

Can BEPS Challenges be mitigated by moving to a central operating model?

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A presentation by

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Challenges of today for MNE

Challenges

- Global economic and political changes
- Extensive regulations
- BEPS
- Emergence of new technologies (internet of things)
- Changing customer behavior
- Sustainability

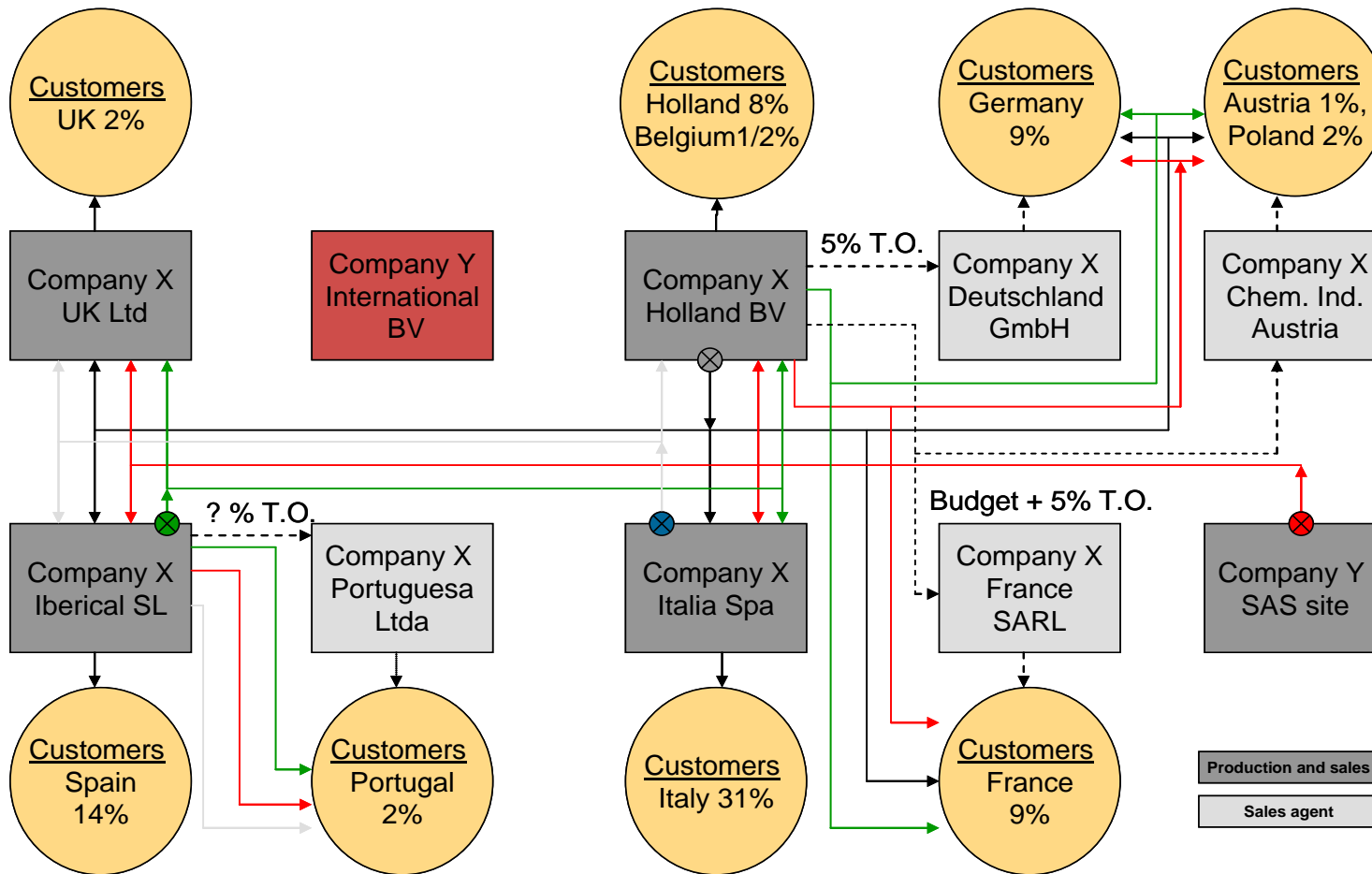
Consequences

- Leads to higher cost of compliance
- Requires swift reaction and adaption to new conditions
- Requires to be in central/global control
- Brings stricter compliance

