

## Understanding the OECD tax plan to address 'base erosion and profit shifting' – BEPS

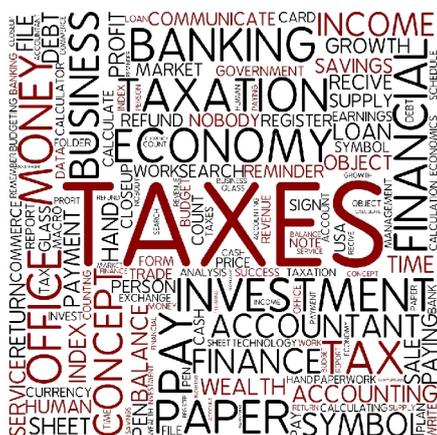
### SUMMARY

Action to fight corporate tax avoidance has been deemed necessary in the OECD forum, with further impetus from the G20/OECD 'Base erosion and profit shifting' action plan (known as BEPS), initiated in 2013. The BEPS action plan has 15 actions, covering elements used in corporate tax-avoidance practices and aggressive tax-planning schemes and was endorsed in 2015.

The 15 BEPS final reports are generally seen as a step in the fight against corporate tax avoidance. The action against BEPS is designed to be flexible, as a consequence of its adoption by consensus. Recommendations made in BEPS reports range from minimum standards to guidelines, and also putting in place an instrument to modify the provisions of tax treaties related to BEPS practices. Implementation is under way, and the follow-up and future of work to tackle BEPS is organised so as to provide a more inclusive framework able to involve more countries and build on cooperation between international organisations.

Putting BEPS actions in place is progressing, in particular with the finalisation of the multilateral instrument aimed at implementing treaty changes envisaged in the BEPS actions. Similarly, progress is being made with regard to the implementation of the BEPS four minimum standards, and documents are being developed to support the implementation of measures addressing BEPS in lower capacity developing countries. A table noting the different fora and their participants is annexed to the briefing.

*This briefing updates an [earlier edition](#), of April 2016 (except the part on 'EU policy: How BEPS actions are translated' which is the subject of a forthcoming briefing).*



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### Glossary

**Aggressive tax planning:** Consists of taking advantage of the technicalities of a tax system or of mismatches between two or more tax systems for the purpose of reducing tax liability. Aggressive tax planning can take a multitude of forms. Its consequences include double deductions and double non-taxation.<sup>1</sup>

**Arm's length principle:** An arm's-length price for a transaction is what the price of that transaction would be on the open market. The international standard that OECD member countries may follow is set out in Article 9 of the OECD Model Tax Convention.<sup>2</sup>

**Hybrid mismatch:** Hybrid mismatches are cross-border arrangements that take advantage of differences in the tax treatment of financial instruments, asset transfers and entities, to achieve 'double non-taxation' or long-term deferral outcomes which may not have been intended by either country.

**Jurisdiction:** The power to apply and interpret tax laws or decisions in an area, which may be distinct from a state or a part of a state.

**Nexus** define the link between the income and the jurisdiction affirming the right to tax that income (such as substantial activities for regimes on intangibles).

**Permanent establishment (PE)** is a fixed place of business of a non-resident entrepreneur which is taxable in a country where it is established for the income that is 'attributable' to it. The term is used in double taxation agreements and in national tax legislation. It is a tax notion which does not match with the type of companies' legal entities.

**Preferential intellectual property schemes (patent/IP/innovation box)** is one of two types of innovation-related tax incentives. They might be used in a way which shelters income unrelated to the innovation, when the scheme is applied to income that is not actually related to the targeted innovation.

**Tax avoidance:** Corporate tax avoidance uses loopholes and mismatches between different countries' tax systems and profits-and-losses shifting via aggressive tax planning, with a view to reducing companies' tax bill as a result of the diminution of their taxable revenues. It generally remains within the boundaries of the law, contrary to tax evasion and fraud which are both illegal.<sup>3</sup>

**Tax revenue losses or tax gap:** These estimates are rough indicators of revenue loss.

**Transfer prices:** Prices at which divisions of a company transact with each other (providing supplies or labour between departments) when they are considered separate entities.

