

Tax & Legal Toolkit

Issue	Challenging questions	How can we help?	TLS Services	Whom can you call
Crisis direct effects	What are the consequences of an increase in the cost of funds?	<ul style="list-style-type: none"> Identify whether cross border intra-group finance arrangements should be reconsidered. Consider the impact on intra-group rates or guarantee charges. Consider the impact on thin capitalisation requirements, domestically and offshore, especially where arm's length tests are applied. 	<ul style="list-style-type: none"> International Tax Structuring Transfer pricing 	Mihaela Mitroi Mihaela Craciun Ionut Simion
	Lenders are requiring a renegotiation of our loan terms. What tax issues could arise?	<ul style="list-style-type: none"> Identify whether variations to loan terms will mean that a new loan exists for taxation purposes. Consider whether this may have consequences in regard to foreign exchange exposures, debt forgiveness, limited course funding arrangements and the application of the debt and equity rules. 	<ul style="list-style-type: none"> Corporate Income Tax Legal 	Peter de Ruiter Mihaela Mitroi Ionut Simion Sorin David
	How can you mitigate the tax impact of the increase in interest rates on thin cap and safe harbour effects?	<ul style="list-style-type: none"> Blending rates through an SPV 	<ul style="list-style-type: none"> Corporate Income Tax International Tax Structuring 	Peter de Ruiter Ionut Simion Mihaela Mitroi
	Are you implementing cost reduction solutions?	<ul style="list-style-type: none"> Make sure that any losses or savings generated in the cost reduction process are sufficiently documented to ensure tax deduction 	<ul style="list-style-type: none"> Corporate Income Tax Indirect Tax Individual tax 	Peter de Ruiter Ionut Simion Mihaela Mitroi Daniel Anghel Alex Massaci Ruxandra Stoian
	How can you benefit from falling valuations of assets?	<ul style="list-style-type: none"> Consider spinning off non-core devalued assets from certain lines of business into separate entities and recognize deductible losses Transfer business function, realign asset ownership 	<ul style="list-style-type: none"> Corporate Income Tax Transfer Pricing Indirect Tax 	Peter de Ruiter Mihaela Mitroi Ionut Simion Daniel Anghel

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<p>Cash is king</p>	<p>How can you release trapped cash in your group structure?</p>	<ul style="list-style-type: none"> • Diagnostics of the group structure identifying the “weak points” (the structure may not allow tax efficient move of cash in the group because of withholding taxes on dividends, thin cap restrictions, non-matching interest rates between external and internal loans etc) • Streamlining the structure by reducing the number of entities • Centralising sales / purchases / support functions (including using commissionaire structures, or centralised back office) centralising cash flow and reducing the needs to move cash around • Optimising the ownership structure (e.g. by contributing subsidiaries) • Exit strategies and cash repatriation for real estate developers • Identify withholding tax leakage from offshore investments. Re-leverage assets to reduce income tax burdens • Review the offshore structure for savings in other jurisdictions. • Ensure end tax positions maximise available deductions and defer income amounts • Identify unnecessary tax leakage from investments in group entities • Cash pooling and cash management 	<ul style="list-style-type: none"> • International Tax Structuring • Financial Services • Legal Services • Transfer Pricing 	<p>Peter de Ruiter Mihaela Mitroi Ionut Simion Sorin David Laura Toncescu Dan Badin</p>
	<p>What other sources of cash are available outside your organisation?</p>	<ul style="list-style-type: none"> • Do you benefit of tax incentives? 	<ul style="list-style-type: none"> • State Aid - Legal 	<p>Mihaela Mitroi Luiza Tomescu</p>

