



The Davis Tax Committee

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MEDIA STATEMENT:

CALL FOR INPUT FOR THE SECOND INTERIM REPORT ON BEPS BY 31 AUGUST 2015

21 May 2015

The Davis Tax Committee (DTC) reports to the Minister of Finance by whom it was appointed on 17 July 2013.

The DTC's media statement on 5 November 2013 called for input for its first report on BEPS. The report was drafted after taking into account various submissions and wide consultation with stakeholders such as: civil society (like Oxfam and the Tax Justice Network); academics; business organisations (such as the Free Market Foundation, Business Unity SA, Banking Association SA and American Chamber of Commerce SA); professional bodies (such as SAICA and SAIT); tax practitioners (such as from KPMG, PWC, Deloitte & Touche, Webber Wentzel Attorneys, ENS, Bowman Gilfillan, Cliffe Dekker Hofmeyr Inc, Norton Rose) trade unions (such as COSATU, FEDUSA and SACTWU); international bodies (such as the OECD, ATAF and the UN Economic Commission for Africa, and the Academy of Public Finance) and government agencies (such as SARS, National Treasury, and the South African Reserve Bank).

With due authorisation by the Minister of Finance, the DTC released its First Interim Report on Base Erosion and Profit Shifting (BEPS) for public comment by way of a media statement on 23 December 2015. The DTC has received many comments from stakeholders on the above and is currently considering the same.

Further input from interested parties is now invited to assist the DTC BEPS sub-committee with drafting its Second Interim Report on BEPS. The input can be in the form of written or oral submissions and must be aligned with item 3b in the list in the DTC's Terms of Reference, which states that the following must receive the attention of the Committee:

A review of the corporate tax system with special reference to tax avoidance (e.g. base erosion, income splitting and profit shifting, including the tax bias in favour of debt financing).

The full version of the Terms of Reference can be viewed on the DTC's website, www.taxcom.org.za

It will also be appreciated if the written or oral input focuses on the following actions of the OECD BEPS Action Plan:

Action 3	Strengthen Controlled Foreign Corporations (CFC) rules
Action 4	Limit Base Erosion via Interest Deductions and Other Financial Payments
Action 7	Abuse of the definition of permanent establishment (PE) concept
Action 9	Transfer Pricing: Risks and Capital
Action 10	Transfer Pricing: Other High-Risk Transactions
Action 11	Establish methodologies to collect and analyse data on BEPS
Action 12	Require taxpayers to disclose their aggressive tax planning arrangements
Action 14	Make dispute resolution mechanisms more effective
Action 15	Develop a Multilateral Instrument to enable jurisdictions that wish to do so to

In providing input, stakeholders are requested to consider:

- i. How the relevant BEPS concern is eroding or could erode the South African tax base;
- ii. Identify and analyse the effectiveness of the relevant tax legislation in South Africa to deal with the concern, bearing in mind that South Africa also needs to attract foreign direct investment and needs to be competitive on the African continent;
- iii. Provide practical recommendations on how the tax legislation should be addressed if it is not effective enough to yield an optimal result for South Africa. International approaches on how to deal with the concern should also be taken into account;
- iv. Consider the costs of complying with the required tax legislation in relation to its benefits and the impact that it has on the ease of doing business in South Africa;
- v. List other non-tax areas in the South African economy that are affected by the concern and identify stakeholders that need to collaborate to formulate and implement a holistic solution;
- vi. Comment on any other BEPS concern from a South African perspective.

Written submissions and requests for oral submissions can be sent via e-mail to taxcom@sars.gov.za or by post to PO Box 2344, Brooklyn Square, Pretoria, 0075. The closing date is **31 August 2015**.

Questions relating to this media statement can be directed to the Secretariat for the Davis Tax Committee on the telephone number 012 432 9390.