



# Using IBFD Topic Search to find BEPS-related country information

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## Action 1 – Digital Economy

**Key issue:** Action 1 considers the ability of the company to have a significant digital presence in the economy of a country without being liable to taxation.

### Topic Search Terms

- ▶ Corporate Taxation → Anti-Avoidance / Anti-Evasion
- ▶ VAT → Special Schemes → Electronic Services
- ▶ VAT → Place of Taxation / Supply → Services
- ▶ Permanent Establishment (PE) → Type → Physical Presence
- ▶ Permanent Establishment (PE) → Type → Exclusions
- ▶ Permanent Establishment (PE) → Type → E-Commerce

## Action 2 – Neutralize the effects of hybrid arrangements

**Key issue:** Action 2 looks at the model treaty provision and provides recommendation regarding the design of domestic legislation to neutralise the effect of double non-taxation, double deduction and long term deferral.

### Topic Search Terms

- ▶ Corporate Taxation → Anti-Avoidance / Anti-Evasion
- ▶ Corporate Taxation → Unilateral Double Tax Relief [DTR]
- ▶ Corporate Taxation → Tax / Fiscal Transparency → Hybrid(s) Entities / Instruments
- ▶ Withholding Taxes → Interest
- ▶ Corporate Taxation → Base → Deductions

## Action 3 – Strengthening the CFC rules

**Key issue:** Development of recommendations regarding the design of controlled foreign company rules.

### Topic Search Terms

- ▶ Transfer Pricing → Rulings
- ▶ Tax Management / Procedure / Administration → Powers of Investigation
- ▶ Tax Management / Procedure / Administration → Exchange of Information
- ▶ Corporate Taxation → Anti-Avoidance / Anti-Evasion → Specific →  
Controlled Foreign Corporations / Anti-Tax Havens [CFCs]

## Action 4 – Limit base erosion via interest deductions and other financial payments

**Key issue:** Action 4 focuses on best practices in the design of rules to limit base erosion via interest deductions and other financial payments economically equivalent to interest.

### Topic Search Terms

- ▶ Corporate Taxation → Base → Deductions → Deductible → Interest Expenses
- ▶ Withholding Taxes → Interest
- ▶ Corporate Taxation → Anti-Avoidance / Anti-Evasion

## Action 5 – Counter harmful tax practices more effectively, taking into account transparency and substance

**Key issue:** Action 5 focuses on development of recommendation on the definition of harmful tax practices with a priority on improving transparency.

### Topic Search Terms

- ▶ Non-tax → Intellectual Property
- ▶ Corporate Taxation → Tax / Fiscal Transparency

## Action 6 – Prevent treaty abuse

**Key issue:** Action 6 focuses on development of model treaty provisions and recommendations regarding the design of domestic rules to prevent the granting of treaty benefits in inappropriate circumstances. Work will also be done to clarify that tax treaties are not intended to be used to generate double non-taxation and to identify the tax policy considerations that, in general, countries should consider before deciding to enter into a tax treaty with another country.

### Topic Search Terms

- ▶ Treaties → Bilateral Double Tax Relief [DTR]
- ▶ Treaties → Benefits
- ▶ Treaties → Interpretation
- ▶ Treaties → Benefits → Resident / Residence

## Action 7 – Prevent the artificial avoidance of PE status

**Key issue:** Action 7 will develop changes to the definition of a PE to prevent the artificial avoidance of a PE status. Changes to model convention will include commissionaire arrangements in the definition of PE and will limit specific activity exemption, such as the exemption for preparatory and auxiliary activities.

### Topic Search Terms

- ▶ Corporate Taxation → Anti-Avoidance / Anti-Evasion
- ▶ Corporate Taxation → Unilateral Double Tax Relief [DTR]
- ▶ Treaties → Benefits
- ▶ Permanent Establishments [PEs] → Allocation of Business Profits
- ▶ Permanent Establishments [PEs] → Type → Agency

## Actions 8, 9, 10 – Aligning transfer pricing outcomes with value creation

**Action 8** - Transfer pricing issues relating to transactions involving intangibles.

**Key issue:** Action 8 focuses on development of rules to prevent BEPS by moving intangibles among group members. This work will involve: (i) adopting a broad and clearly delineated definition of intangibles; (ii) ensuring that profits associated with the transfer and use of intangibles are appropriately allocated in accordance with (rather than divorced from) value creation; (iii) developing transfer pricing rules or special measures for transfers of hard-to-value intangibles; and (iv) updating the guidance on cost contribution arrangements.