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Response to more aggressive tax audits	Are you prepared for a tax audit?	<ul style="list-style-type: none"> • Perform a mock raid audit on your company • Follow up and implement corrective actions pro-actively 	<ul style="list-style-type: none"> • Corporate tax compliance 	Ionut Simion
	Can you defend full deductibility on your intercompany charges?	<ul style="list-style-type: none"> • Perform a through review of the existing documentation to support intercompany charges • Assess the level of fees 	<ul style="list-style-type: none"> • Corporate tax compliance • Transfer pricing 	Peter de Ruiters Mihaela Mitroi Ionut Simion
	Are you fully confident on the tax treatment of payments related to recharges with expatriates?	<ul style="list-style-type: none"> • Review the intercompany contracts and the individual secondment letters, plus invoices and other documentation • Assess deductibility of intercompany charges • Assess tax treatment at individual level 	<ul style="list-style-type: none"> • Individual tax services • Corporate income tax 	Alex Massaci Peter de Ruiters Mihaela Mitroi Ionut Simion
	Are you entitled to a VAT refund?	<ul style="list-style-type: none"> • Assistance with the refund process • Assistance with associated tax audit 	<ul style="list-style-type: none"> • VAT 	Daniel Anghel Diana Coroaba
	Are you entitled to a WHT refund?	<ul style="list-style-type: none"> • Review documentation, WHT paid and certificates of tax residence available to assess • Analyse whether WHT is overpaid and ask for a refund • Assistance with associated tax audit 	<ul style="list-style-type: none"> • Corporate income tax 	Peter de Ruiters Mihaela Mitroi Ionut Simion

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Optimisation tools	How can you generate shareholder value from the specialist business units?	<ul style="list-style-type: none"> • Business restructuring of group companies may create opportunities to enhance shareholder value. • Merger/demerger transactions need careful design and support of an advanced tax ruling. • Ensure tax effective redundancy programs exist. 	<ul style="list-style-type: none"> • M&A 	Ionut Simion Silke Mattern Mariana Barbu
	How can you reduce group costs?	<ul style="list-style-type: none"> • Investigate new IP regime in Luxembourg and the Swiss IP solutions • Change in business model (entrepreneur model, shared service centres) • Internal and cross-border reorganizations (mergers, spin-offs) 	<ul style="list-style-type: none"> • International Tax Structuring 	Mihaela Mitroi Mihaela Craciun
	How can you fully utilize your tax losses?	<ul style="list-style-type: none"> • Streamlining the structure to reduce the number of entities (e.g. merger to make) • Revising the value flows, directing part of the value chain through the loss-making company utilising the loss • Optimising transfer pricing policies to get better allocation of profits and losses between entities 	<ul style="list-style-type: none"> • International Tax Structuring • Transfer Pricing 	Mihaela Mitroi Mihaela Craciun Ionut Simion
	Is our business structure the right model to reduce costs?	<ul style="list-style-type: none"> • Thoroughly review business structure and consider restructuring to reduce costs via centralisation of foreign activities. • Discuss practical means to align the value chain to create cost/tax savings. 	<ul style="list-style-type: none"> • Transfer Pricing 	Ionut Simion
	How can we benefit from challenging Romanian law provisions in breach of EC Treaty?	<ul style="list-style-type: none"> • Review the possibility to reduce dividend tax to nil, based on EU arguments • Review the possibility to reduce taxable base for WHT on interest and royalties • Review possibility to consolidate losses 	<ul style="list-style-type: none"> • EU direct tax group 	Mihaela Mitroi Alina Rafaila

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Indirect taxes	Do you effectively manage your indirect tax cash flow? How can you handle your compliance obligations in a cost effective manner?	<ul style="list-style-type: none"> • First sale/sourcing policy • Split cost on internal route • VAT refund (8&13) • VAT assistance during refund • VAT savings for inventory losses • Use of economic regime (IPR) • Customs duty suspension • E-invoicing/e-archiving • Environmental /waste management 	<ul style="list-style-type: none"> • VAT Assistance • Customs Assistance • Excise Tax Assistance 	Daniel Anghel Diana Coroaba Valentin Durigu
Legal aspects	How will you address debtors defaults and delayed collection problems?	<ul style="list-style-type: none"> • Litigation & debt collection 	<ul style="list-style-type: none"> • Legal 	Dan Dascalu
Restructuring	How can you handle downsizing and/or restructuring?	<ul style="list-style-type: none"> • Analyse business units in a critical position; • Set up a flexible structure to allow you to identify and possibly dispose of them; • Legal assistance on restructuring • Assistance in defining the lay-off strategy and determining the lay-off subjects • Assistance in negotiating with the employees and unions, court representation • Restructuring: downsizing/sales force effectiveness; efficiency of support functions; restructuring of compensation of benefits package 	<ul style="list-style-type: none"> • M&A Tax • Legal • Human Resources 	Ionut Simion Silke Mattern Mariana Barbu Dan Dascalu Ruxandra Stoian Csaba Gergely

