



TAX CERTAINTY

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

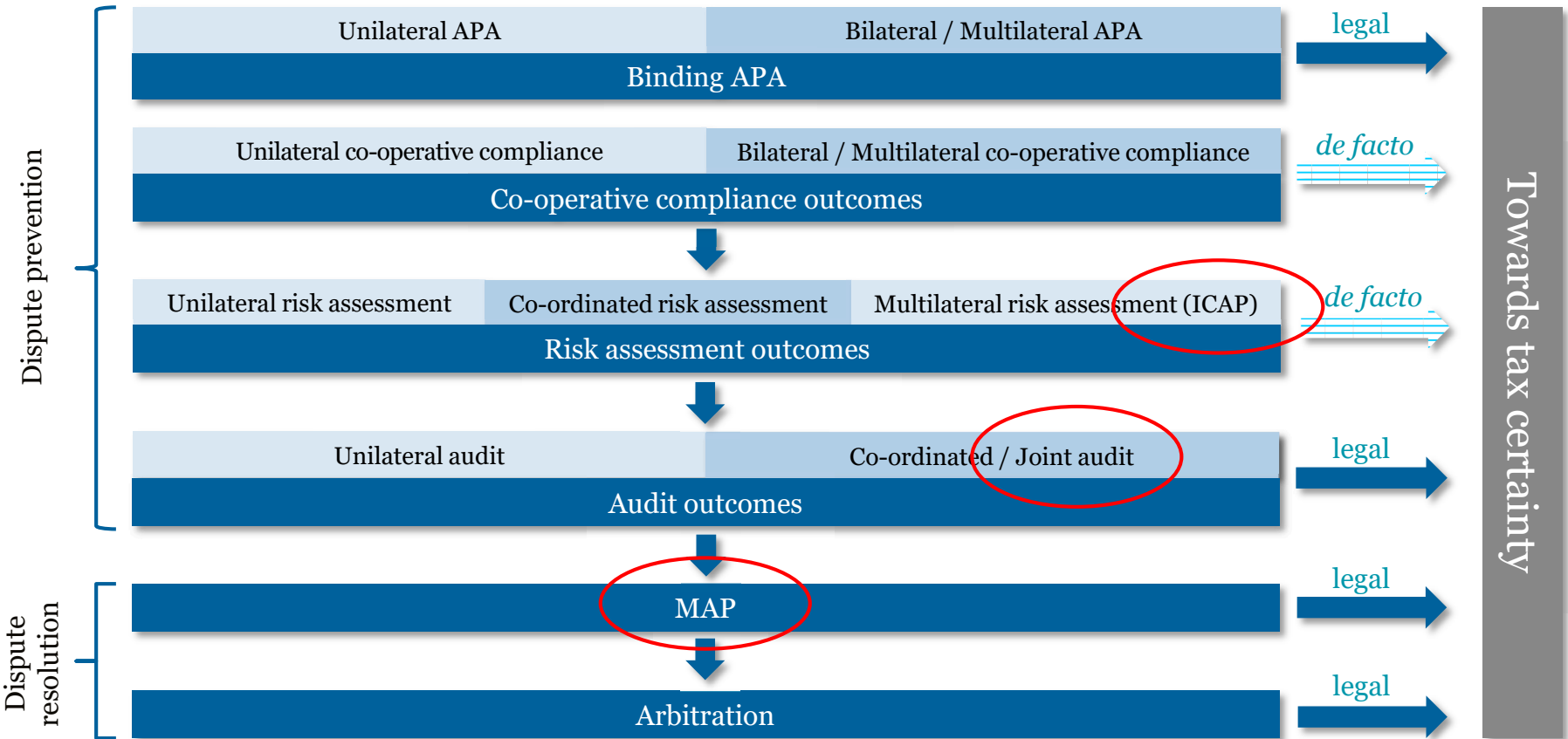
Tokyo
25-26 April 2019

Philip Kerfs
Head of the International Cooperation Unit
OECD



Global Trends in Achieving Tax Certainty

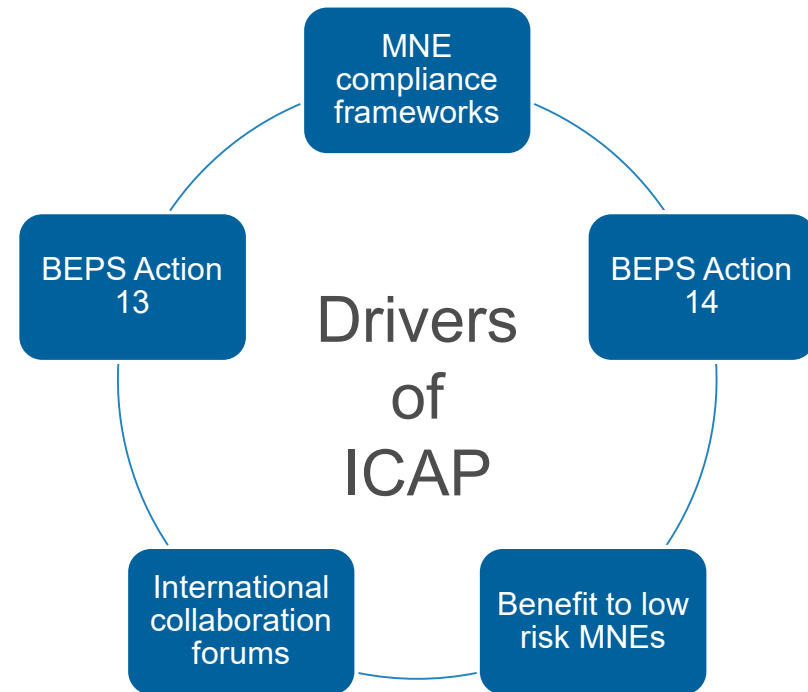
Routes to Certainty for International Tax





The International Compliance Assurance Programme (ICAP)

- Voluntary programme for open and co-operative multilateral engagements between MNEs and tax administrations
- Involves the multilateral risk assessment of transfer pricing and PE risks
- Provides increased certainty for both MNEs and tax administrations
- Pilot launched in January 2018 in Washington DC with 8 tax administrations (Australia, Canada, Italy, Japan, Netherlands, Spain, UK and US)
- Pilot to run until mid-2019, second phase will commence this Spring





Learnings from the ICAP pilot

What worked well in the pilot

- Central role for lead tax administration