## The BEPS project

### Trigger element: tax challenges of the international tax system

Globalisation and the digitalisation of the economy have resulted in substantial changes in tax systems, leading to increased geographical tax mobility and raising concerns about a level playing field and fairness in global tax policy. The [present context of taxation](#) requires revisiting the tax systems that were built up for the 'bricks and mortar' economy a century ago. Applied in a substantially different context, existing taxation rules have shown flaws that create opportunities for aggressive corporate tax practices.

Measures to remedy the situation are part of the international agenda, and the agendas of Member States and the EU alike. Action to fight against tax avoidance was considered necessary within the OECD forum, where the fight against harmful tax practices has been discussed since the late 1990s. The objective is to restore confidence in the system, and ensure that profits are taxed where economic activities take place and value is created.

**BEPS project**

The 'Base erosion and profit shifting' action plan (known as BEPS) was initiated in 2013. It consists of 15 thematic actions, covering the elements used in corporate tax-avoidance practices and aggressive tax-planning schemes.

Based on the conclusion that no single tax rule on its own enables, and conversely is able to address, BEPS, but that it is rather the interplay among different issues that makes it possible, an agreement on the necessity of a comprehensive package of measures was reached. The BEPS package's goal is to tackle – in a **coordinated manner** – the causes and circumstances creating BEPS practices, rather than just suppressing the actual use of BEPS practices. It has three pillars:

- improving the coherence of tax rules across borders;
- reinforcing substance requirements; and
- enhancing transparency and certainty.

It consists of 15 specific actions that will give governments the domestic and international instruments to prevent corporations from paying little or no tax. BEPS actions go alongside the domestic implementation and coordination of treaty provisions in a coordinated manner, together with **increased transparency** and targeted monitoring.

OECD member countries were automatically members of the BEPS project, and G20 countries which are not OECD members have participated as BEPS Associates. In total, there are 44 OECD/G20 members.

**Milestones of the G20/OECD action plan**

**2012:** [G20](#)<sup>4</sup> heads of state or government requested an action plan.

**2013:** the [G20/OECD](#)<sup>5</sup> BEPS Action Plan was [presented](#) at the G20 Finance Ministers' meeting in Moscow and [endorsed](#) by the G20 leaders in September 2013. 15 key areas to be addressed were identified.

**2013-2015:** the BEPS package was prepared over [two years](#), during which interim reports were drafted (2014) and [final reports](#) were agreed upon in 2015. They were [endorsed](#) by the G20 heads of state or government at the Antalya meeting on 16 November 2015.

**2016:** a [framework for implementing BEPS](#) more widely than OECD/G20 signatories was set up. This takes the form of the [inclusive framework](#) which held its first meeting in Kyoto, Japan in [June 2016](#).

**The 15 BEPS final reports**

Reports were adopted for each BEPS action. The four minimum standards are highlighted (see actions 5, 6, 13 and 14 below).

**Action 1: Address the tax challenges of the digital economy.** This action assesses possible answers to the challenges raised by the digital economy. However, it does not recommend the adoption of an international standard and there should not be a special tax regime for the digital economy. Issues cut across direct and indirect taxation. The digital economy exacerbates existing BEPS issues and raises challenges regarding the ability of the current international tax framework to ensure that profits are taxed where economic activities occur and where value is created (mainly nexus and role of data). As

regards value added tax (VAT), this should be paid in the country where the customer is located (known as B2C), and simplified systems for business should be set up.

**Action 2: Neutralise the effects of hybrid mismatch arrangements.** The [action aims](#) at eliminating the derived tax benefit, with the effect of neutralising a mismatch resulting in double non-taxation. Tools provided are general and specific recommendations for domestic hybrid mismatch rules (a primary and a defensive rule) and model treaty provisions.

**Action 3: Designing Effective Controlled Foreign Companies (CFC) rules.** Controlled Foreign Companies rules address the risk that taxpayers with a controlling interest in a foreign low-taxed subsidiary shift income there and avoid taxation. The action aims at empowering parent jurisdictions to tax income earned by foreign subsidiaries without waiting for an actual distribution of income (which may be postponed indefinitely). CFC rules supplement transfer-pricing rules and other rules, and are thus often referred to as 'backstops' to transfer-pricing rules. The [action provides](#) for best practices (with no minimum standards) that can be used to introduce CFC rules.