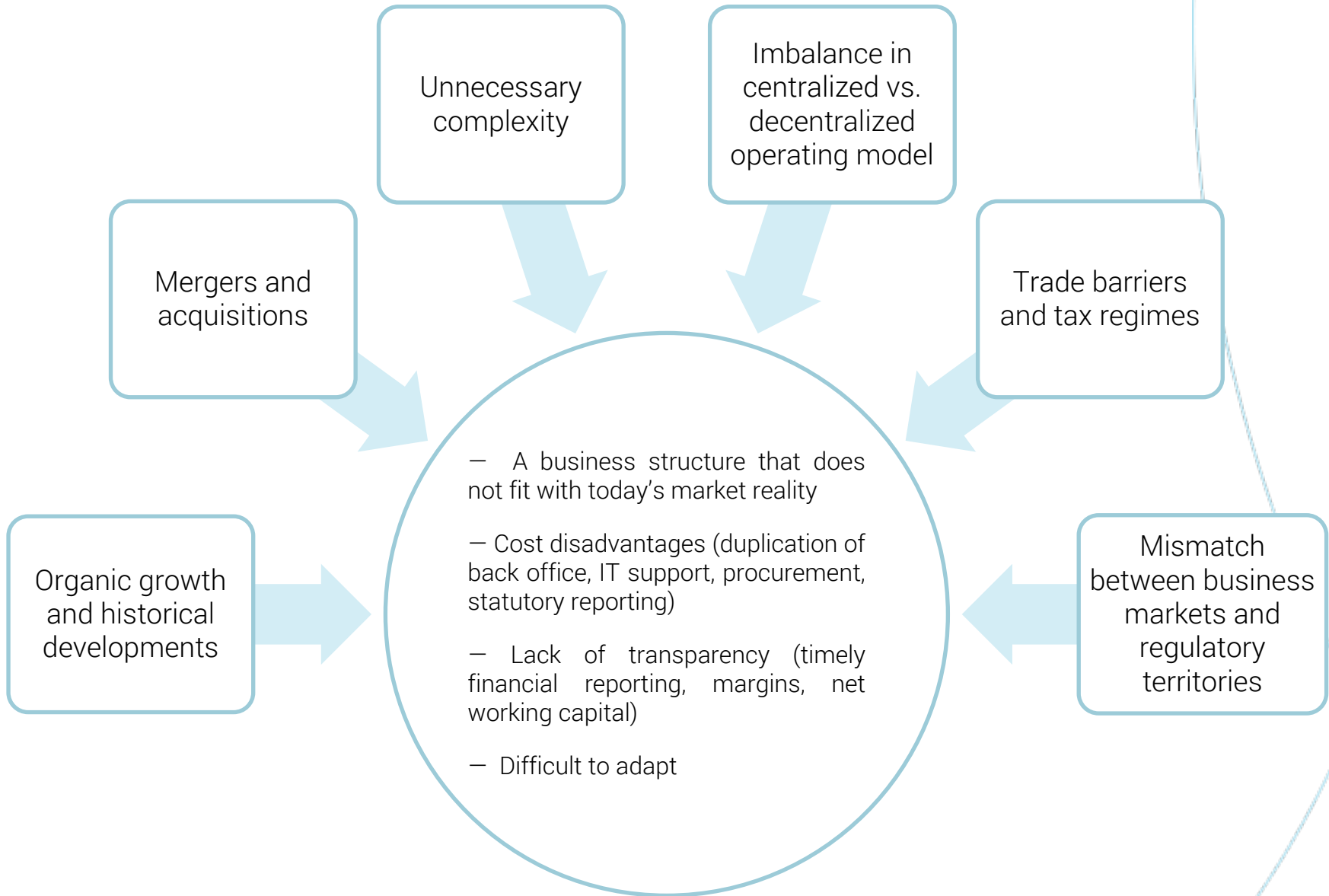
Root causes (i)

Legal entity borders often multiply complexity in processes and external relations