**Action 9** - Considers the contractual allocation of risks, and the resulting allocation of profits to those risks, which may not correspond with the activities actually carried out.

**Key issues:** Action 9 develops rules to prevent BEPS by transferring risks among, or allocating excessive capital to, group members. This will involve adopting transfer pricing rules or special measures to ensure that inappropriate returns will not accrue to an entity solely because it has contractually assumed risks or has provided capital. The rules to be developed will also require alignment of returns with value creation. This work will be co-ordinated with the work on interest expense deductions and other financial payments.

**Action 10** - Focuses on other high-risk areas in TP.

**Key issue:** Action 10 looks at development of rules that prevent BEPS where taxpayers engage in transactions that would not occur between third parties. This will involve adopting transfer pricing rules or special measures to: (i) clarify the circumstances in which transactions can be re-characterized; (ii) clarify the application of transfer pricing methods, in particular profit splits, in the context of global value chains; and (iii) provide protection against common types of base eroding payments, such as management fees and head office expenses.

### Topic Search Terms

- ▶ Transfer Pricing → Transaction Types → Sale/Use Intangibles
- ▶ Treaties → Transfer Pricing

## Action 11 – Establish methodologies to collect and analyse data on BEPS and the actions to address it

**Key issue:** Action 11 develops recommendations regarding indicators of the scale and economic impact of BEPS and ensures that tools are available to monitor and evaluate the effectiveness and economic impact of the actions taken to address BEPS on an ongoing basis. This will involve developing an economic analysis of the scale and impact of BEPS (including spill over effects across countries) and actions to address it. The work also involves assessing a range of existing data sources, identifying new types of data that should be collected, and developing methodologies based on both aggregate (e.g. FDI and balance of payments data) and micro-level data (e.g. from financial statements and tax returns), taking into consideration the need to respect taxpayer confidentiality and the administrative costs for tax administrations and businesses.

### Topic Search Terms

- ▶ Tax Management / Procedure / Administration

## Action 12 – Require taxpayers to disclose their aggressive tax planning arrangements

**Key issue:** Action 12 develops recommendations regarding the design of mandatory disclosure rules for aggressive or abusive transactions, arrangements, or structures, taking into consideration the administrative costs for tax administrations and businesses and drawing on experiences of the increasing number of countries that have such rules. The work will use a modular design allowing for maximum consistency but allowing for country specific needs and risks. One focus will be international tax schemes, where the work will explore using a wide definition of "tax benefit" in order to capture such transactions. The work will be co-ordinated with the work on co-operative compliance. It also involves designing and putting in place enhanced models of information sharing for international tax schemes between tax administrations.

### Topic Search Terms

- ▶ Tax Management / Procedure / Administration → Rulings
- ▶ Tax Management / Procedure / Administration → Powers of Investigation
- ▶ Tax Management / Procedure / Administration → Exchange of Information

## Action 13 – Re-examine transfer pricing documentation

**Key issue:** Action 13 develops rules regarding transfer pricing documentation to enhance transparency for tax administration, taking into consideration the compliance costs for business. The rules to be developed will include a requirement that MNE's provide all relevant governments with needed information on their global allocation of the income, economic activity and taxes paid among countries according to a common template.

### Topic Search Terms

- ▶ Transfer Pricing → Documentation
- ▶ Corporate Taxation → Anti-Avoidance / Anti-Evasion

## Action 14 – Aims to make dispute resolution mechanisms more effective

**Key issue:** Action 14 develops solutions to address obstacles that prevent countries from solving treaty related disputes under Mutual Agreement Procedure (MAP), including the absence of arbitration provisions in most treaties and the fact that access to MAP and arbitration may be denied in certain cases.

### Topic Search Terms

- ▶ Treaties → Mutual Agreement Procedure [MAP]

## Action 15 – Development of a multilateral instrument

**Key issue:** Action 15 analyses the tax and public international law issues related to the development of a multilateral instrument to enable jurisdictions that wish to do so to implement measures developed in the course of the work on BEPS and amend bilateral tax treaties. On the basis of this analysis, interested parties will develop a multilateral instrument designed to provide an innovative approach to international tax matters, reflecting the rapidly evolving nature of the global economy and the need to adapt quickly to this evolution.

### Topic Search Terms

- ▶ Corporate Taxation → Anti-Avoidance / Anti-Evasion
- ▶ Treaties → Mutual Agreement Procedure [MAP]