

EBIT

Input to Europe's direct tax policy

Annual Work Programme 2017

www.ebit-businessstax.com



INTRODUCTION

Dear Sir / Madam,

In the European Union (EU) there is still no internal market on taxation. In practice, multinational companies doing business in Europe need to navigate through 28, soon 27, different sovereign national tax regimes and administrative requirements, and widely differing interpretations of EU law and Directives.

EU Tax Commissioner Moscovici told MEPs in January 2016 that: “2016 should be the year of corporate tax reform and fiscal transparency”. And indeed, the Commission has kept its word and produced an unprecedented number of tax proposals in 2016, some of which were adopted by the ECOFIN Council in record-breaking time (e.g. ATAD I, DAC3-5). However, EU direct tax policy-making and international tax competition will no doubt continue to be hot topics in the EU in 2017 within the context of:

- Pending and planned EU legislative and non-legislative initiatives to combat “aggressive” tax planning, tax avoidance and tax evasion within the EU and beyond
- The 3 Game-changing, ‘seismic’ events which occurred in 2016: the Brexit vote, the EU Commission’s fiscal State aid with recovery decision on Apple in Ireland, and the election of Mr. Trump as the next U.S. President
- European Commission fiscal State aid investigations targeting in particular tax avoidance structures and the use of tax rulings concerning the application of the transfer pricing rules and the arm's length standard under the EU’s State aid rules

- The ongoing work of the EU Parliament’s Committee of Inquiry to investigate alleged contraventions and maladministration in the application of Union law in relation to money laundering, tax avoidance and tax evasion (PANA), as well as the EU Parliament’s standing Economic and Monetary Affairs Committee (ECON)
- Reform of the EU’s Code of Conduct Group (Business Taxation)
- OECD/G20 BEPS implementation
- Germany’s Presidency of the G20 in 2017, which has listed tax as a priority

Corporates and financial institutions are therefore advised to closely monitor and actively input on behalf of business to the ongoing initiatives of the EU’s Institutions, the OECD’s CTPA, the G20/G7, the UN, and NGOs, on issues such as:

- BEPS / “aggressive” tax planning, tax avoidance and tax evasion
- Harmful tax competition
- Tax Certainty (EU and OECD)
- EU fiscal State aid
- EU Directives
- CJEU direct tax case law & doctrine
- Tax transparency and (public) CBCR
- Transfer Pricing
- Cooperative Compliance
- Tax Administration of the Future
- Brussels tax policy & politics

Do you also want to help modernise Europe’s direct tax policy but don’t find the time? Then joining EBIT may be just what you were looking for!

WHAT IS EBIT ALL ABOUT?

Established in 2001 with the help of PwC at the request of a number of companies, EBIT is a high-level but informal cross-industry working group of around 20 Senior VPs of Tax and Tax Directors from European based companies (see Annex).

EBIT works to eliminate tax barriers and offers practical solutions to EU and OECD policy makers to help businesses operate more efficiently across Europe.

EBIT spans the following business sectors:

- aerospace and defence
- aircraft engine manufacturers
- airlines
- asset management
- beverage products
- commercial building
- conference organisers
- earth moving equipment
- electronics
- food & feed
- food containers
- healthcare equipment
- oil & gas
- pharmaceuticals
- publishing
- retail, and
- tobacco products.

BENEFITS OF JOINING EBIT:

- Receiving daily email alerts enabling you to keep really up to date on the latest EU and OECD direct tax developments: A ‘must’ for businesses in the current game-changing context!
- Being part of a high-level, influential pan-European business working group which helps large corporate taxpayers from across a considerable number of different industry sectors to collectively input to EU and OECD initiatives

- Regular access to and meetings with key EU and OECD policy-makers
- Time and cost efficient dedicated project-management by PwC, and a flexible approach
- Regular networking with business peers
- Easy access to PwC experts and networks

EBIT also enables you to develop a better understanding of the Brussels environment: EU decision- and policy-making on TAX, and the politics behind it.

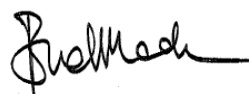
JOINING EBIT IS VERY EASY !