**Action 4: Limit base erosion via interest deductions and other financial payments.** Interest deduction is a profit-shifting technique, which can generate excessive intra-group deductions and which can also take advantage of the different tax treatment of debt and equity by tax jurisdictions. The [action provides](#) for a common approach on interest deductibility to facilitate convergence of national tax practices (not yet a minimum standard). Countries can supplement the approach with general or targeted interest limitation rules. Specific BEPS risk posed by the banking and insurance sectors are recognised.

**Action 5: Counter harmful tax practices more effectively, taking into account transparency.** This is linked to the compulsory spontaneous automatic exchange of information on certain tax rulings giving rise to BEPS concerns. As regards preferential regimes, the [action provides](#) for the review and monitoring of preferential intellectual property (IP) regimes according to the 'nexus' approach (substantial activity). [Minimum standards](#) are to be developed.

**Action 6: Prevent treaty abuse.** This action addresses treaty shopping resulting in double non-taxation. The [action provides](#) for [minimum standards](#), anti-abuse rules (a specific one, 'limitations-on-benefits' (LOB), and a general one, 'principle purpose test'(PPT)) in tax treaties. This is linked to action 15.

**Action 7: Prevent the artificial avoidance of permanent establishment (PE) status.** This addresses techniques used to inappropriately avoid permanent establishment – and related taxation – irrespective of the place where the essential business activities of an enterprise are carried out in a country. The tool is the adapted Model Tax Convention. This is also linked to the discussion on a multilateral instrument (action 15).

**Actions 8, 9 and 10: Ensure that transfer-pricing outcomes are in line with value creation.** They respectively cover intangibles (8), risks and capital (9) and other high-risk transactions (10). The [aim](#) is to ensure that profits are aligned with the value created through the underlying economic activities. The actions provide strengthened guidelines (via the [transfer-pricing guidelines](#) based on the arm's length principle). No special measure is included in the BEPS actions to this end.

**Action 11: Establish methodologies to collect and analyse data on BEPS and the actions to address it.** The action aims at better measuring the scale of tax revenue

losses, using six indicators to give a strong indication of BEPS and better monitor BEPS. The use of country-by-country data communicated to governments contributes to improving the data available for the future analysis of BEPS. Action 11 makes recommendations relating to the improved use of existing data and the new data to be collected on the basis of other BEPS actions.

**Action 12: Require taxpayers to disclose their aggressive tax-planning arrangements.** Mandatory disclosure of the use of tax-avoidance schemes would enable countries to obtain early information on tax-avoidance schemes from the promoter or taxpayer and be a tool for counteracting tax-avoidance schemes. Action 12 does not provide for a minimum standard, and countries are free to choose whether or not to apply the recommendations.

**Action 13: Re-examine transfer-pricing documentation.** Country-by-country reports (CBCR) allow tax administrations to evaluate transfer pricing and provides a fuller picture of the global business operations of multinational enterprises (MNEs). Action 13 applies to an entity that is the parent of a group with total consolidated turnover of at least €750 million. It sets a [minimum standard](#) consisting of the provision of information to tax administrations. Covered MNEs have to provide a master file available to all relevant countries' tax administrations, a local file in each country and annual CBCR in the tax residence of the ultimate parent entity – with a secondary mechanism in case a country does not require it – and shared via the automatic exchange of information between tax jurisdictions. The action requires domestic implementation.

**Action 14: Make dispute-resolution mechanisms more effective.** The [action aims](#) at reducing the uncertainty and unintended double taxation of businesses that might occur as a result of the BEPS action plan. A [minimum standard](#) will ensure that administrative processes promote the prevention and timely resolution of disputes, with implementation in good faith within an average timeframe of 24 months. Best practices (11 in total) are also identified. Monitoring and review are provided for. A group of countries have agreed to adopt and implement mandatory binding arbitration, as part of the multilateral instrument.

**Action 15: Develop a multilateral instrument to modify bilateral tax treaties.** The objective is to swiftly implement tax-treaty measures developed in the BEPS project (hybrid mismatch arrangements – action 2, treaty abuse – action 6, permanent establishment – action 7, and mutual agreement procedures – action 14) which involve modifying bilateral tax treaties. The [multilateral instrument](#) offers participating countries ways to streamline the implementation of modifications to their bilateral treaties, and offers a framework that is more consistent and quicker to implement than changing existing bilateral treaties.

