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The UN Tax Committee establish
Issues for Developing Countries

Initially, the primary function of
developing countries and ensure t
as well as the ongoing United Na
Subcommittee was expanded in t
as follows:

The Subcommittee is man
other relevant bodies, part
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issues with officials in de
and through regional and
done with a view to:

- helping inform developing countries on such issues;

- helping facilitate the input of developing country experiences and views into the ongoing UN work, as appropriate; and
- helping facilitate the input of developing country experiences and views into the OECD/G20 Action Plan on Base Erosion and Profit Shifting (BEPS).

The Subcommittee is further mandated to report to the Committee, beginning at the eleventh annual session of the Committee in 2015, on:

- proposed updates to the United Nations Model Convention relating to matters addressed as part of the BEPS Action Plan, with a particular emphasis on the next such update; and
- other possible work relating to base erosion and profit shifting issues that the Committee may wish to undertake or request the Secretariat to undertake.

The Subcommittee released an information note on the project in early 2014. This note, which is available on the UN website, included a questionnaire on how developing countries view and prioritise the BEPS project issues – as well as seeking information on other base erosion concerns. The questionnaire was made available in English, French and Spanish.

Over the years 2014 and 2015 the following countries responded to the questionnaire on BEPS:

Bangladesh	India	Thailand
Brazil	Lesotho	Tonga
Chile	Malaysia	Zambia
China	Mexico	
Ghana	Singapore	

Several other countries also responded but preferred to keep their responses confidential. There were also two submissions by groups of non-governmental organisations: Christian Aid together with Action Aid and the Economic Justice Network together with Oxfam South Africa also provided responses to the questionnaire. The questionnaire and responses, and other relevant documents, are available at <http://www.un.org/esa/ffd/tax-committee/tc-beps.html>

The responses were invaluable in providing a written record of how some developing countries view BEPS and the G20/OECD Action Plan. A short summary of these responses received prior to September 2014 was posted on the abovementioned UN website. A further summary on responses to the questionnaire, following receipt of all the submissions, was published in an article in the special edition of the *Bulletin for International Taxation on Base Erosion and Profit Shifting, Developing Countries' Reactions to the G20/OECD Action Plan on Base Erosion and Profit Shifting* and is also available on the same website.

- Action 1 – Addressing the Tax Challenges of the Digital Economy
- Action 2 – Neutralising the Effects of Hybrid Mismatch Arrangements
- Action 3 – Designing Effective Controlled Foreign Company Rules
- Action 4 – Limiting Base Erosion Involving Interest Deductions and Other Financial Payments
- Action 5 – Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance
- Action 6 – Preventing the Granting of Treaty Benefits in Inappropriate Circumstances
- Action 7 – Preventing the Artificial Avoidance of Permanent Establishment Status
- Action 8-10 – Aligning Transfer Pricing Outcomes with Value Creation
- Action 11 – Measuring and Monitoring BEPS
- Action 12 – Mandatory Disclosure Rules
- Action 13 – Limiting Base Erosion Involving Interest Deductions and Other Financial Payments

The Report on Action 2 – Neutralising the Effects of Hybrid Mismatch Arrangements

The Report on Action 2 contains a proposal for a new treaty provision to address treaty problems associated with hybrid entities. This issue is currently an item on the agenda for the Committee (*refer to item 3(a)(i) Article 1 (Persons covered): application of treaty rules to hybrid entities*)

The Report on Action 7 – Preventing the Artificial Avoidance of a Permanent Establishment

The 2013 Action Plan called for changes to the definition of a PE to prevent the artificial avoidance of PE status in relation to BEPS, including through the use of TPr- us6 anofennnc b-2(di)26(14