It suffices to send an e-mail to EBIT’s Secretariat (see below) with your contact details, your company’s VAT number and invoicing address. You can become a member straight away or opt for a free trial membership. More information can be found in the present Annual Work Programme 2017 and on the [EBIT website](#).

EBIT can be contacted via its Secretariat PwC: Tel.: +31 6 13 09 62 96; or Email: bob.vandermade@pwc.com

I hope to see you soon in Brussels.

Yours sincerely,



Bob van der Made | PwC | EBIT Secretariat

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EBIT - A TRIED AND TESTED APPROACH

EBIT’s Members have been engaging in ongoing technical Dialogue & Cooperation, and a mutually-beneficial “two-way education” process with EU and OECD tax policy-makers since December 2001.

EBIT WAYS OF WORKING

The “EBIT *Light*” approach developed by PwC is time and cost efficient and highly flexible.

EBIT works on the basis of a proposed Annual Work Programme with an ex ante budget for the next calendar year, which is prepared by EBIT’s Secretariat (PwC). The Annual Work Programme builds on our extensive experience with this project. The Annual Work Programme serves as the only EBIT framework engagement letter and Membership is immediately activated after a confirmation email to the Secretariat, which informs the other Members of EBIT. Membership can easily be terminated by sending an email to the Secretariat to this effect, and you will only be asked to pay the normal fee for the full final quarter during which you terminated your membership.

The proposed Annual Work Programme is first sent to EBIT’s Members for their review and approval within an agreed indicated timeline. If no objections are raised by or comments received from EBIT’s Members by the proposed deadline, the proposal is assumed to have been tacitly approved and adopted by common agreement of the Members of EBIT.

All of the above is geared towards keeping the EBIT project management and administration as “light” as possible, hence the EBIT “*Light*” approach, which was developed and adopted by PwC in 2004 at

the specific request of the Members of EBIT.

EBIT membership is a corporate membership. EBIT works through regular e-mail communication, conference calls and two round-table meetings which are usually held at PwC’s Brussels office for purely practical reasons. EBIT always operates on a consensus basis: the Members remain at all times in full control of the project. EBIT’s collective input or messaging to policymakers, the press, etc., always reflects the collective views of EBIT only and cannot be construed as an opinion or point of view of any individual Member of EBIT or PwC.

For practical purposes, the Secretariat organises the group’s work but the Members have the last say. The Members are understood to agree to:

- Actively participating in the Round-table meetings and conference calls organised by the Secretariat and duly replying to relevant group correspondence
- Co-drafting, reviewing and collective sign off on EBIT output
- Representing EBIT at public consultations of the EU or OECD, international conferences, seminars, workshops, etc.

Each EBIT Member contributes to EBIT’s activities as a function of their time and availability. If the regular or primary corporate EBIT contact cannot attend themselves, Members will endeavour to put forward an *alternate contact* to attend calls or meetings. NB: A critical mass of EBIT Members during meetings is crucial for managing the high expectations of EU and OECD tax policymakers of EBIT - and for getting the most out of your corporate Membership!

2017 EBIT “Light” - Annual Work Programme

EBIT SECRETARIAT - ROLE OF PwC

PwC’s role in EBIT is limited. PwC is not a Member of EBIT, PwC only acts as Secretariat. This role includes:

- Project administration and management, i.e. facilitating all practical aspects of EBIT's work, including organizing round-table meetings with keynote speakers from the EU’s Institutions, the OECD and other relevant stakeholders, Conference calls, consensus input provided to the EU and OECD, relations with the EU, the OECD and other relevant stakeholders, EBIT marketing, promotion, and online presence
- Operating a daily tax news email alert service
- Providing tax technical assistance (not tax advice) and public affairs/communication advice to the group as a whole, but not to any individual members, and ensuring quality control.

