

Essay questions

To prevent base erosion and profit shifting (BEPS) by multinationals, the Organisation for Economic Cooperation and Development (OECD) has drafted 15 Action Plans for fundamental changes to domestic and international tax laws. Write an essay that considers either Action Plan 1, 5 or 6 in the context mentioned below.

Question 1

Action Plan 1 addresses the challenges of the digital economy. Explain and illustrate what these issues are and consider whether Action Plan 1 addresses these challenges. Evaluate whether Malaysia needs to introduce such measures domestically or whether the existing tax system (under the Income Tax Act 1967) already adequately addresses these concerns. You may also suggest alternative measures needed. Reference to tax cases and real life examples are encouraged.

Question 2

Action Plan 5 is focused on developing solutions to counter harmful tax regimes more effectively by examining factors such as transparency and substance. Evaluate the proposed approaches and the impact it will have on multinationals that operate in such regimes. Consider also the impact to Labuan's International Business and Financial Centre and the tax regime under the Labuan Business Activity Tax Act 1990. References to tax cases and real life examples are encouraged.

Question 3

Action Plan 6 aims to prevent the granting of treaty benefits in inappropriate circumstances. Explain and illustrate how such treaty abuse occurs and the measures suggested to counter such abuse. Evaluate whether Malaysia needs to introduce such measures or alternatively whether the existing tax system (whether under the Income Tax Act 1967 or the Labuan Business Activity Tax Act 1990) already adequately addresses these concerns. Reference to tax cases and real life examples are encouraged.