

## Thinking big can help keep your tax controversy small.

Today's global connectivity means it is easier for companies to be faced with multi-dimensional, multi-country tax controversy. How can you manage the risk?



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### What's next for tax policy and controversy in Asia-Pacific?

The Asia-Pacific region was the first to experience the full brunt of the COVID-19 pandemic, including its economic fallout. Today, many of the jurisdictions in the region are experiencing sustained recoveries. However, as governments look to reduce their deficits and recoup fiscal and monetary stimulus outlays, taxes — both direct and indirect — will likely rise in Asia-Pacific with targeted rate increases, broadening of the tax scope, or the introduction of new taxes. The challenge for governments will be to balance this revenue need with their desire to create a pro-growth and investor-friendly economic environment. Meanwhile, tax authorities are accelerating their digital transformation and becoming more effective and adept at collecting, analyzing and using information — which could lead to more targeted tax controversy measures.

Prior to the COVID-19 pandemic, governments in Asia-Pacific had already increased their focus on ways to tax digital businesses. In a COVID-19 environment, as a greater portion of business activity moves online, governments in Asia-Pacific are closely monitoring the developments related to Base Erosion and Profit Shifting (BEPS) 2.0, a project by the Organisation for Economic Co-operation and Development (OECD), which aims to address the tax challenges of the digital economy. These governments may look to industries impacted by the project's "Pillar One" and "Pillar Two" to balance their budgets, replenish reserves, and evaluate how their current and proposed unilateral actions to tax digital businesses will be affected. Read more about how to manage these challenges in the recent EY article, [How COVID-19 Has Transformed Tax Policy in the Asia-Pacific](#), reproduced with permission (Published 2 December 2020. Copyright R 2020 The Bureau of National Affairs, Inc. 800- 372-1033).

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