OBJECTIVES & DELIVERABLES - 2016

- ☑ Ensuring EU and OECD policy-makers awareness and understanding of direct tax legislative issues from the perspective of large multinational corporate taxpayers from a wide range of industry sectors
- ☑ Building on EBIT’s reputation and credibility as a leading Brussels-based business representative
- ☑ Effective and efficient project coordination
- ☑ Facilitating two productive meetings with key policymakers or politicians from the EU’s Institutions and/or the OECD
- ☑ Reporting on relevant tax policy developments

- ☑ Leveraging on PwC networks and specialists
- ☑ EBIT compliance with EU Transparency Register rules

EBIT’S ACHIEVEMENTS - 2016

EBIT position papers submitted:

- ☑ **European Commission** Public Consultation on the **Relaunch of the CCCTB** - 8 January 2016
- ☑ **European Commission** Public Consultation on **Improving Double Taxation Dispute Resolution Mechanisms** - May 2016
- ☑ **OECD BEPS Action 4:** Elements of Design & operation of Group Ratio Rule –August 2016
- ☑ **OECD BEPS Action 7:** Add. Guidance on the Attribution of Profits to PEs –September 2016
- ☑ **OECD BEPS Action 8-10:** Revised guidance on Profit Splits –September 2016

Informal EBIT dinner, 28 June 2016

- with special guests: MEP Luděk Niedermayer (CZ, EPP) and Petra Prášilová

EBIT Spring Round-table, 29 June 2016

- **Chair & EBIT project update:** day chair on behalf of the EBIT Secretariat: Bob van der Made, Sr. Advisor EU Public Affairs-Brussels (TAX), EUDTG, PwC Netherlands
- **Update EU Joint Transfer Pricing Forum:** Isabel Verlinden, PwC Global Transfer Pricing Leader, PwC Belgium
- **Update EC’s direct tax policy:** Stephen Quest, Director-General, DG TAXUD, European Commission, and Ms. Ioanna Mitroyanni, TAXUD Unit D.1: Company Tax Initiatives, European Commission

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- **Update OECD BEPS deliverables & implementation:** Mark Johnson, Senior Policy Advisor, BEPS Action 4, CTPA, OECD
- **Update EU State aid & tax rulings:** Sjoerd Douma, Director, PwC Netherlands, EUDTG, State Aid Working Group, and Jonathan Hare, Partner, PwC UK, EUDTG, State Aid Working Group
- **Country-by-Country Reporting: OECD vs EU?:** Andrew Packman, Tax Partner, PwC UK
- **Tax Administration of the Future: trends & implications for business:** Eelco van der Enden, PwC Global Tax Administration Consulting and EMEA Tax Strategy Operations practices, Partner, PwC Netherlands
- **Tax Disclosures and public CBCR:** Eelco van der Enden, PwC Global Tax Administration Consulting and EMEA Tax Strategy Operations practices, Partner, PwC Netherlands

OTHER ACHIEVEMENTS in 2016:

- *EBIT daily email alert service*
- *Deepening and broadening relations with key EU and OECD, as well as with other relevant stakeholders.*
- *Wide distribution of EBIT's submissions to MEPs, OECD CTPA, EU civil servants, national fiscal attachés...*
- *Several EBIT Conference Calls*
- *Compliance with the EU's Transparency Register*
- *New EBIT website: ebit-businessstax.com*

EBIT Fall Round-table, 2 December 2016

- **Chair & EBIT Project Update:** day chair on behalf of the EBIT Secretariat: Bob van der Made, PwC Sr. Advisor EU Public Affairs-Brussels (TAX), EUDTG & Global Tax Policy, PwC Netherlands
- **PwC Update on EU Fiscal State Aid** Sjoerd Douma, Chair of PwC's State Aid Working Group, EUDTG, PwC Netherlands
- **Informal discussion on EU Fiscal State Aid** - With Ms. Julia Rapp, Case Manager, Unit, Tax Planning Practices, Dir. H - State Aid: General Scrutiny and Enforcement, DG COMP, European Commission
- **Update European Commission's direct tax policy:** Uwe Ihli, Head of Sector, Unit D1, Corporate Tax Directives and CCCTB, DG TAXUD, European Commission
- **Update OECD BEPS deliverables & implementation:** Jefferson Vanderwolk, Head of the Tax Treaties and Transfer Pricing division, CTPA, OECD

PAYMENT TERMS & CONDITIONS

In 2016, EBIT has consolidated and built on its reputation as a unique and proactive business coalition. EBIT is firmly recognised by several leading EU and OECD policymakers as one of the most influential business representations in the area of direct tax in Europe. The proposed budget for 2017 reflects this major achievement, as well as PwC’s ongoing efforts to improve on its delivery as Secretariat whereby special lower fees for administering EBIT apply.

