

Group Discussion Session CASE STUDY 1 - SWEDEN

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IOTA Case Study Workshop on Tackling BEPS hybrid mismatch structures through the application of anti-abuse rules 7 -8 May 2025

Group Discussion Session (GROUP 1) CASE STUDY 1 - SWEDEN

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QUESTIONS/ISSUES FOR GROUP DISCUSSION

- 1. Does the corresponding interest income between UK and US constitute dual inclusion income?
- The Swedish context: look through the UK and consider the mismatch between the US and Sweden.
- A logical perspective: you either accept tax treatment in both Sweden and the UK, or you disregard both.
- Is there a double deduction?
 - Sweden US = yes
 - UK is the interest passed on? Does not affect the outcome of the case.
- Part of the consolidated statement in the US, and included in the UK, but the rules on disregarded entities renders it not dual inclusion income?

Group Discussion Session (GROUP 2) CASE STUDY 1 - SWEDEN

QUESTIONS/ISSUES FOR GROUP DISCUSSION

- 1. Does the corresponding interest income between UK and US constitute dual inclusion income?
- No, it does not.
- The inclusion must take place at the level of the paying entity jurisdiction and the investor jurisdiction

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QUESTIONS/ISSUES FOR GROUP DISCUSSION

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- 2. Does the income in the Swedish group company Y AB, which has been taxed according to the GILTI regime, constitute dual inclusion income?
- CFC income and GILTI.
- The taxpayer provided the information to the tax administration.
- Dual inclusion income?
 - Is the CFC income dual inclusion income?
 - Should it be considered as included in ordinary income?
 - Is GILTI considered as a CFC regime?
 - As described in the BEPS-report.
 - Not full payment under GILTI and not taxed in Sweden.

Group Discussion Session (GROUP 2) CASE STUDY 1 - SWEDEN

QUESTIONS/ISSUES FOR GROUP DISCUSSION

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- 2. Does the income in the Swedish group company Y AB, which has been taxed according to the GILTI regime, constitute dual inclusion income?
- No, because GILTI is only taxed at a reduced tax rate. The income must be taxed at the full tax rate.
- GILTI is not fully equal to a CFC rule (paragraph 199 BEPS action 2)

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