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International Assignment Solutions	<ul style="list-style-type: none"> • Can you reduce employment costs without laying off staff? • How can you motivate employees through potential increase of net remuneration? 	<ul style="list-style-type: none"> • Analysis of possibility to outsource part of company's functions by using services contracts with freelancers (economic activities or income quota), companies • Preparation of cost projection for the available outsourcing alternatives • Assistance with implementation • Applicability of specific salary tax exemption: IT employees 	<ul style="list-style-type: none"> • Individual Assignment Solutions 	<p style="text-align: center;">Alex Massaci Ruxandra Popescu Oana Manuceanu</p>
	<ul style="list-style-type: none"> • How can you incentivise/retain your staff? • Can you link staff's awards with companies' performance? 	<ul style="list-style-type: none"> • Company car policy (own fleet, employees' cars based on rent/mandate contract) • Using SOP as long-term incentive • Exit strategies – remuneration options for executive management 	<ul style="list-style-type: none"> • Individual Assignment Solutions 	

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International Assignment Solutions	<ul style="list-style-type: none"> • Can you improve your cash-flow by applying more favourable treaty provisions? • How can you optimise further personnel costs? 	<ul style="list-style-type: none"> • WHT of salary tax for outbound assignees; • Clarifications from the relevant authorities regarding social charges (unclear provisions, find the most beneficial interpretation and checking the risks); 	International Assignment Solutions	<p>Alex Massaci Charles Ross Doralina Lazar</p>
	<ul style="list-style-type: none"> • How can you avoid penalties and late payment interest? • How can you reduce registration hustle? • Are you aware of the methods to optimise your social security costs? 	<ul style="list-style-type: none"> • Compliance requirements, deadlines and penalties • Provide assistance related to registration of freelancers (part of implementing employment costs reduction) • Assistance in applying EU social security regulations 	<p>International Assignment Solutions</p> <p>Global Visa Solutions</p>	
	<ul style="list-style-type: none"> • Are your marketing activities compliant and tax efficient? 	<ul style="list-style-type: none"> • Advise on optimal solutions to design marketing tools for individual clients (promotions, prizes, gambling, discounts) 	<ul style="list-style-type: none"> • Individual Assignment Solutions 	

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HR services	<ul style="list-style-type: none"> • Enhancing efficiency and effectiveness of the companies • Aligning the companies with strategies • Structured and legal compliance 	<ul style="list-style-type: none"> • Current organizational structure assessment and market benchmark • Future Organizational Design, structure, headcount, roles and responsibilities, key indicators, profile, competencies • Implementation and Communication Plan • Restructuring process design and Implementation Support • Redundancy and outplacement 	<ul style="list-style-type: none"> • Reorganizing and Restructuring 	Ruxandra Stoian Csaba Gergely
	<ul style="list-style-type: none"> • Right People on the Right Place • Retention of Key People • Development Actions Based on Business Requirements 	<ul style="list-style-type: none"> • Technical and Core Competency Design • Assessment/ Development Centre • Key people and Key positions identification • Development and retention support 	<ul style="list-style-type: none"> • Staff Assessment 	

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HR services	<ul style="list-style-type: none"> • Cost efficiency 	<ul style="list-style-type: none"> • Review and adjust compensation practice • Communication and Implementation Plan 	<ul style="list-style-type: none"> • Compensation and Benefit Structure Review 	Ruxandra Stoian Csaba Gergely
	<ul style="list-style-type: none"> • Pay for Performance • Focus on Measurement, Control • Enhanced accountability and role clarity • Superior Execution and strategy implementation 	<ul style="list-style-type: none"> • Performance Management Framework Development • Objective Setting and Review Process design • Service Level Agreement between functions • Key Business Indicators Design • Tracking System design • Advanced Review Process Implementation 	<ul style="list-style-type: none"> • Performance Management 	
	<ul style="list-style-type: none"> • Successful transition process 	<ul style="list-style-type: none"> • Creating the Business Case for Change • Definition of High Level Vision • Assessment of Organizational Readiness Level • Stakeholder and Field Force Analysis • Development of Change Plan • Communication strategy and plan development • Implementation Plan Management • Sustaining the Change Activities 	<ul style="list-style-type: none"> • Change Management 	