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How MAP may contribute to tax certainty

~ from a corporate tax perspective ~

Kan Sato
Deputy Head, Corporate Tax Team
Mitsubishi Corporation

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Introduction

- ✓ **Most cases considered under the MAP involve double-taxation, with the majority of cases relating to TP adjustments.**
- ✓ **However, MAP assistance is required for a broader scope including non-transfer pricing cases.**
- ✓ **Given uncertainties around the interpretation of some of the OECD guidelines, tax disputes are expected to increase, calling for more effective and efficient resolution procedures.**
- ✓ **There are some weakness in how the current resolution process has been defined which needs to be revisited.**

Limitations of the current mechanism

- ✓ **Action Plan 14 has not made alterations to one of the major problems of MAP. ‘Endeavour without success’ is not enough.**
- ✓ **The negotiation process between the competent authorities under MAP are generally a ‘closed door event’**
- ✓ **Need for rephrased provisions in the model convention, mandatory arbitration as minimum.**
- ✓ **The suggested timeframe may still prove to be lengthy under circumstances where interest and penalties keep on accumulating during the course of the procedure.**

Relationship between domestic litigation and MAP

- ✓ **Can MAP really be explored in tandem with the domestic channels for dispute resolution ?**
- ✓ **Is MAP a viable alternative ? Opposing views about the effect of MAP on domestic litigation.**
- ✓ **Effective MAP could be especially difficult in countries where the courts have the final say**
 - **Most taxpayers are reluctant to relinquish their right to seek remedy through domestic litigation**
 - **Litigation usually outpaces MAP**
- ✓ **Need for measures to encourage dispute resolution via MAP**
 - **Suspension of filing deadline for domestic litigation when MAP is initiated**

Thank you

