



BEPS IMPLEMENTATION


10th IMF-Japan High-Level Tax Conference for Asian Countries

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BEPS is delivering Mechanisms to implement BEPS actions

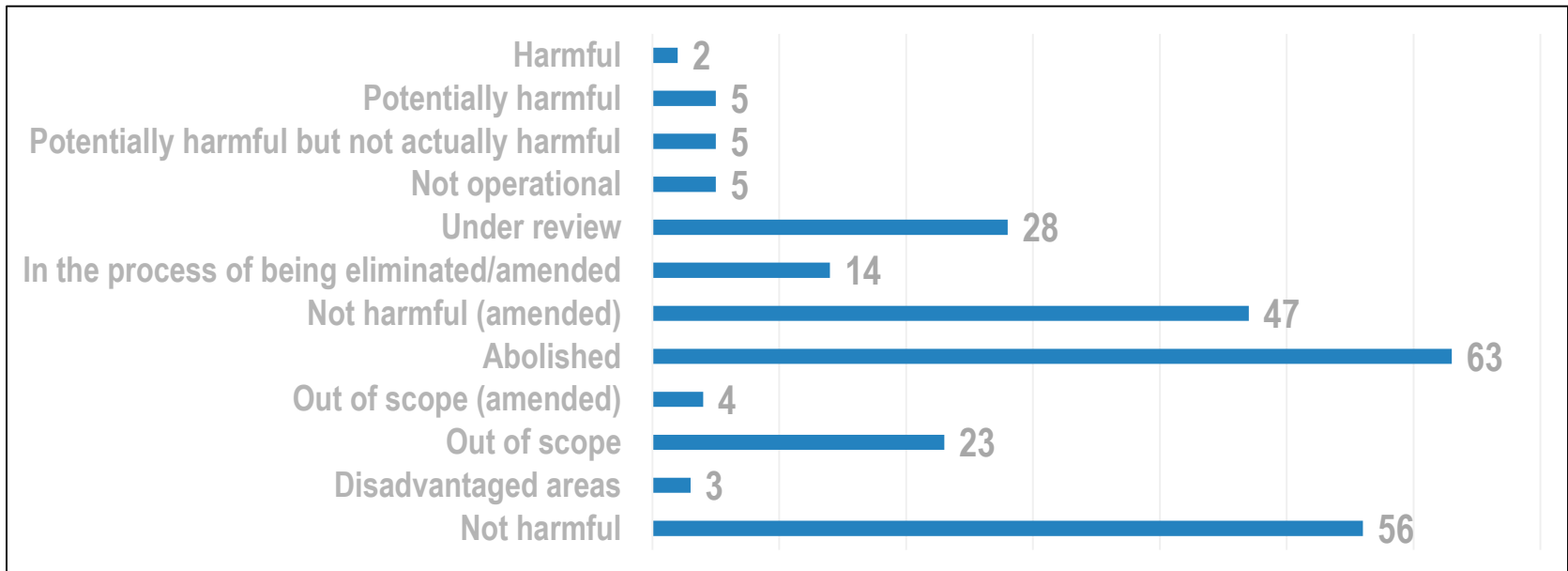
Minimum standards	Reinforced international standards	Common approaches & best practices	Analytical reports & measuring BEPS
Action 5 MINIMUM STANDARD Counter harmful tax practices	Action 7 Prevent the artificial avoidance of PE status MLI	Action 2 Neutralise the effects of hybrid mismatch arrangements MLI	Action 1 Address tax challenges of the digital economy
Action 6 MINIMUM STANDARD Prevent treaty abuse MLI	 Actions 8 - 10 Align transfer pricing outcomes with value creation: intangibles; risk and capital; and other high-risk transactions	Action 3 Strengthen CFC rules	Action 11 Measure and monitor BEPS
Action 13 MINIMUM STANDARD Country-by-Country Reporting		Action 4 Address BEPS involving interest and payments equivalent to interest	Action 15 Develop a multilateral instrument
Action 14 MINIMUM STANDARD Effective dispute resolution MLI		Action 12 Mandatory disclosure rules	