The EBIT membership fee is payable on a quarterly basis, and is normally paid at the end of each quarter. The basic fee in this proposal is set ex-ante for the time likely to be spent by the Secretariat for running EBIT based on prior experience. The proposed annual budget for 2017 is in line with preceding annual EBIT budgets. To simplify the quarterly invoicing process and make it more predictable for Members, and for EBIT marketing purposes, the Secretariat works with a fixed basic membership fee since 2016. The proposed EBIT “Light” quarterly membership fee is composed as follows:

1. A fixed basic membership fee of EUR 2,400 per quarter per corporate Member; and
2. A (small) variable fee that is divided equally among all Members for Secretariat expenses reasonably incurred in achieving EBIT’s objectives, e.g.: catering, stakeholder lunches, etc.
3. Any additional expertise commissioned to the Secretariat by EBIT’s Members outside the Annual Work Programme is budgeted separately on a time-spent basis. This relates for instance to the Secretariat’s coordination and facilitation of written responses to public consultations of the EC or OECD, organisation of additionally requested

meetings or conference calls, the payment and reimbursement of keynote speakers in connection with EBIT meetings and targeting on behalf of Members.

This type of project needs to be flexible and is partly driven by external factors e.g. policy agenda changes, the availability of officials, policy-makers, politicians. There can be no guarantee of the final result. PwC accepts no liability in connection with EBIT. PwC will carry out this project to the best of its ability and strives to achieve the desired outcome in collaboration with EBIT’s Members, whereby the following will be assumed:

- The full commitment and cooperation of Members with the Secretariat
- Any additional expertise commissioned by Members is budgeted separately
- If the Secretariat’s real-time spent is likely to exceed the ex-ante budgeted fee significantly, PwC will inform Members timely and propose additional budget. Members can always comment on the use of the budget.

PwC will notify audit clients who are a Member of EBIT immediately, if it considers that this relationship is no longer compatible with our position as their auditor.

Interested companies can join EBIT directly or enjoy a free-trial Membership with free access to the EBIT daily email alert service.

SECRETARIAT est. ex ante resources & budget breakdown 2017

| <i>Resources PwC</i> | <i>Project Management</i> | <i>Activity / days</i> | <i>Fee/d (€)</i> | <i>Total d.</i> | <i>Total (€)</i> |
|--|--|--|------------------|-----------------|----------------------------------|
| <p><i>Bob van der Made</i> EBIT Secretariat, PwC Sr. Adviser EU Public Affairs-Brussels, PwC EU Direct Tax Group (EUDTG) international network driver, PwC Netherlands</p> | <p>EBIT Engagement Manager responsible for EBIT from A-Z overall quality control & assurance, specialist EU public affairs expertise</p> | <p>Day-to-day Project Management (9) Daily news alerts (11) Organising meetings, agendas, calls (3) Relations EU, OECD (4) EBIT promotion (2) Billing (2) Targeting Coordinating, co-drafting, submitting position papers Work programme (2)</p> | 3,500 | 33 | 115,500 |
| <p>Stef van Weeghel International Tax Partner PwC Global Tax Leader EUDTG Chair PwC Netherlands</p> | <p>Stef is the EBIT Engagement Partner</p> | <p>Quality assurance (2)</p> | 3,750 | 2 | 7,500 |
| <p>Eelco van der Enden Tax Partner, Global Tax Administration Consulting and EMEA Tax Strategy Operations Practices, PwC Netherlands</p> | <p>Eelco provides specialist tax administration consulting, tax reporting, cooperative compliance expertise</p> | <p>Participation in meetings, calls and leveraging PwC networks (1)</p> | 3,750 | 1 | 3,750 |
| <p>Jonathan Hare International Tax Partner Co-Chair State Aid Working Group, EUDTG, PwC UK</p> | <p>Jonathan provides specialist EU direct tax law and fiscal State aid expertise</p> | <p>Participation in meetings, and conference calls (3)</p> | 3,750 | 1 | 3,750 |
| <p>Emmanuel Raingeard Tax Partner, Co-Chair State Aid Working Group, EUDTG, PwC France</p> | <p>Emmanuel provides specialist EU direct tax law and fiscal State aid expertise</p> | <p>Preparation and participation in meetings (2)</p> | 3,750 | 1 | 3,750 |
| <p>Phil Greenfield Global Tax Policy Network, PwC United Kingdom</p> | <p>Phil provides specialist OECD BEPS and tax policy expertise</p> | <p>Participation in meetings, calls, co-draft position papers (2)</p> | 3,500 | 2 | 7,000 |
| <p>Edwin Visser Tax Partner, Tax Policy Leader EMEA, International Tax, PwC Netherlands</p> | <p>Edwin provides specialist OECD and EU tax policy expertise</p> | <p>Participation in meetings and leveraging networks (1)</p> | 3,750 | 1 | 3,750 |
| <p><i>With additional support from other PwC Tax Partners and senior experts from PwC specialist networks where appropriate</i></p> | | | | | <p>Total: 145,000</p> |