- Direct multilateral engagement with the MNE
- Clear timeframes for tax administrations and MNEs
- Single documentation package for use by all tax administrations
- Co-ordinated multilateral action by tax authorities

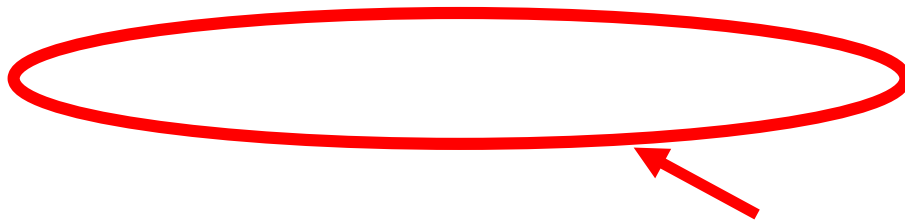
What improvements will be made

- Reduce resources required for both tax administrations and MNEs
- More targeted documentation
- More flexible process to reflect the needs and circumstances of each MNE
- Opportunities to resolve issues within the ICAP process
- Participation by more tax administrations

Joint Audit Project

Main findings of the FTA Report released in March 2019

1. The terminology varies widely
2. Joint Audit activities have expanded and become a key tool of audit cooperation for many participants
3. Participants identified areas that could be further improved
 - a) Interaction of joint audits with other elements of tax certainty agenda
 - b) Practical improvements
 - c) Clarification of legal uncertainties