#### **Stakeholders, business community and tax administrations**

Reacting to the final package, stakeholders have acknowledged the work that has been done. Concerns relate primarily to preferential regimes, country-by-country reporting and the use of guidelines seen as likely to add [further complexity](#) to the international tax system, while stressing identified deficiencies and suggesting possible ways forward.<sup>6</sup> Other voices raised concerns related to the impact on [business competitiveness](#), in particular if the actions were not applied in a consistent fashion.

The BEPS Monitoring Group ([BMG](#)), which is a network of experts on various aspects of international tax, set up by a number of civil-society organisations which research and campaign for tax justice, has presented an [overall evaluation](#) of the BEPS project as well as specific contributions on individual BEPS actions.

### **Making the OECD/G20 BEPS actions a broader international consensus**

The fact that the BEPS plan has been adopted by consensus among the participating countries frames its nature and content. It is not a project which ends with the endorsement of the reports, which are seen as a first step, requiring implementation and follow-up.

#### **International consensus**

The BEPS action plan is an agreement decided by consensus and does not introduce directly enforceable binding provisions.

The OECD's governing body, the Council, has the power to adopt decisions and recommendations. Recommendations are not legally binding, but practice accords them great moral force as representing the political will of member countries, and there is an expectation that member countries will do their utmost to fully implement a recommendation. Thus, member countries which do not intend to implement a recommendation usually abstain when it is adopted.

The actions require translation into national legal orders. The actions are **soft-law** legal instruments (not legally binding). However, countries adhering to the consensus are expected to implement them in their domestic legal order and in their tax treaties. Another consequence of the consensual nature of the agreement is that it needed to be agreeable to all countries, with different views, for instance on innovation-box schemes. As a result, the package covers what can be described as the 'lowest common denominator', and some actions may be causing discussion even in some OECD countries.<sup>7</sup>

The measures planned under the actions include the following elements:

- **Minimum standards** (to be implemented). Some of them are made up of twin rules, i.e. a general rule and a defensive rule (to address issues arising from a situation where another tax jurisdiction decides not to apply the rule);
- **Best practices** for when minimum standards are not set out, which provides a means for the tax jurisdiction to develop instruments tackling a tax situation;
- **Common approaches**, which [describes](#) a general tax-policy direction with a view to converging over time through the implementation of the agreed common approaches. A further step enabled by common approaches would be the consideration of whether such measures should become minimum standards in the future; and
- Development of a **multilateral instrument** to modify bilateral tax treaties.

Not all the actions are equally operational now. Some are ready to be used as they are set out in the reports, whereas some others do require multilateral instruments. In some cases the actions envisage primary and defensive rules. A primary rule applies whenever a hybrid mismatch situation arises (e.g. where there is a mismatch, denying a deduction) and a secondary or defensive rule applies in circumstances where the primary rule does not apply in the jurisdiction of the counterparty (e.g. inclusion of a payment in ordinary income).

**Enlarging the OECD/G20 forum**

BEPS actions' [effectiveness](#) depends upon consistent implementation of the BEPS package by a large number of countries, in order to ensure a level playing field among countries and jurisdictions in the fight against tax avoidance. As the BEPS package needs to be implemented in different systems, there is a need for joint implementation, to prevent conflicts between domestic systems. Similarly, the new standards should not offer the possibility of interpretation that might lead to increased disputes.

*Including developing countries: the inclusive forum*

The BEPS project was carried out within the OECD G20 context, while other countries and jurisdictions could participate if they so wanted. The [inclusive framework](#) associating non-G20 and non-OECD countries was developed in October 2015 as an answer to the G20 leaders' [request](#) 'on the OECD to develop an inclusive framework with the involvement of interested non-G20 countries and jurisdictions which commit to implement the BEPS project, including developing economies, on an equal footing'.<sup>8</sup>

The [conditions](#) for joining are consequently a country's commitment to the comprehensive BEPS package and its consistent implementation. A fee is required, which is reduced when applied to developing countries. Timing for implementation by developing countries may differ and their particular circumstances are taken into account. The new countries and jurisdictions in the Inclusive Framework [participate](#) in the OECD committee on fiscal affairs ([CAF](#)) as 'BEPS Associates'. The International Monetary Fund, the United Nations and the World Bank are observers to the Framework (as they are in the OECD's Committee on Fiscal Affairs).

