BEPS IMPLEMENTATION

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

Tokyo
25-26 April 2019

Philip Kerfs
Head of the International Cooperation Unit
OECD
BEPS is delivering Mechanisms to implement BEPS actions

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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
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
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
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
• 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

2018 MAP statistics to be submitted by May 2019