BEPS Action 5

Harmful tax practices

- **2018 Progress Report** released in January
- Since the start of the BEPS project, the FHTP has now reviewed a total of **255** regimes from **70** jurisdictions
- New results: **80** decisions on **57** regimes from **19** jurisdictions





BEPS Action 5

Harmful tax practices

Next steps – 2019 FHTP work:

- Start of review of no or only nominal tax jurisdictions
- Ongoing preferential regime reviews:
 - Any new regimes
 - 14 regimes still in the process of being eliminated/amended
 - 28 regimes under review
- Ongoing monitoring of agreed aspects of preferential regimes
- Ongoing peer review on the transparency framework



BEPS Action 6 Peer Review

Objective

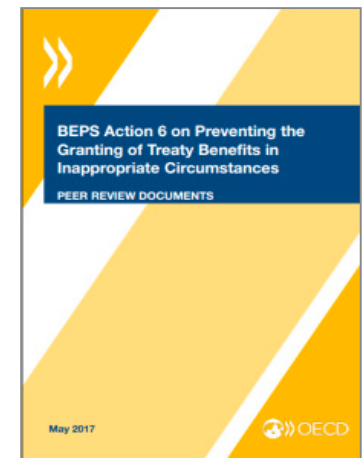
- To report on the compliance with the Action 6 minimum standard

Action 6 minimum standard

- Preamble
- Anti-treaty shopping provisions

Content

- Aggregate results: (e.g. 65% of the treaties will be modified by the MLI)
- Key treaty data for each of the 116 jurisdictions



Available on the OECD website
(Feb 2019)



BEPS Action 6

MLI coverage

- 87 jurisdictions covered
 - Over 1,500 matched agreements + 1,000 waiting for a match
 - Preamble and anti-treaty abuse rule (PPT) in all matched agreements
 - MAP provisions updated in light of Action 14 minimum standard
 - 28 jurisdictions have opted for arbitration
- 25 jurisdictions have deposited ratification instrument
 - MLI entered into effect for first 47 agreements on 1 January 2019
 - More ratifications expected in the coming months



BEPS Action 13

CbCR Implementation

- Around 80 jurisdictions currently have CbCR law
- Generally, law in line with minimum standard, and OECD works with jurisdictions to address inconsistencies quickly
- > 7000 CbC reports filed for 2016, in line with expectations
- > 2000 bilateral exchange relationships activated, including between 75 signatories to the CbC MCAA
- Exchanges of CbC reports now operating as intended
- Second round of CbC peer reviews now ongoing, focus also on international legal framework



BEPS Action 13

CbCR Risk assessment

Tax administrations are now using CbC reports in risk assessment, with related OECD work:

1. CbCR Handbook on Effective Tax Risk Assessment, with planned updates
2. CbCR risk assessment workshops
3. Comparative Risk Assessment (CoRA) initiative
4. ICAP pilot of a multilateral approach to risk assessment and assurance



BEPS Action 13

CbCR 2020 review

- Timing for review set out in BEPS Action 13 report
- First stage: identify issues for consultation, based on those raised over last three years by tax administrations, business and stakeholders, including:
 - scope (e.g. definition of MNE group, threshold, exemptions)
 - content (e.g. columns, aggregated vs consolidated data, consistent definitions)
 - local filing (e.g. timing, content)
 - other issues (e.g. standardisation of master file)
- Public consultation to be held in late 2019/early 2020



BEPS Action 14

State of play for the peer reviews

Stage 1

- Batch 5: Peer review reports published in February
- Batches 6-7: Peer review launched and reports to be approved
- Batch 8: Request for taxpayer input carried out in February

Stage 2

- Batch 1: Stage 2 process initiated and reports to be approved