Future area of work for WP10

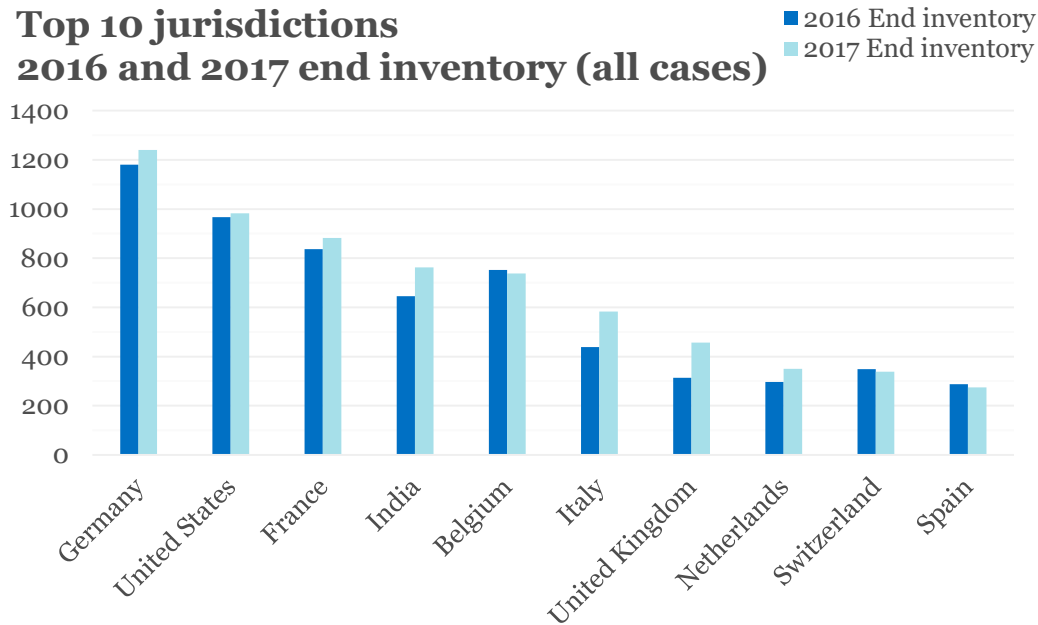




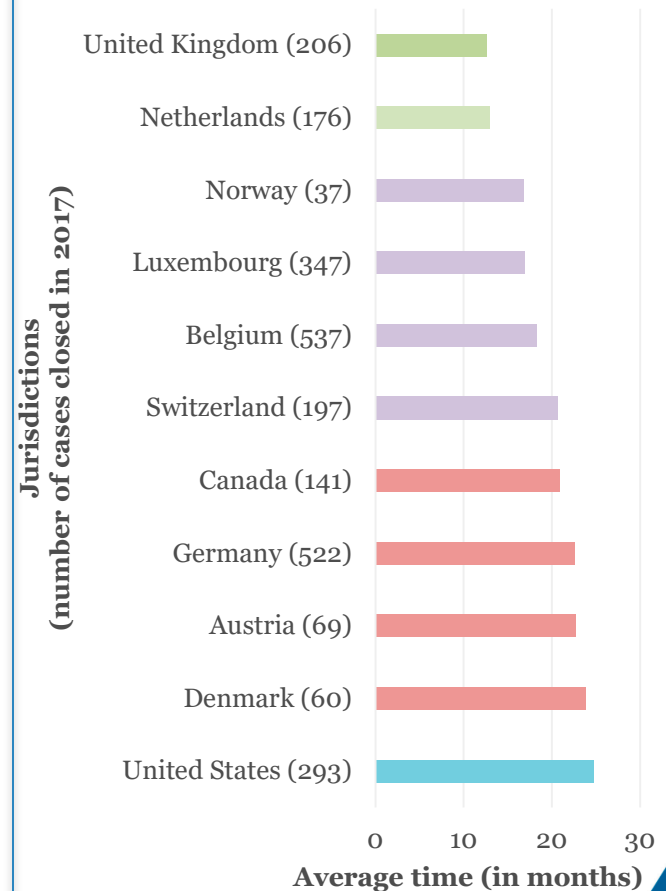
BEPS Action 14

Making Dispute Resolution More Effective

Top 10 jurisdictions 2016 and 2017 end inventory (all cases)



Speediest jurisdictions with more than 100 cases to resolve in 2017



Good

- Number of cases closed up 35%
- 60% of jurisdictions close cases in less than 24 months
- 20% of unilateral relief granted
- 80% of full resolution for TP cases

But work to do

- 40% increase in cases started
- Access and audit settlements
- Suspension, interest and penalties
- Real timelines, especially for TP cases

<http://www.oecd.org/tax/dispute/mutual-agreement-procedure-statistics.htm>