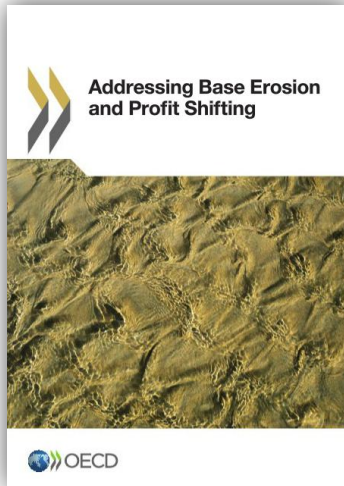




# BEPS UPDATE



# Reports: Addressing BEPS



- Published February 12 2013
- Recommends the preparation of an Action Plan
- Discussed at G20 February 15 et 16



- Published July 19 2013
- Series of measures to resolve BEPS
- Endorsed by G20 July 19-20



## G20/OECD project

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- Non OECD G20 countries have all agreed to be associates in the BEP project
- Argentina, Brazil, China, India, Indonesia, Russia, Saudi-Arabia and South Africa and OECD countries on equal footing
- Others welcome to participate as invitees and participants



## Engagement with stakeholders: global dialogue

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- EU/UN
- 3 Regional Meetings early 2014: Colombia (CIAT/Jan), Africa (ATAF and CREDAF/Feb), Korea (Feb)
- Global Fora:
  - GFTT Meeting in September 2013
  - GFTP Meeting in March 2013
- Tax and Development Program



# BEPS Action Plan

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Three themes:

1. **New instruments to ensure the coherence of corporate income taxation at an international level**
2. **A realignment of taxation and relevant substance to restore the intended effects and benefits of international standards**
3. **Transparency, certainty and predictability**



# BEPS Action Plan

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1. Address the Tax Challenges of the Digital Economy
2. Neutralise the Effects of Hybrid Mismatch Arrangements
3. Strengthen Controlled Foreign Companies Rules
4. Limit Base Erosion via Interest Deductions and Other Financial Payments
5. Counter Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance
6. Prevent Treaty Abuse
7. Prevent the Artificial Avoidance of PE Status
8. Assure that Transfer Pricing Outcomes are in Line With Value Creation / Intangibles
9. Assure that Transfer Pricing Outcomes are in Line With Value Creation / Risks and Capital
10. Assure that Transfer Pricing Outcomes are in Line With Value Creation / Other High-Risk Transactions
11. Establish Methodologies to Collect and Analyse Data on BEPS and the Actions to Address It
12. Require Taxpayers to Disclose Their Aggressive Tax Planning Arrangements
13. Re-examine Transfer Pricing Documentation
14. Make Dispute Resolution Mechanisms More Effective
15. Develop a Multilateral Instrument



# Timeline and Output by September 2014

Action	Expected Output
Address the Tax Challenges of the Digital Economy	Report identifying issues raised by the digital economy and possible actions to address them
Neutralise the Effects of Hybrid Mismatch Arrangements	Changes to the Model Tax Convention
	Recommendations regarding the design of domestic rules
Counter Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance – phase 1	Finalise review of member country regimes
Prevent Treaty Abuse	Changes to the Model Tax Convention
	Recommendations regarding the design of domestic rules
Assure that Transfer Pricing Outcomes are in Line With Value Creation / Intangibles - phase 1	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention
Re-examine Transfer Pricing Documentation	Changes to Transfer Pricing Guidelines and Recommendations regarding the design of domestic rules
Develop a Multilateral Instrument –phase 1	Report identifying relevant public international law and tax issues



# Timeline and Output by September 2015

Action	Expected Output
Strengthen CFC Rules	Recommendations regarding the design of domestic rules
Limit Base Erosion via Interest Deductions and Other Financial Payments	Recommendations regarding the design of domestic rules
Counter Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance – phase 2	Strategy to expand participation to non-OECD members
Prevent the Artificial Avoidance of PE Status	Changes to the Model Tax Convention
Assure that Transfer Pricing Outcomes are in Line With Value Creation / Intangibles – phase 2	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention
Assure that Transfer Pricing Outcomes are in Line With Value Creation / Risks and Capital	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention
Assure that Transfer Pricing Outcomes are in Line With Value Creation / Other High-Risk Transactions	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention
Establish Methodologies to Collect and Analyse Data on BEPS and the Actions to Address It	Recommendations regarding data to be collected and methodologies to analyse them
Require Taxpayers to Disclose Their Aggressive Tax Planning Arrangements	Recommendations regarding the design of domestic rules
Make Dispute Resolution Mechanisms More Effective	Changes to the Model Tax Convention





# Timeline and Output by December 2015

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Action	Expected Output
Limit Base Erosion via Interest Deductions – phase 2	Changes to the Transfer Pricing Guidelines
Counter Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance – phase 3	Revision of existing criteria to identify harmful tax practices
Develop a Multilateral Instrument – phase 2	Multilateral instrument