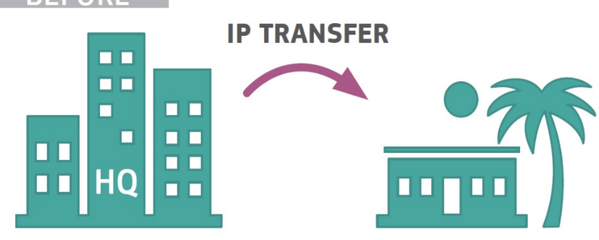
New Exit Taxation Rules in European Union

ROYALTY RANGE

On 28 January 2016, European Commission proposed new legally binding anti tax avoidance measures which will ensure that multinational companies pay their fair share of tax when they generate profit in the EU Single Market.

Some of these measures - Exit Taxation Rules - will be applied in the so called Patent Flight cases, where companies move their developed products to no-tax countries and pay less tax as a result.

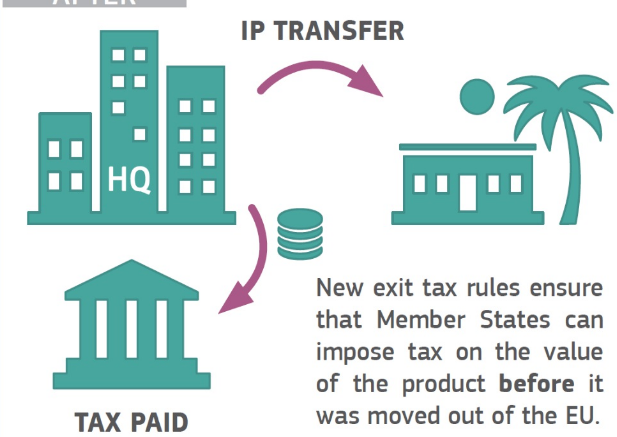
BEFORE



Large companies spend a lot of time and energy developing new products. Companies based in the EU can develop a promising new product and move it to a no-tax country before it gets finalised. That way, the company pays less tax on the profits in the EU.

NEW RULES

AFTER



New exit tax rules ensure that Member States can impose tax on the value of the product **before** it was moved out of the EU.

Exit tax will be based on the value of the assets at that point of time and, as such, taxation will better reflect where the economic activity takes place. Comparable, contemporaneous data will be key for any analysis.

New EU measures follow on from the OECD/G20 BEPS initiative which puts much focus on the arm's length value of intangibles, and quality and comparability of the data.

RoyaltyRange database contains quality information on the arm's length intellectual property royalty rates in various industries.

Our data is fully compliant with the new and upcoming standards.

Contact us:

info@royaltyrange.com
www.royaltyrange.com