The Framework monitors and supports BEPS implementation, and reviews progress made in the implementation of the BEPS measures. In particular, participation in the [Inclusive Framework](#) on BEPS allows participation in the development of provisions for which minimum standards are envisaged by BEPS actions. It enables participation in reviewing the implementation of the four minimum standards (actions 5, 6, 13 and 14) as well as in the monitoring processes relating to the digital economy and the economic impact of BEPS (actions 1 and 11, respectively). The framework is also a forum for gathering data on other aspects of implementation. It has a particular role vis-à-vis low-capacity developing countries, for which it develops toolkits and guidance (see below).

So far, three [meetings](#) have taken place, the first in June 2016 in Tokyo and the second in January 2017 in Paris. A third meeting took place in the Netherlands in June 2017.

[Regional meetings](#) are organised to better take into account the specificities and constraints of the various countries. They involve relevant regional tax organisations.

*Cooperation between international organisations: the Platform*

Similarly, widening the circle of bodies cooperating in the implementation of BEPS actions increases the effectiveness of the process and takes into account the expertise of other international organisations dealing with taxation. Collaboration with the International Monetary Fund (IMF), the United Nations (UN) and the World Bank Group (WBG) is the objective of the [Platform for collaboration on tax](#) that was defined in an April 2016 concept note. In particular it contributes to supporting the implementation of BEPS reports by developing countries, and one of its outputs is to 'Support interested developing countries to participate in the implementation of the BEPS package and input into future global standard setting on international taxation'. The Platform is also entrusted with the identification and analysis of emerging international tax issues of

particular interest to developing countries.

Collaboration with the Inclusive Framework will cover the development of eight toolkits and reports that the G20 has requested from the IMF, OECD, UN and WBG. As described in the concept note, 'Most of these aim to translate the complexity of BEPS outcomes (in relation, for instance, to transfer pricing), into user friendly guidance for low capacity countries. Others address international tax issues not included in the BEPS project (such as indirect transfers of assets)'. Toolkit development includes discussions in the Inclusive Framework.

### Translating BEPS into achievements

BEPS implementation is monitored, and progress is regularly [presented](#) by the OECD Secretary-General, Angel Gurría at the [G20 summits](#) (at ministerial and leaders' meetings). Achievements so far include the conclusion of the multilateral instrument and the work on minimum standards, as well as the ongoing monitoring.

#### OECD reports to the G20

The first [report](#) on the BEPS package was presented at the G20 ministerial meeting on 26-27 February 2016. It covered the architecture of the inclusive framework for BEPS implementation that was agreed at the start of BEPS implementation, and the important role of tax administrations in the BEPS implementation process.

The March 2017 [report](#) from the OECD Secretary-General to the G20 Finance Ministers meeting in Baden Baden provides an update on BEPS implementation. The report also submits a joint OECD/IMF [report on tax certainty](#) to the G20 and provides a 'Progress report by the Global Forum on transparency and exchange of information for tax purposes'.

Based on the OECD report, the G20's [communiqué](#) states that it remains committed to the timely, consistent and widespread implementation of BEPS actions, and encourages the participation of all relevant and interested countries and jurisdictions, while welcoming the growing membership of the Inclusive Framework on BEPS. It asks the OECD to report back on the progress of BEPS implementation, in particular on the four minimum standards, at the G20 leaders' summit in July 2017. It also welcomes the achievements, in particular the [conclusion](#) of the negotiations of the 'Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS', [signed](#) on 7 June 2017. It also welcomes the forthcoming first automatic exchange of financial account information under the OECD Common Reporting Standard (CRS) in September 2017, while calling on all relevant jurisdictions to commit without delay to implementing the CRS and to take all necessary actions, including putting in place domestic legislation, in order to start exchanges under the CRS at the latest by September 2018. The OECD list of jurisdictions 'that have not yet sufficiently progressed towards a satisfactory level of implementation of the agreed international standards on tax transparency', to be presented at the July G20 summit will provide tax transparency monitoring, and serve as a basis for considering defensive measures against listed jurisdictions. Lastly, the communiqué reiterates its support to capacity-building assistance to developing countries, in particular the work of the Platform for Collaboration on Tax, and the principles of the [Addis Tax Initiative](#).<sup>9</sup>

