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By PwC Deutschland | 08 June 2017

Multilateral Convention to counter aggressive tax avoidance arrangements has been signed.

On 7 June 2017 Germany together with the representatives of over 60 countries signed the multilateral convention, which should transpose the main recommendations of the G20/OECD Project against Base Erosion and Profit Shifting (BEPS Project) into existing bilateral tax treaties.

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The adjustments made by the so-called “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting” (MLI) should ensure that German tax treaties are more resistant to abusive tax arrangements. The emphasis will now not only be on the avoidance of double taxation but also on the avoidance of non-taxation. The overriding principle is that profits should be taxed at the place where the entrepreneurial activities and thus the value creation take place.

The ratification of the MLI in Germany should go ahead in the coming legislative period. The first changes in the German bilateral treaties could then apply as early as 2019.

Source: Federal Ministry of Finance Press Report 7 June 2017:

https://www.bundesfinanzministerium.de/Content/EN/Reden/2017/2017-06-08-signing-ceremony.html

Keywords

BEPS, International Tax, OECD, double tax treaty