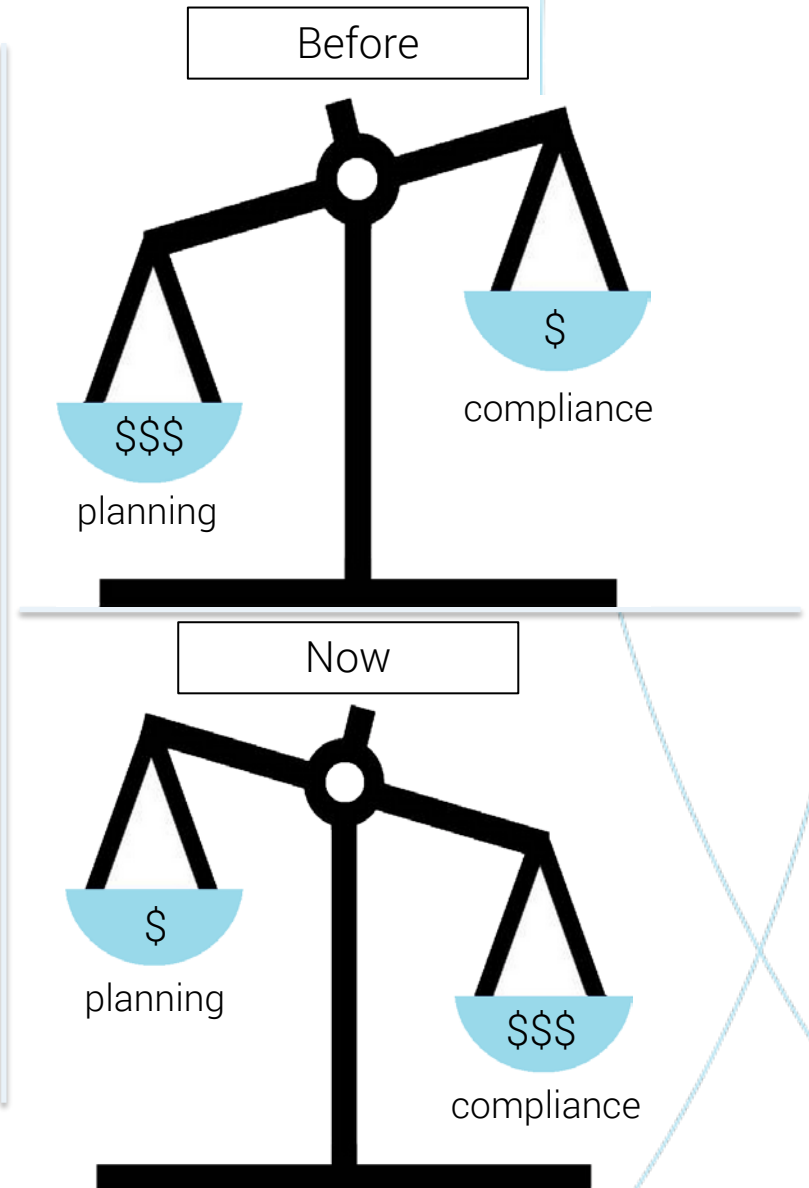
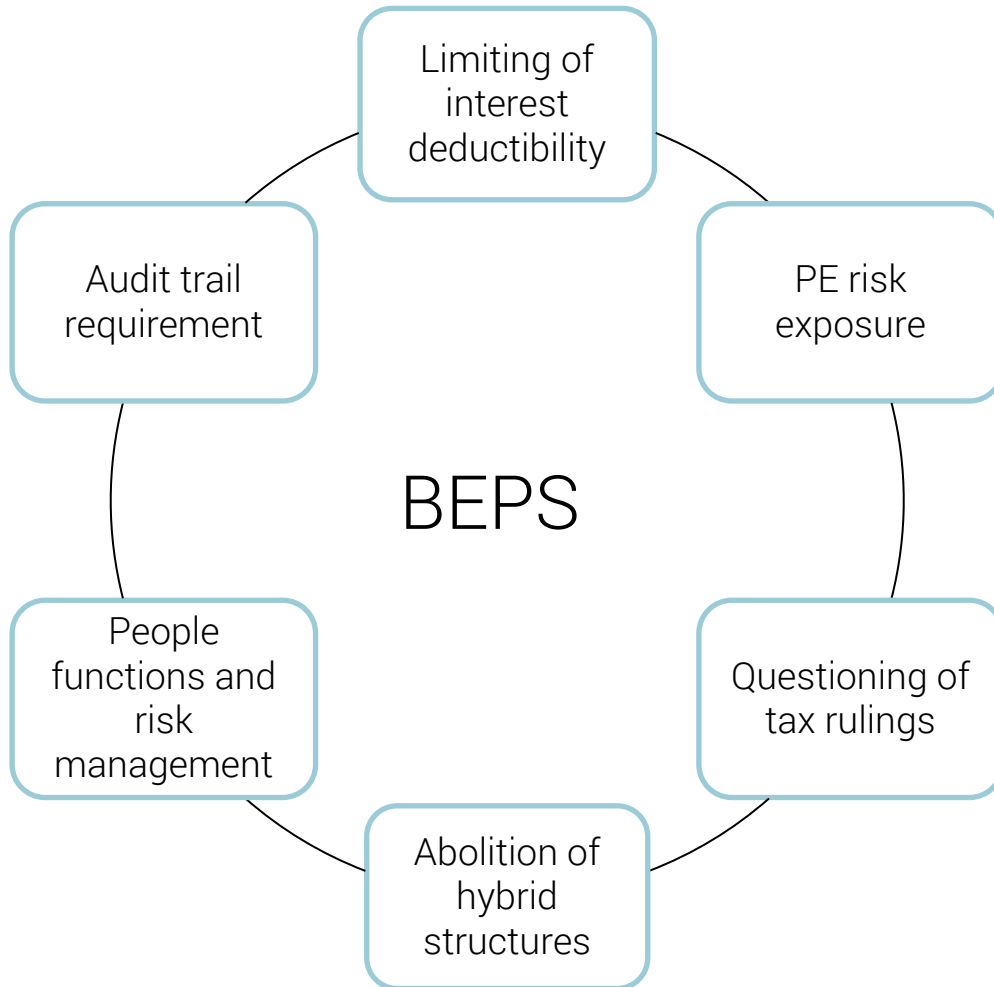
Typical AS-IS intercompany relations



