
Ca&le Co is audited ! It has &een reporting a net operating loss +, - ./ for the years 2012 and 2013;

"he Country ' ta) authorities state that Ca&le Co should &e earning at least cost plus 1*1 and that a , - . does not

4 +

4 + 5

*



6

4 5

If you know a taxpayer will request for 5A6 under an applicable Convention, the following aspects need to be considered:



Additional(Excess) income allocated from a subsidiary to parent company may be characterized as a dividend distribution, or a loan

Additional(Excess) income allocated from a parent company to a sister company may be characterized as a capital contribution, or loan

Constructing a loan may be burdensome due to deemed interest obligations