ANNEX: EBIT Corporate Members

| COMPANY | CONTACTS | POSITION |
|----------------------------|-----------------------------|---|
| AIRBUS GROUP | Guillaume de la Villeguérin | Head of Tax & Customs |
| | Axel Thiele | VP, Head of Tax |
| | Bénédicte Roué | International Tax Senior Manager |
| | Sonja Hoelzel | Head, International Tax Affairs |
| BP | Jurgen De Moor | Assistant Tax Director, European Tax Manager |
| CATERPILLAR | Giles A Parsons | Senior Tax Director, European Tax Policy |
| C-BRANDS | Janet Stewart | Senior Vice-President, Tax |
| | Steve Axler | Vice-President, Tax |
| DEUTSCHE LUFTHANSA | Christian Lehmann | Director Tax Policy and Procedural Law |
| DIAGEO | Claire Jordan | Global Head of Tax |
| | Wim Peters | European Tax & Global Transfer Pricing Director – Group Tax |
| | Matthew Hardy | Tax Director Africa & Asia |
| | Alan Butler | Public Affairs Director, Corporate Functions |
| | Constance Balsamo | Head, EU Internal Market |
| GSK | Melissa J Geiger | Senior VP and Global Head of Tax |
| | Tim Woodthorpe | Head of UK Tax and Tax Policy - Global Tax |
| HUAWEI | Leo Li | Vice President Tax |
| | Boudewijn van Looij | Director Global Tax Policy |
| | Daniele Troisi | Director Tax Policy |
| | Simon Schofield | Global Tax Solutions Director |
| INFORMA GROUP | Glyn Fullelove | Group Tax Director |
| | Owen O'Hagan | Senior International Tax Manager |
| INTERNATIONAL PAPER | Francois Hinck | Tax Director EMEA |
| JTI | Marco Ramaekers | Head of Tax |
| | Nathalie Laks | Global Transfer Pricing Director |
| | Julie Caygill | Tax Director |
| NASPERS | Robbert Hoyng | Group Tax Director |
| RELX GROUP | Paul Morton | Head of Group Tax |
| | Jules Genee | Tax Director |
| PEPSICO | Sarah McGill | Senior Vice-President - Tax |
| PFIZER | Lillian Kessler | Vice President, International Tax |
| | Carolina Perez | Senior Tax Counsel |
| SCHRODERS | Tim McCann | Group Head of Tax |
| | Christopher Austin | Tax Director |
| SHV GROUP | Ruud Wieggers | Head of Tax Nutreco |
| | Thom Coenen | International Tax Manager Nutreco |

2017 EBIT “Light” - Annual Work Programme

| | | |
|-------------------|------------------|-------------------------------------|
| TUPPERWARE | Josef Hajek | Senior VP, Tax & Government Affairs |
| UTC | Ross Kearney | Corporate VP, Tax |
| | Stuart Bottomley | Director, European Tax |
| | Gregory Marshall | Director, International Tax |