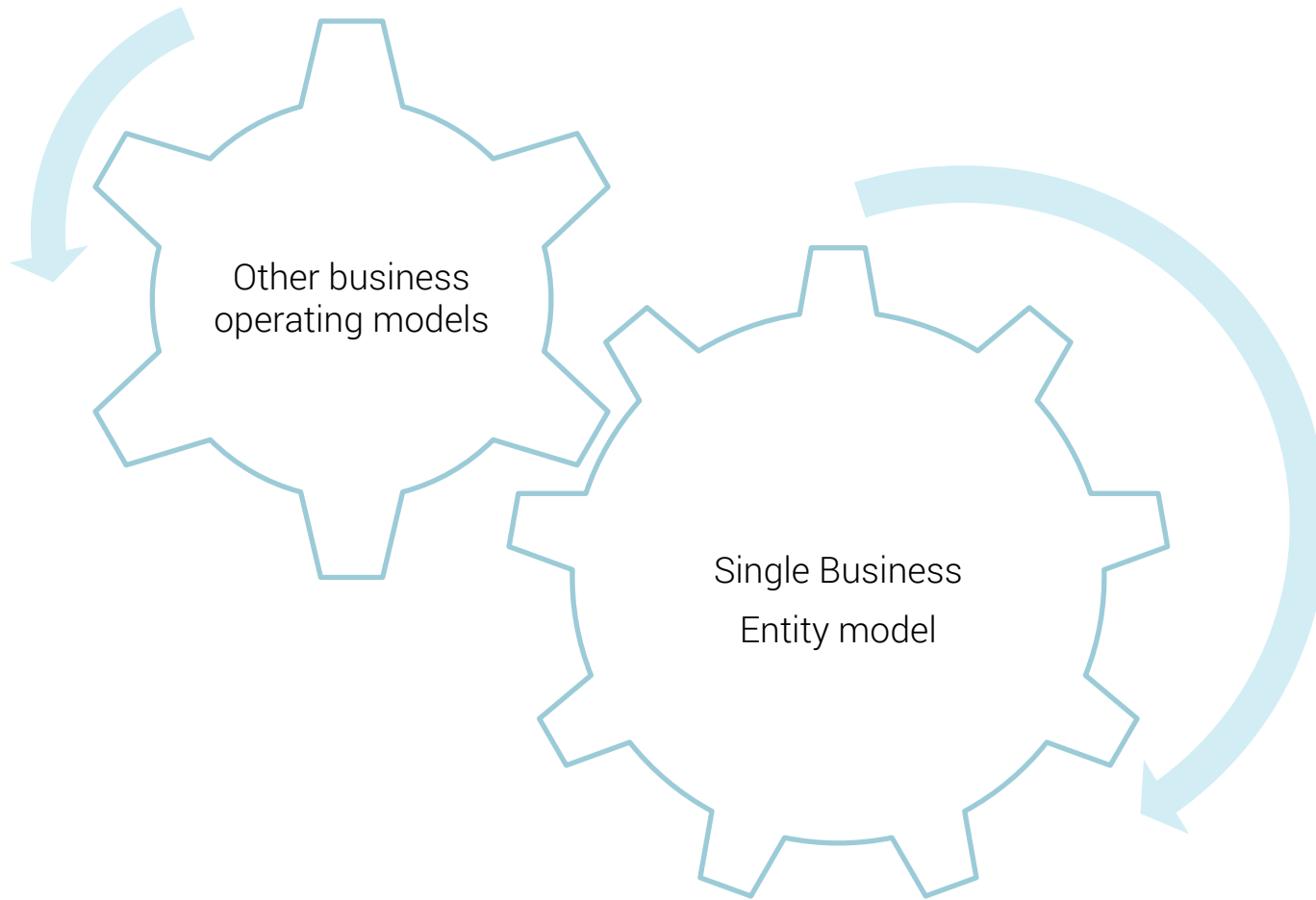
Root causes(ii)



