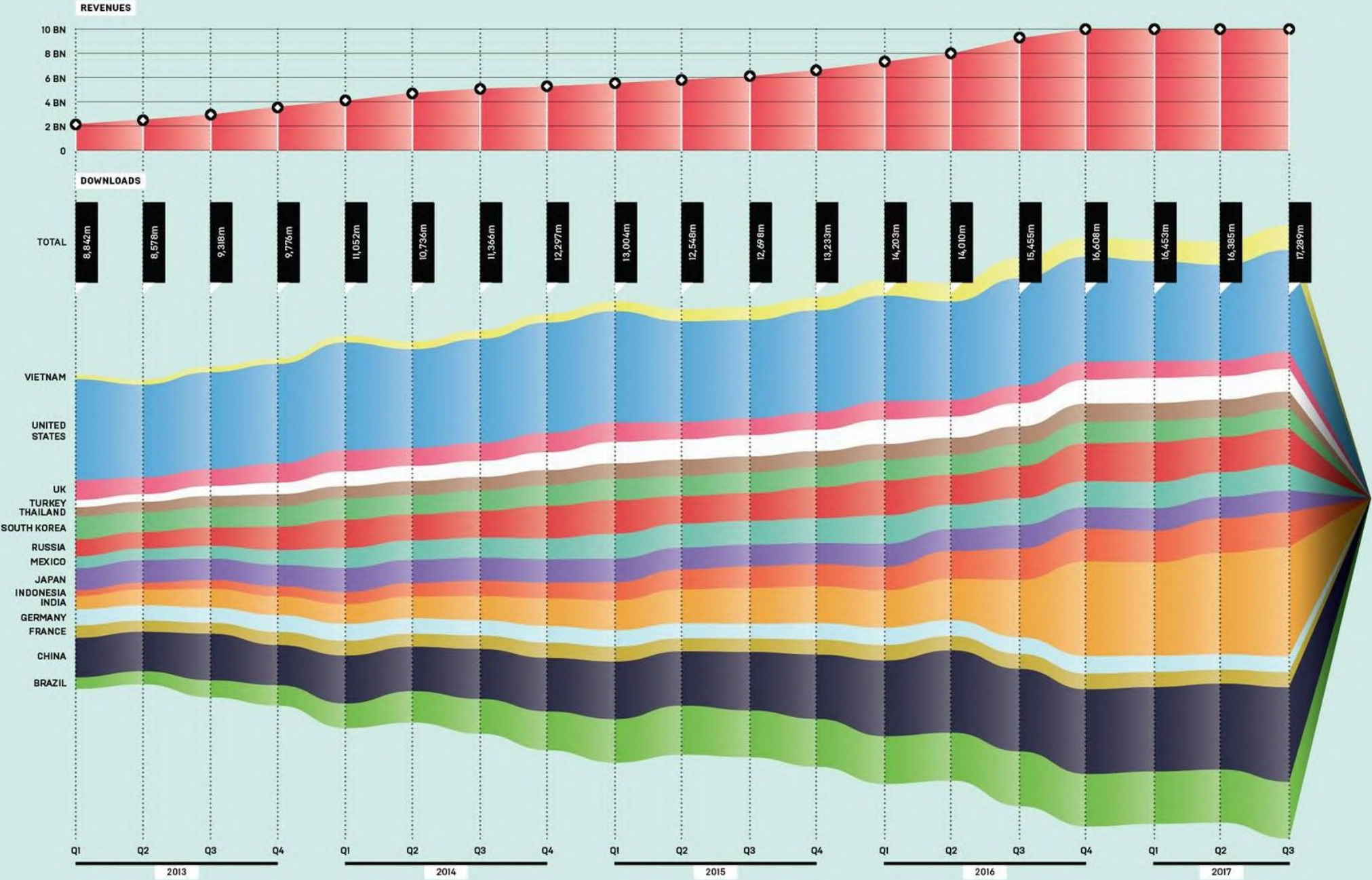


CM c+