As for the business community, a survey was carried out by the OECD further to the G20 [request](#) regarding tax certainty. It was among other things an occasion for businesses to give an assessment of the impact of the implementation of BEPS on business. Its results

are included in the IMF/OECD report on '[Tax certainty](#)', which is annexed to the OECD Secretary-General's [report](#) to the G20 Finance Ministers meeting in March 2017. It shows that tax uncertainty is a major factor affecting business and investment decisions, and the report outlines a set of concrete approaches and practical solutions to enhance certainty. The survey integrated a consultation of civil society organisations during the design of the survey and the interpretation of the results. A tax administration survey was conducted by the Forum on Tax Administration ([FTA](#)) in January 2017, and that also ranked tax certainty as an important element.

### **The multilateral instrument**

The development of a [multilateral instrument](#) to amend bilateral tax treaties is envisaged in action 15. It aims at enabling swift implementation of the treaty changes resulting from the BEPS actions, and ensuring consistency in their implementation. It also simplifies BEPS implementation, saving the need to revise all the existing bilateral tax treaties potentially requiring updated, estimated at more than 2 000. The work started in November 2015, with close to one hundred<sup>10</sup> countries participating. The instrument implements minimum standards to counter treaty abuse (action 6) and to improve the dispute resolution mechanisms (action 14). It also addresses hybrid mismatches (action 2) and artificial avoidance of permanent establishment (action 15).

The negotiations were concluded in November 2016 and the first round of signatures took place on 7 June 2017. It potentially applies to existing tax treaties, with the parties having to specify to which ones it applies. They also have the possibility to opt out from provisions which 'do not reflect' BEPS minimum standards. They further retain the possibility to apply optional and alternative provisions, in case there are multiple ways to address BEPS. The multilateral instrument will enter into force once five countries have ratified it. For a specific tax treaty (between two or more jurisdictions) it enters into force after a certain period from the time when all parties to that treaty have ratified.

### **Minimum standards implementation**

The BEPS package provides for four minimum standards, with an OECD report on progress to be submitted to the G20 in July 2017.

All members of the Inclusive Framework on BEPS commit to implement minimum standards. In order to ensure effective and timely implementation, an on-going peer review process aims to record progress made by jurisdictions in this regard. It reviews the legal and administrative framework implementing the minimum standards that were put in place in the tax jurisdictions. This is an intergovernmental process, meaning that business and civil society group participation is not specifically solicited. Monitoring mechanisms will be developed in order to monitor jurisdictions' compliance. These mechanisms will also serve for the review of standards.

So far, peer-review documents and terms of reference have been released for the assessment of the minimum standards relating to [action 5](#) (standard for the exchange of information on tax rulings), [action 13](#) (country-by-country reporting) and [action 14](#) (more effective dispute resolution mechanisms). Work on documents relating to the minimum standard for action 6 (permanent establishment) is [ongoing](#).

### **Toolkits and guidance to support the implementation of measures addressing BEPS in lower capacity developing countries**

Responding to a [request](#) by the Development Working Group of the G20, the Platform for Collaboration on Tax is developing practical toolkits to support the implementation

of measures addressing BEPS in lower capacity developing countries. The eight [toolkits](#) and reports that the G20 requested were tasked to international organisations: IMF, OECD, UN and WBG. They aim to translate the complexity of BEPS outcomes (in relation, for instance, to transfer pricing) into user-friendly guidance, and also address other tax issues not included in the BEPS project, and further identify and analyse emerging international tax issues of particular interest for developing countries. Toolkit development takes into account discussions in the Inclusive Framework, and the tax issues identified will be brought to the attention of the Inclusive Framework.

[Eight](#) topics will be covered and the toolkits or reports are to be prepared by one of the international organisations by 2018 as follows: on tax incentives (2015); on the lack of [comparables](#) for transfer-pricing purposes (2017); on indirect transfers of assets (2017); on transfer-pricing documentation requirements (2017); on tax treaty negotiation (2017); on base-eroding payments (2018); on supply chain restructuring (2018); and on assessment of BEPS risks (2018). An IMF and WBG contribution on the digital economy is also planned for 2018.