Public scrutiny and transparency



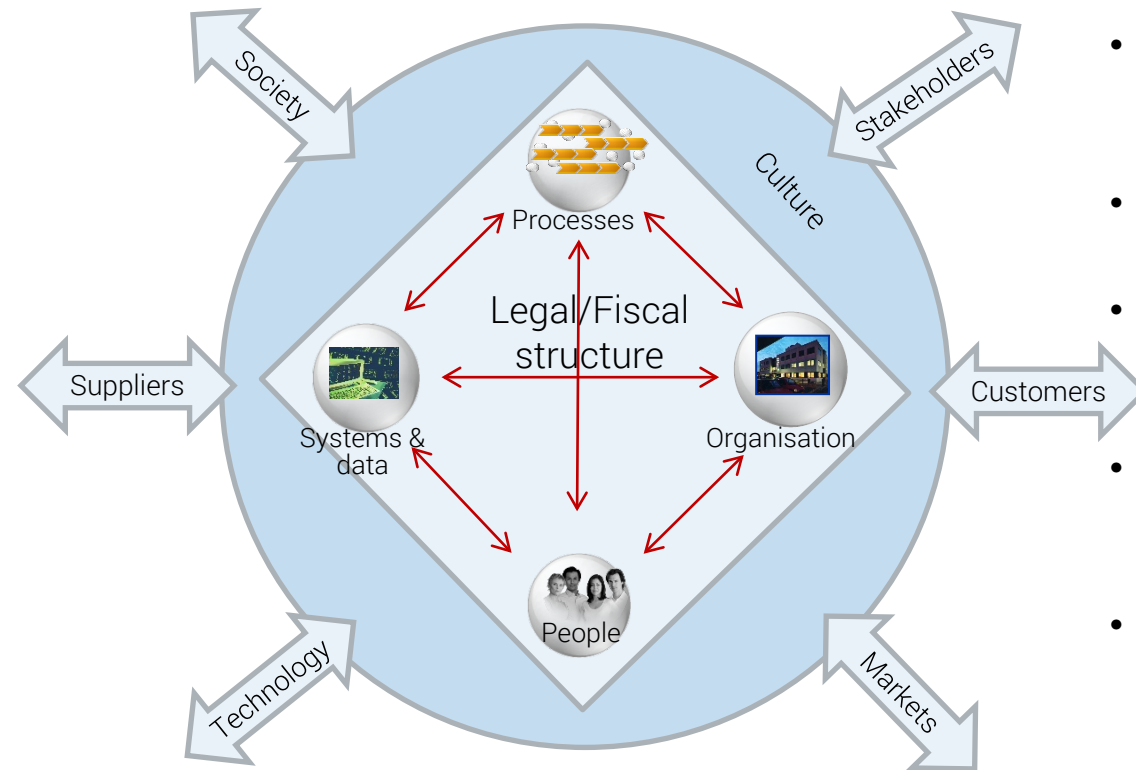
Potential solutions



Business Operating Model

Contents

- **Legal entities**
The legal entities by which a company operates
- **Fiscal setup**
The functions, assets and risks contained in a legal entity
- **Business processes**
The processes a company uses to do business
- **Organisation**
The functions and accountabilities within a company
- **Systems & data**
The systems and tools a company uses to do business
- **People**
The capabilities & ambitions of the people

