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OECD interim report on BEPS

The OECD has published an interim report on the first seven of its fifteen planned suggestions towards combatting base erosion and profit shifting (BEPS) by multinationals through aggressive tax planning and tax avoidance projects.

In July 2013, the OECD was charged by the G20 group of countries with the development of a 15 point action plan to curb base erosion and profit shifting (BEPS) by multinational companies through tax avoidance schemes based on aggressive tax planning. It has now presented its first, interim report on the first seven areas of investigation. The report is interim in the sense that some of the items overlap with other parts of the project; these items are open to revision as necessary to avoid a clash with the final recommendations.

The report is a series of recommendations to governments to change their rules in order to achieve the desired object. Its concrete suggestions are not therefore as such legally binding. The seven suggestions now made are:-

- Neutralise hybrid arrangements for the creation of expense without corresponding income (and vice versa)
- Prevention of tax treaty abuse (treaty shopping and substance over form considerations)
- Ensure that transfer pricing rules ascribe value to the location where it is created – particularly in respect to intangibles
- Enhancement of transfer pricing documentation including a common template for national reporting (This is intended to serve the interests of both tax administrations and compliant taxpayers.)
- Response to the enforcement challenges of the digital economy
- Creation of a multilateral instrument for the modification of bilateral tax treaties, especially for the rapid implementation of BEPS measures
- Measures against harmful tax practices of governments.

Schlagwörter

OECD, aggressive tax planning, tax avoidance