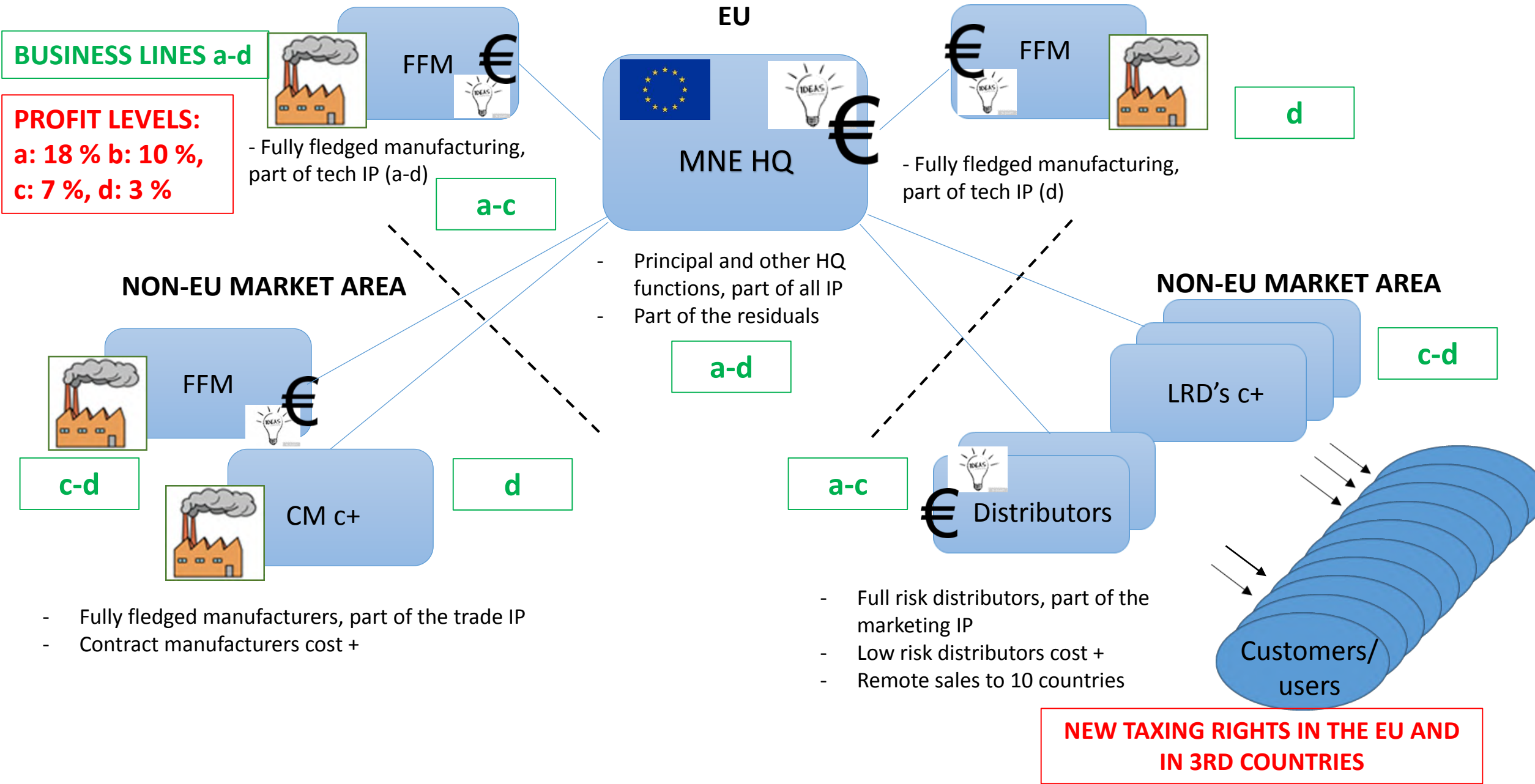
- Contract manufacturer (cost+)

8 %

?



