

a) Different possible ways to improve the mutual agreement procedure (including advance pricing agreements, mediation, conciliation, recommended administrative regulations and prescribed obligations for the taxpayer applying for mutual agreement procedure).

negotiators, particularly those from developing, including least developed, countries with a practical guide to the negotiation and application of double taxation treaties. The Subcommittee will present a report on its progress at the next annual session of the Committee.

7. Subcommittee on Article 14 of the Model

The Subcommittee is mandated to propose updates and improvements to Article 14 especially for those countries that would like to maintain this Article. In particular the problems with regard to scope, coverage and diverging interpretations should be addressed either by a new text for Article 14, providing different options for solutions, or by drafting in the Commentaries. The Subcommittee will present its conclusions at the next annual session.

8. Subcommittee on Capacity Building

The Subcommittee is mandated to trigger and help address areas for capacity building in accordance with the Committee's mandate in relation to developing countries, including least developed countries. In doing so, it shall address capacity from the following perspectives:

- a) Research/ Needs Analysis
- b) Structure
- c) Skills
- d) Legislation
- e) Processes, procedures and systems
- f) Level of investment in people, institutions and practices
- g) Funding support/ Technical assistance
- h) Impact Assessment

and with the following focal groups:

- i. Committee Members
- ii. Committee Secretariat
- iii. Observers
- iv. Member States of the United Nations generally

9. Subcommittee on Capital Gains

The Subcommittee will analyse and make proposals for consideration by the Committee on:

- a) Rewriting the Commentary on the new paragraph 5 of Article 13;
- b) Addressing the abuse issues relating to paragraph 5 and the policy issues allowing reasonable restructuring; and
- c) Addressing the compliance issues of paragraph 4 and the possibility of rewriting this paragraph.

The Subcommittee will present a report on its progress at the next annual session of the Committee.

2. Contributions and active support by representatives and observers in the Subcommittees were encouraged and welcomed by the Committee. However Members of the Committee recognised that, in the case of divergent views emerging during the work of the Subcommittees, the views of Members of the Committee within a Subcommittee have precedence as compared with contrary views of other participants in Subcommittees where decisions were necessary to take the work of the Subcommittee forward. It was noted that Subcommittee conclusions would be circulated appropriately among Members of the Committee for comment.

Working Groups

3. The Chairperson of the Committee noted that a series of Working Groups had been formed – these were termed “Working Groups” rather than “Subcommittees”. It was clarified that a Working Group is formed whenever the issue has already been dealt with previously, and a document has already been produced and approved by the Committee. Most of the decisions had been taken by the Committee in these cases and the work would simply involve ensuring that that work would properly integrate into the 2011 version of the Model. Some would nevertheless involve some

(v) **Concept of Beneficial Ownership:** coordinated by Mr. Louie and mandated to follow up on the beneficial ownership concept, this work begun by the former Subcommittee on the Improper Use of Treaties, and to finalise a short addition to the Commentaries required on some practical aspects of applying the concept.