



Case 2: Sophia's Dream Group

Task 1: Country and Company Taxing Puzzle

Taxing nexus is dynamic. Tax advisers must continually review their entities' changes in business activity, physical and economic presence in other taxing jurisdictions.

Your first task is to identify the various taxable entities of Sophia's Dream Group, the countries in which each may be liable to tax, and the persons/entities liable to such taxation.

Learning and Reference Materials:

- Video recording on permanent establishments (BEPS Action 7)
- National legislation on taxation of non-resident persons for:
 - Greece
 - Netherlands
 - Portugal
 - UK
 - Italy
 - Spain
 - Germany
 - France
 - Hungary
- Article 5 of the [2017 OECD Model Tax Convention](#), paragraphs 1, 2, and 4, specifically)
- OECD Commentary (paragraphs 6, 8, 12, 20-26, 28-30. 41, 45, 58-60, and 68 only) to Article 5 (given the amount of text and our time constraints, these paragraphs may be skim-read).

1.1 For each country listed below, identify the entity (or entities) liable to its tax. Hint: This may be due to legal residency or economic activity within its territory.

Countries (1-13):

1	Austria
2	France
3	Romania
4	Portugal
5	Netherlands
6	Luxembourg
7	Lithuania
8	Italy
9	Hungary
10	Greece
11	Germany
12	Spain
13	United Kingdom

Entities (A-N):

A	Sophia's Dream SL
B	Sophia's Dream Company SA
C	Sophia's Dream Blend Kft
D	Virtually Sophia Kft
E	SD FinTech Ltd
F	SDLux SARL
G	SDRC Spain LLC
H	SDRC France SAS
I	SDRC Italy Srl
J	SDRC Germany GmbH
K	SDRC Britain Ltd
L	New Tech SC
M	Dream Tech Joint Venture SC
N	Sophia's Server UAB



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1.2 For each entity, identify the countries to which they may be liable for tax. Hint: This may be due to residency status or through economic activity.

Countries (1-13):

1	Austria
2	France
3	Romania
4	Portugal
5	Netherlands
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