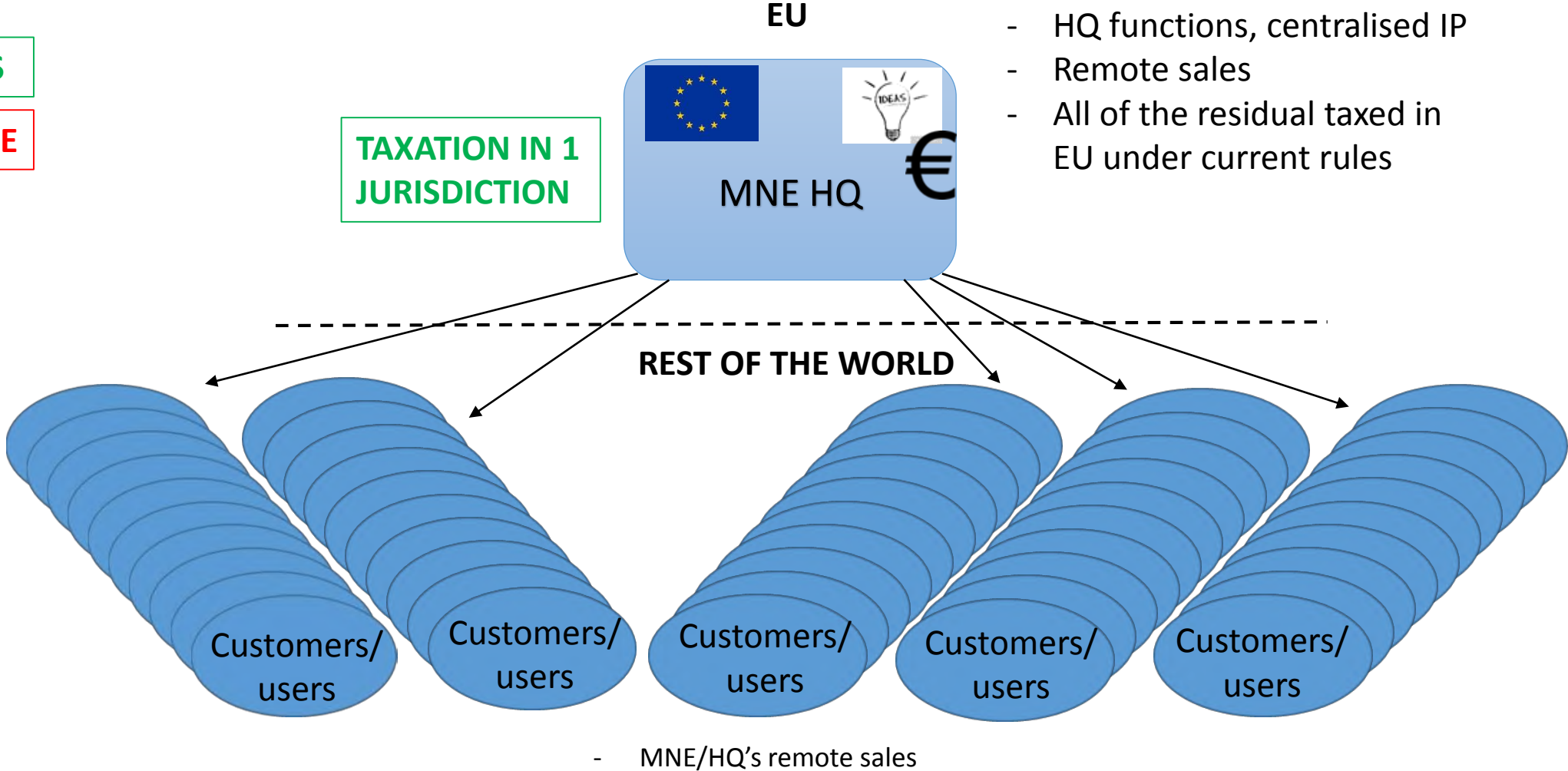
Example 2. Impacts on multiple business lines segmentation, decentralized IP & group level profit determination



Example 3. Impact on data administration & dispute resolution

AS IS

TO BE



NEW TAXING RIGHT IN 200+ JURISDICTIONS