



MALTA
INSTITUTE
OF TAXATION

**MIT COURSE ON TAXATION
2025-2026 MODULE D ASSIGNMENT PAPER**

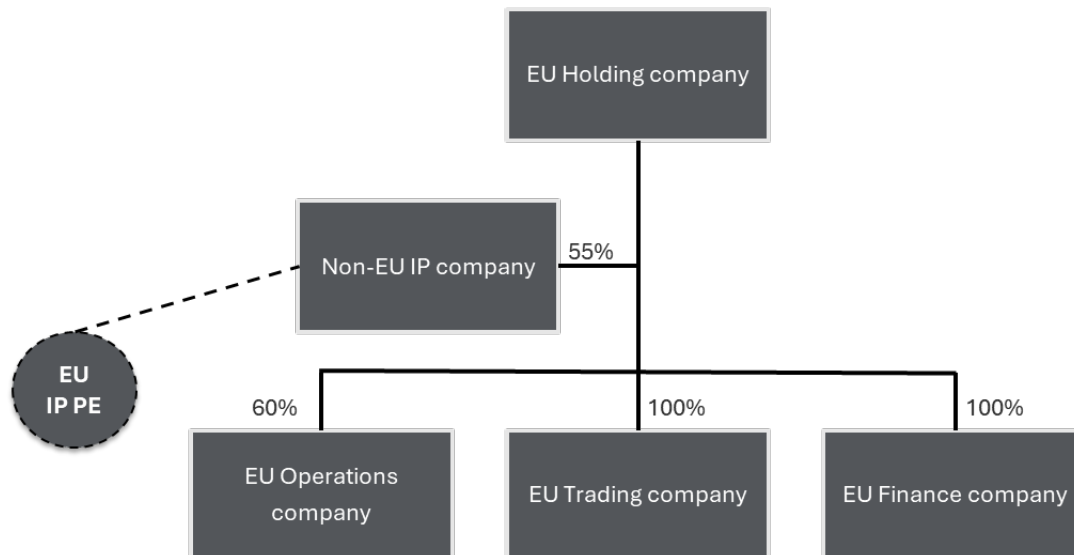
INSTRUCTIONS:

1. The student is required to submit the answer in one document in PDF format
2. Please include the provided index no on the front cover of your document
3. Word count: **3,000 words**
4. Referencing for the assignment is **necessary**. Students are to use **APA** style of referencing
5. Do not **include your name and surname in the PDF document**

Please include the provided index number ONLY on your front page.

Question

A group is considering a re-organisation and has decided to seek external tax advice, coming to you. You have been engaged to determine the direct tax implications and reporting requirements further to the following transactions and income streams within the group, in terms of the material covered in Module D. *Please consider that all entities (whether a company or a permanent establishment 'PE') are in separate jurisdictions.*



- The group's European Union (EU) Holding company holds a controlling stake in a non-EU Intellectual Property (IP) company, an EU Trading company, and an EU Finance company. The non-EU IP company has an IP PE in the EU to which its IP is effectively connected.
- The non-EU IP company, through its PE, licenses trademarks to the EU Trading company against a royalty.
- The EU Trading company is considering splitting off one of its two branches of activity into a new low-tax EU Operations company for commercial and tax reasons.
- Given that the remaining branch of activity of EU Trading company utilises the licence from non-EU IP company, the group is considering transferring the EU IP PE to EU Trading company and subsequently the EU IP PE would transfer the IP to its head office (EU Trading company), thus terminating the EU IP PE.
- Following the reorganisation, the EU Holding company is planning to grant a facility to EU Finance company, which will then grant interest-bearing loans to the EU Trading company and the non-EU IP company. The non-EU IP company treats the EU Finance company as a transparent entity for tax purposes.
- The group is considering whether to apply for a tax ruling in the jurisdiction of the EU Finance company regarding the ability to apply transfer pricing safe harbour rules to the pricing of its intra-group loans.

- The EU Holding company expects to receive dividends from all its subsidiaries.
- The group exceeds Pillar II consolidated revenue thresholds and the EU Holding company is in a jurisdiction which has deferred the application of the income inclusion rule under the GloBE Directive.
- Additionally, the financial controller seeks advice as to whether the group has tax reporting requirements arising annually or ad hoc as a result of the above plans.

Required:

Kindly assess in around 3000 words the direct tax implications, reliefs and obligations arising under the EU direct tax directives, rules and decisions covered in Module D, ensuring to outline all relevant scoping rules, criteria for application and anti-abuse rules, as relevant. Please assume that all EU Member States have transposed the relevant rules consistently and ignore any domestic transposition of the EU direct tax directives.