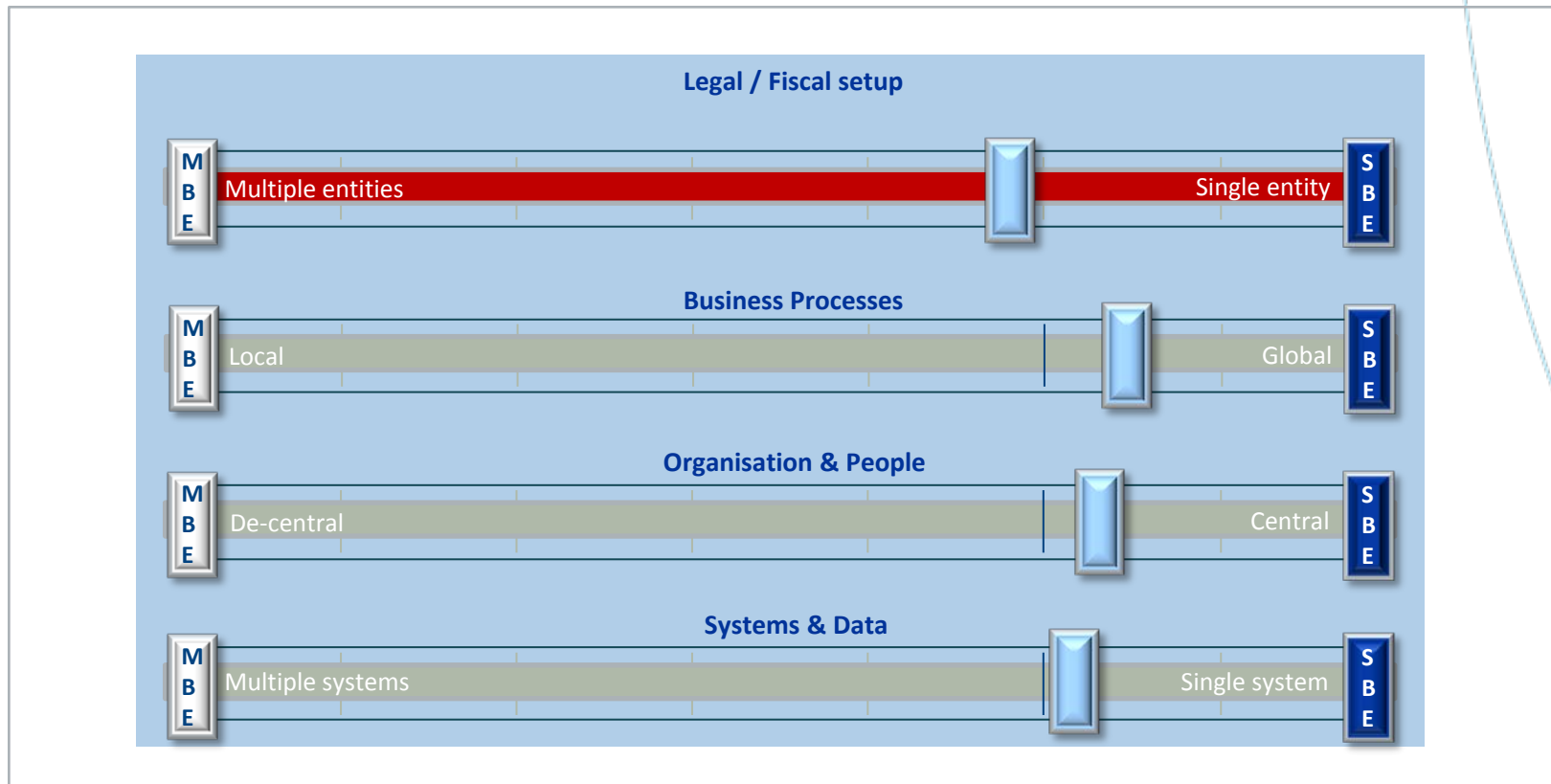


... in other words, the company's design for where and how the work gets done

Centralized vs. decentralized operating model

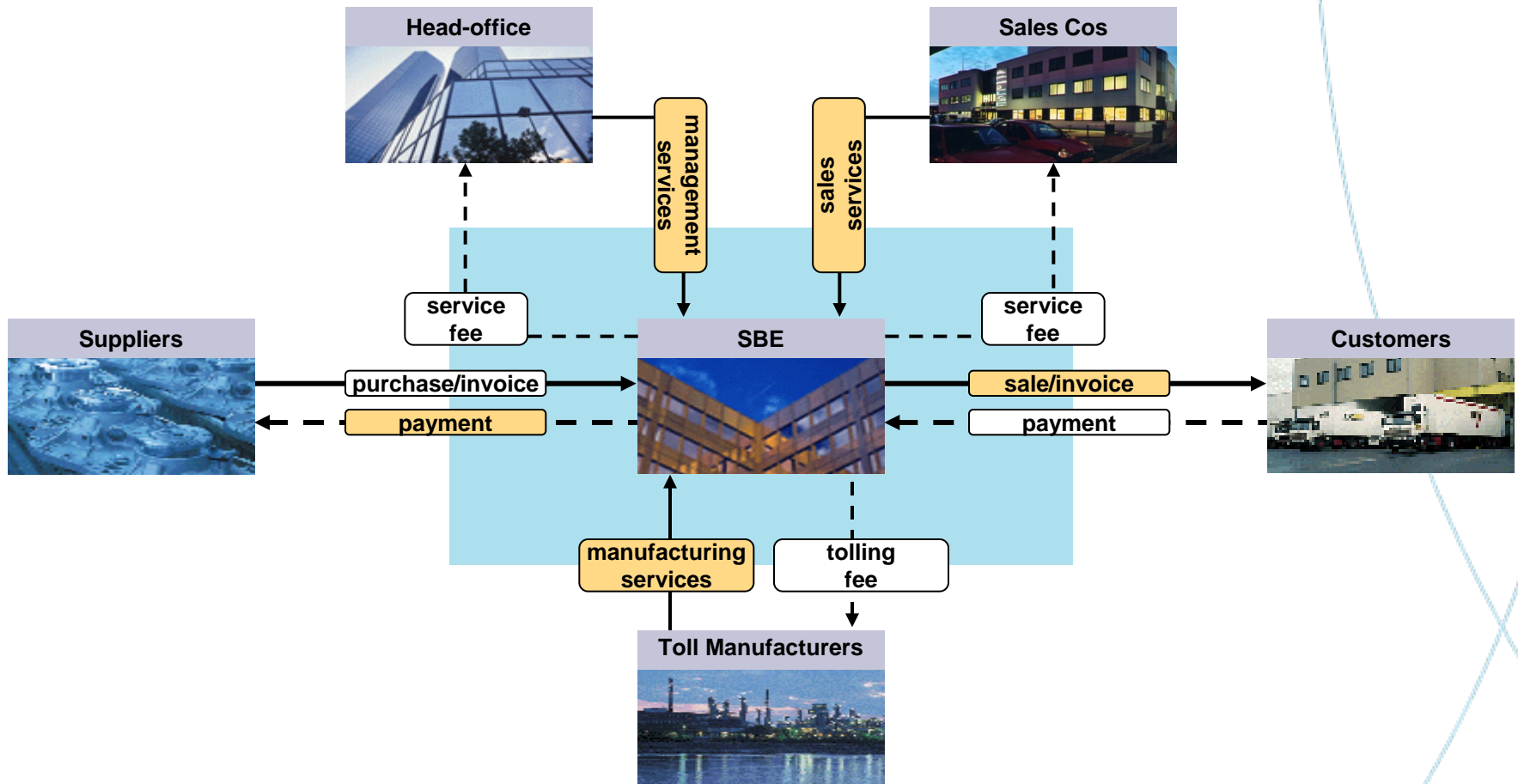
Everything should be made as simple as possible. Efficient operations require intelligent “equalizing” as imbalances come at a cost.

Business Operating Model



Single Business Entity

First and foremost an SBE is about how and where functions of a company are carried out



Benefits of centralized operating model

- Internal transparency
- Standardized and single data
- Easier adaptation to new technologies and lower adaptation cost
- Lower operational cost
- Legal and fiscal design is a part of business model
- Intercompany transactions are minimised
- Easier to argue company's tax set-up
- Easier compliance and lower compliance cost

Q & A

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