## Main references

OECD website, [Base Erosion and Profit Shifting](#).

## Endnotes

- <sup>1</sup> European Commission [Recommendation](#) of 6 December 2012 on aggressive tax planning.
- <sup>2</sup> [Article 9](#) reads as follows: where 'conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly'.
- <sup>3</sup> As regards terminology, attention must be paid to the fact that tax evasion is illegal and is translated in other languages by words equivalent to fraud whereas vocabulary equivalent to evasion refers to avoidance in a number of languages.
- <sup>4</sup> Its members are **Argentina**, Australia, **Brazil**, Canada, **China**, France, Germany, **India**, **Indonesia**, Italy, Japan, the Republic of Korea, Mexico, **Russia**, **Saudi Arabia**, **South Africa**, **Turkey**, the United Kingdom, the United States and the European Union (in bold: countries that are not members of the OECD).
- <sup>5</sup> Its members are Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.
- <sup>6</sup> See for example the [Evaluation of the Independent Commission for the Reform of International Corporate Taxation for the Base Erosion and Profit-Shifting Project of the G20 and OECD](#) from the Independent Commission for the Reform of International Corporate Taxation ([ICRICEF](#)), October 2015.
- <sup>7</sup> See for instance as for the USA, the article 'The key BEPS actions items causing discussion in the United States', M. Levey, I. and A. Mansfield, *Inertax* volume 44, issue 5, 2016.
- <sup>8</sup> A presentation of participation in the decision-making bodies is included in the background briefing, in its annex 2.
- <sup>9</sup> In short, the countries subscribing to it commit 'to enhance the mobilisation and effective use of domestic revenues and to improve the fairness, transparency, efficiency and effectiveness of their tax systems' with the objective to meet the Sustainable Development Goals (SDGs) by 2030.
- <sup>10</sup> Currently 99 countries, 4 jurisdictions and 7 international organisations as observers. The instrument is open for signature by any country.

## Annex: Participation in various international fora and instruments relevant to BEPS actions

Countries which are:	<i>Note that some of these links are regularly updated and may provide more recent information.</i>
Members of the <a href="#">OECD</a> (35) In bold: EU Member States (22)	Australia, <b>Austria, Belgium</b> , Canada, Chile, the <b>Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary</b> , Iceland, <b>Ireland, Israel, Italy</b> , Japan, Korea, <b>Latvia, Luxembourg</b> , Mexico, <b>Netherlands</b> , New Zealand, Norway, <b>Poland, Portugal, Slovakia, Slovenia, Spain, Sweden</b> , Switzerland, Turkey, the <b>United Kingdom</b> , the United States.
EU Member States <b>not</b> Members of the OECD (6).	Bulgaria, Croatia, Cyprus, Lithuania, Malta and Romania.
Members of <a href="#">G20</a> (In bold: countries that are not members of the OECD).	<b>Argentina</b> , Australia, <b>Brazil</b> , Canada, <b>China</b> , France, Germany, <b>India, Indonesia</b> , Italy, Japan, the Republic of Korea, Mexico, <b>Russia, Saudi Arabia, South Africa</b> , Turkey, the United Kingdom, the United States and the <b>European Union</b> .
Participants in the Inclusive Framework.	<a href="#">100</a> (at 21 June 2017) jurisdictions (all EU Member States but Cyprus) IMF, UN and WB are observers.
Participants in the <a href="#">Platform for Collaboration on Tax</a> launched in April 2016.	International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), United Nations (UN) and World Bank Group (WBG).
Signatories of the <a href="#">AEOI</a> (2014): status of commitments.	<a href="#">100</a> jurisdictions, including all EU Member States (June 2017).
Members of the <a href="#">Global Forum on Transparency</a> .	<a href="#">142</a> members, including all EU Member States, the EU is also a member (June 2017).
Jurisdictions participating in the <a href="#">Convention on Mutual Administrative Assistance in tax matters</a> .	<a href="#">111</a> jurisdictions, including all EU Member States (at 12 June 2017).
Participants in the <a href="#">multilateral instrument</a> negotiations, concluded on 24 November 2016. (First signatures – 7 June 2017).	More than <a href="#">100</a> jurisdictions, including, all EU Member States. So far <a href="#">signed</a> by 76 countries and jurisdictions (at 7 June 2017).

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