

OECD: Peer review document released on treaty shopping minimum standard

On 29 May 2017, the OECD released a document that will form the basis of the peer review of the BEPS action 6 minimum standard on preventing the granting of treaty benefits in inappropriate circumstances.

The minimum standard on treaty shopping included in the final report on action 6 is one of the four BEPS minimum standards (the other three standards are countering harmful tax practices (action 5), transfer pricing documentation (action 13) and enhancing dispute resolution (action 14)). All members of the inclusive framework on BEPS have committed to implementing the four minimum standards and participating in a peer review process that is designed to ensure consistent, timely and effective implementation of each of the standards.

The new document includes the criteria for assessing implementation of the action 6 minimum standard, as well as the procedural mechanism for conducting the review. It also addresses the process that will be used to resolve interpretation and application issues that may arise during implementation of the minimum standard; the process to be followed by jurisdictions that encounter difficulties in obtaining agreement from another jurisdiction to implement the minimum standard; and the confidentiality of the review process.

OECD Working Party 1 and all jurisdictions that are members of the inclusive framework will conduct the peer reviews starting in 2018. Annual reports will outline whether and how the minimum standard on treaty shopping has been incorporated into the existing bilateral treaties of each jurisdiction in the inclusive framework, and will include any jurisdictions that fail to implement relevant measures. The first report on the implementation of the minimum standard is expected to be published in January 2019.

The minimum standard on treaty shopping is included in the multilateral instrument (MLI) that was signed on 7 June 2017 (see "in brief" in this issue), and will provide an effective way to quickly implement the standard. Members of the inclusive framework are encouraged to use the MLI for that purpose.

[URL: http://newsletters.usdbriefs.com/2017/Tax/WTA/170609_ib.html](http://newsletters.usdbriefs.com/2017/Tax/WTA/170609_ib.html)

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